

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Commission
Gordon Medenica, Director

FROM: James Nielsen, Deputy Director/COO

DATE: November 10, 2020

SUBJECT: Report for the November, 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			
10/31/19	4,382	10/31/20	4,349	10/31/19	6,394	10/31/20	6,558	10/31/19	373	10/31/20	397
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
9/30/19	4,379	9/30/20	4,341	9/30/19	6,347	9/30/20	6,492	9/30/19	377	9/30/20	397

(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 1,344 full-service (PHD and PHDL) and 207 draw game-only (PEX) self-service terminals installed as of October 31.
- Contract Management staff continues to telework. Lottery system testing staff continue to test via video conferencing with the assistance of Scientific Games staff.
- New Fast Play games were tested prior to a November launch.
- eLicensing system updates:

- MS Technologies continues to work on data conversion for the company/facility level cases (Manufacturer, Contractor, Principal Entity and Institutional Investors).
- MS Technology continues to work on modifications to the badging system.
- MS Technology has deployed several system security enhancements.
- MS Technology is working to permit applicants to use Edge and Google browsers in anticipation of the current browser, Internet Explorer, no longer being supported by Microsoft.

FACILITIES

- Facilities staff continue to limit time on-site as much as possible while distributing mail and making required trips to Annapolis and the bank.
- Replenishment of PPE continues for staff in the Customer Service Center, Sales, the Warehouse and Casino Compliance. We continue using the sanitizing “foggers” in our office and warehouse space twice each week.
- Completed Reconciliation of the Agency assets with the finance dept.
- Building management have completed approximately 80% of the windows on the third floor that require replacement.
- Still awaiting building management to follow through on projects that need to be completed.
- The State has mandated that every agency will receive at least one electric vehicle this fiscal year. There are some vehicles in use today that we believe can be replaced with electric.

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.

# of Orders	# of Packs	YTD Orders	YTD Packs
September 2020		7/1/20 – 09/30/20	
18,249	222,640	74,169	841,419

YTD represents a 11% increase in packs shipped year over year.

INFORMATION TECHNOLOGY

- An external penetration test of the Agency’s networks and systems was completed. An internal penetration test and network configuration review are the next IT assessments to be performed.

- Working with the Licensing and Casino Compliance departments to procure replacement fingerprinting equipment.
- The Office of Legislative Auditors began their review of the IT operation. Their field work is tentatively scheduled to be completed in early December.