

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: December 8, 2020

SUBJECT: Report for the December, 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 | | | |
| 11/30/19 | 4,381 | 11/30/20 | 4,351 | 11/30/19 | 6,410 | 11/30/20 | 6,598 | 11/30/19 | 373 | 11/30/20 | 401 |
| 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 1,391 full-service (PHD and PHDL) and 200 draw game-only (PEX) self-service terminals installed as of November 30.
- Contract Management staff continues to telework. Lottery system testing staff continue to test via video conferencing with the assistance of Scientific Games staff, but we anticipate on-site testing will be part of the debit card software roll-out.
- A new SciTrak (TelSell and Warehouse system) release with many enhancements was implemented in November.

- Testing was completed for Terminal Release 6.4 which was deployed earlier this month.
- eLicensing system updates:
 - MS Technologies is working to publish converted data for the company/facility level cases (Manufacturer, Contractor, Principal Entity and Institutional Investors) to Production systems.
 - MS Technology continues to work on modifications to the badging system.
 - 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 performing necessary duties.
- 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.
- Interviews conducted to fill vacant warehouse associate positions.
- Sales Department staff have turned in 31 vehicles for storage while the District Managers are not in the field.
- Broken windows replacements in the Gaming area to be completed in December.
- Two new countertops installed in the lottery break rooms.
- Working with procurement to purchase replacement chairs for the main conference room and forklift for the warehouse.

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. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery. 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.

| # of Orders | # of Packs | YTD Orders | YTD Packs |
|----------------------|------------|--------------------------|-----------|
| November 2020 | | 7/1/20 – 11/30/20 | |
| 14,820 | 161,130 | 88,989 | 1,002,549 |

YTD represents a 7.6% increase in packs shipped year over year.

INFORMATION TECHNOLOGY

- The Office of Legislative Auditors continued their review of the IT operation. Their field work is tentatively scheduled to be completed later this month.
- An internal penetration test of the Agency’s networks and systems was completed. A network configuration review and wireless network penetration test are the next IT

assessments to be performed in the testing cycle; two of the four assessments are complete.

- Working with our vendor (Spectra) and MUSL to test the automated reporting functions of the internal control systems (ICS). The reporting of Lottery sales data for Powerball and Mega Millions to MUSL will be performed automatically by the ICSs once implemented.