Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director

Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland Lottery and Gaming Commission
Gordon Medenica, Director

FROM: James Nielsen, Deputy Director/COO

DATE: August 18, 2020

SUBJECT: Report for the August 2020 Commission Meeting

GAMING

See separate report from James Logue, Managing Director

REGULATORY OVERSIGHT

See separate report from John Mooney, Managing Director

AGENT ADMINISTRATION

The following table presents retailer and terminal counts according to the Lottery's Agent Administration database.

Total Retailers					Total Retailer Terminals					XCAP Retailers (1)			
Date	**Count**	**Date**	**Count**		**Date**	**Count**	**Date**	**Count**		**Date**	**Count**	**Date**	**Count**
Current					**Current**					**Current**			
06/30/19	4,385	06/30/20	4,349		06/30/19	6,131	06/30/20	6,446		06/30/19	362	06/30/20	378
07/31/19	4,387	07/31/20	4,349		07/31/19	6,226	07/31/20	6,459		07/31/19	372	07/31/20	386
Quarterly Comparisons					**Quarterly Comparisons**					**Quarterly Comparisons**			
09/30/18	4,361	09/30/19	4,379		09/30/18	5,677	09/30/19	6,347		09/30/18	356	09/30/19	377
12/31/18	4,346	12/31/19	4,375		12/31/18	5,710	12/31/19	6,453		12/31/18	344	12/31/19	379
03/31/19	4,384	03/31/20	4,364		03/31/19	5,842	03/31/20	6,453		03/31/19	362	03/31/20	373
06/30/19	4,385	06/30/20	4,349		06/30/19	6,131	06/30/20	6,446		06/30/19	362	06/30/20	378

(1) Expanded Cashing Authority Program (XCAP) locations are authorized to cash prizes of up to $5,000. W2Gs for these winners are subsequently printed and mailed by CRC staff.

CONTRACT MANAGEMENT

- There are 1,241 full-service (PHD and PHDL) and 221 draw game-only (PEX) self-service terminals installed as of July 31.

- Contract Management staff continues to telework. Lottery system testing staff continue test via video conferencing with the assistance of Scientific Games staff.
- Multiple software releases were deployed:
  o Release 6.2 for clerk operated and self-serve terminals was deployed.
  o A separate self-serve terminal release was deployed modifying the display of quick-pick selections for the Multi-Match game.
- Enhancements to the TelSell module for predictive ordering of scratch tickets were deployed and are being reviewed for further improvements.
- A new data circuit and equipment have been installed to improve operation of the Warehouse sorter.
- On June 15, four new Fast Play games were launched.
- Requirements for debit card readers in self-serve equipment is being finalized.
- Deployment of self-service terminals to Walmart stores has been moved to January while development of new reporting continues.
- Near real-time data updating has been deployed for the gemIntelligence sales force automation tool.
- eLicensing system updates:
  o The Bingo Sponsored Principal & Principal Employee background investigation for locations with 10 or fewer machines is underway with final corrections requested. Once completed all Bingo released applications will be completed.
  o Continuing to address several items with the badging system.
  o Data conversion has partially been implemented in the test region.

FACILITIES

- Installed Plexiglas protection around the receptionist counter and the CRC customer window.
- Provided work tables with Plexiglas screens being used for employee health screening and check-ins for winners coming to the CRC to claim prizes.
- Facilities staff continue to limit time on-site as much as possible while distributing mail and making required trips to Annapolis and the bank.
- Facilities staff continue to work on agency wide inventory, now about 70% complete.
- Replenishment of PPE continues to staff in the Customer Service Center, Sales and Casino Compliance staff. We have ordered sanitizing "foggers" for use in the Warehouse and casino offices.

WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets shipped to lottery retailers. Orders are placed through the Tel Sell operation, which is operated by our central system vendor. Once an order is placed, it is sent to the warehouse for fulfillment. Additionally, as each new instant game is launched, the majority of retailers receive an initial allocation of the new games to assure the tickets are available across the State. Fulfilled orders are shipped via UPS for next day delivery to retailer locations. During the pandemic, UPS has been, in some cases, struggling to make timely deliveries. This appears to be an issue for lotteries across the country. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery.

Warehouse staff, assisted by Sales staff, are processing returns of unopened packs collected by District Managers. This process was on hold when DMs were working from home.

# of Orders	# of Packs	YTD Orders	YTD Packs
June 2020		7/1/19 – 06/30/20	
19,385	239,300	188,100	2,316,510
July 2020		7/1/20 – 07/31/20	
18,024	200,950	18,024	200,950

INFORMATION TECHNOLOGY

- Working with the internal audit team to complete the review of IT operations.
- Actively planning to upgrade AutoAudit; the application used by the internal and casino auditing teams.
- Issued a procurement request to replace the batteries in our data center uninterruptible power supply (UPS).
- An upgrade to our accounting software is in progress, and user testing is schedule for the end of August.