

# 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: May 18, 2021

SUBJECT: Report for the May 2021 Commission Meeting

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## 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
<b>Current</b>				<b>Current</b>				<b>Current</b>			
04/30/20	4,359	04/30/21	4,403	04/30/20	6,447	04/30/21	6,874	04/30/20	371	04/30/21	411
<b>Quarterly Comparisons</b>				<b>Quarterly Comparisons</b>				<b>Quarterly Comparisons</b>			
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
12/31/19	4,375	12/31/20	4,355	12/31/19	6,453	12/31/20	6,636	12/31/19	379	12/31/20	402
03/31/20	4,364	03/31/21	4,410	03/31/20	6,453	03/31/21	6,841	03/31/20	373	03/31/21	405

(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 1,593 full-service (PHD and PHDL) and 192 draw game-only (PEX) self-service terminals installed as of April 30.
- Debit card reader installations are nearly complete with 1,710 completed as of April 30. Transaction volumes are growing, reaching 35,565 valued at \$943,487 for the week ending May 2.
- Three new Fast Play games launched in April and seven games have been closed.

- A new terminal software release was deployed on April 16.
- Contract Management staff continue to telework. Lottery system testing staff continue to test via video conferencing with the assistance of Scientific Games staff.
- **eLicensing system updates:**
  - We are working with MST to identify all changes needed so we can utilize the Gaming eLicensing system for sports wagering applicants. This is a significant effort but it will help us process the new applications in a timely manner.
  - MST is updating the wire transfer instructions for all the online applications to reflect our Wells Fargo accounts.
  - MST is making corrections to applicant records following their data conversion efforts.
  - We are working to fully implement the FBI's new Privacy Notice by May 15. Changes are required to the eLicensing system as well as the procedures we follow.

## **FACILITIES**

- We ordered a new forklift for the instant ticket warehouse.
- Facilities staff continue to limit time on-site 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.

## **INFORMATION TECHNOLOGY**

- Met with several Agency departments to discuss and evaluate applications to enhance procurement tracking, inventory management, and electronic signatures.
- SGI implemented a new process for security and contract management to review user activity on sensitive systems; worked with SGI for Lottery user set up and access procedures.

## **PROCUREMENT**

- Procurement works closely with all Divisions to support the MLGCA's daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items, sponsorship agreements for events; and supplies/equipment for the Lottery's internal use, as well as the processing of all payments under \$5,000. using the State P-Card and monthly reconciliation of the card statement.
- Licensing and Dunning Systems Additions, Enhancements and Maintenance Task Order Agreements (#2015-08) with MS Technologies Corporation. Contract for VLT E-Licensing services with term 6/18/2015 – 6/30/2022 in NTE amount \$710,123, requires Emergency Modification with term of 36 months in NTE amount of \$789,000 to provide MLGCA with necessary capabilities to implement background investigations and licensing for Sports Wagering in accordance with HB 490 (Emergency Bill). It is anticipated that this Emergency Modification will be submitted to the Commission for review/approval at its May 2021 meeting and then, subject to Commission approval, will be required to be reported to the BPW within 30 days.
- Auditing and Accounting Services Contract (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of

operations for both Lottery games and the VLT program. Although preparation of an RFP for a new replacement contract is in progress, additional time will be required for completion of the procurement process and transition to a new auditing contract. It is anticipated that this Modification #3 to extend the Contract for a period of 1-year will be submitted to the Commission for review/approval at its May 2021 meeting and then, subject to Commission approval, submitted to the Department of General Services for inclusion on the BPW agenda in June 2021.

- Instant Ticket Games and Related Services RFP (#2019-05): RFP for a new replacement contract to provide Instant Ticket Games and related services to include: ticket design, production, security and delivery to the MLGCA’s warehouse; delivery of tickets to Retailers; and marketing and sales support for Instant Ticket Games. This new Contract (Primary & 2 Alternates) was approved by the Commission at its April 2021 meeting and has been submitted to the Department of General Services for inclusion on the 6/16/2021 BPW Agenda.
- Licensing Contract (#2021-11) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$288,030 for the 2.5 year term 6/17/2021 – 12/31/2023 to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes. This new contract was approved by the Commission at its April 2021 meeting and has been submitted to the Department of General Services for inclusion on the 6/2/2021 BPW Agenda.
- Procurement staff are working with other departments to discuss options and tools available to modernize our procurement processes with a goal of reducing paper handling and allowing users more visibility into the status of requests. We hope to also integrate an inventory system for consumables and fixed assets.
- MBE/VSBE/SBR Activities: A summary of the MLGCA's MBE/VSBE participation is attached.

**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 often been struggling to make timely deliveries. This appears to be an issue for shippers across the country.

# of Orders	# of Packs	YTD Orders	YTD Packs
<b>April 2021</b>		<b>7/1/20 – 04/30/21</b>	
18,190	225,913	179,884	2,107,155

YTD represents a 12.2% increase in packs shipped year over year.