

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JUNE MINUTES

- DATE:** June 24, 2021
- TIME:** 10 a.m.
- PLACE:** Maryland Lottery and Gaming Control Agency  
(Meeting conducted via conference call audio link, livestreamed on website)
- PRESENT:** Chair E. Randolph Marriner  
Vice Chair Bert Hash, Jr.  
Commissioner F. Vernon Boozer  
Commissioner George L. Doetsch, Jr.  
Commissioner Michelle Fager  
Commissioner James Stakem  
Commissioner Jerry E. Williams
- Jim Nielsen, Deputy Director, Chief Operating Officer  
John Martin, Managing Director, Chief Revenue Officer  
James Logue, Managing Director, Gaming  
Leo Mamorsky, Managing Director, Chief Marketing Officer  
John Mooney, Managing Director, Regulatory Oversight  
Paula Yocum, Managing Director, Acting Chief Financial Officer  
Carole Gentry, Managing Director, Communications  
James Butler, Managing Director, Organizational Compliance  
Holly Citko, Principal Counsel, Attorney General's Office  
Kathy Lingo, Executive Assistant
- OTHERS:** Representative from Hollywood Casino Perryville  
Representative from Ocean Downs Casino  
Representative from Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from MGM National Harbor  
Representative from Scientific Games  
Representative from Pollard Banknote  
Representative from International Game Technology (IGT)  
Representatives from Giesecke & DeBrient Currency Technology of America, Inc.  
MLGCA Staff

**E. Randolph Marriner, Chair**

F. Vernon Boozer, George L. Doetsch, Jr., Michelle R. Fager, Bert J. Hash, Jr., James J. Stakem, Jerry E. Williams

## **ROLL CALL**

Chair Marriner asked for a roll call to establish that a quorum was present. Roll was called, also on the call were: Vice Chair Bert Hash, Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem, and Jerry Williams.

## **CALL TO ORDER**

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

## **APPROVAL OF THE AMENDED AGENDA**

Chair Marriner reported that the Commissioners were provided with a copy of the amended agenda. Chair Marriner asked for a motion to approve the amended agenda. Commissioner Doetsch moved, Commissioner Boozer seconded, and the motion was unanimously approved by roll call vote.

## **APPROVAL OF THE MINUTES**

Chair Marriner stated that the May 27, 2021, open session minutes were provided to the Commissioners for review, and asked if there were any changes. There were no changes. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

## **CONSENT AGENDA**

Chair Marriner said the Consent Agenda contains eight new instant ticket games for the Commission's approval: #551 (\$5) *Luck*; #552 (\$10) *\$10,000 Lucky*; #553 (\$30) *\$100,000 Lucky*; #554 (\$1) *Holiday Cheer*; #555 (\$2) *Cookies and Cash*; #556 (\$3) *Peppermint Payout*; #557 (\$5) *Holiday Riches*; and #558 (\$10) *Unwrap The Cash*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (5/13/21 – 6/10/21); Consent Agreements for Regulatory Violations – Horseshoe Casino – January 2021; Live! Casino – January and February 2021; and MGM National Harbor – February 2021; Consent Agreements for Underage Violations – MGM Casino – Case Nos. 2021-06-001 to -004; Gaming License Application Denials/Revocations; and Staff Reports from John Martin, Managing Director, Chief Revenue Officer; Paula Yocum, Managing Director, Acting Chief Financial Officer; Leo Mamorsky, Managing Director, Chief Marketing Officer; Carole Gentry, Managing Director, Communications; James Butler, Managing Director, Organizational Compliance; and Holly Citko, Principal Counsel, Office of the Attorney General.

Chair Marriner asked if any Commissioners wished to remove any items from the Consent Agenda. There were no requests for removal. Chair Marriner asked for a motion to approve the consent agenda as noted above. Motion to approve was made by Commissioner Doetsch, seconded by Commissioner Stakem, and the motion was unanimously approved by roll call vote.

## **OPERATOR REPORTS**

### **Hollywood Casino Perryville**

Mr. Matthew Heiskell, General Manager, reported that May gaming revenue was outstanding, up 23% overall compared to 2019. Slot machines were up 27%, slot volumes were up 35%, slots did not hold this year compared to 2019. Table games were down 9%, driven by hold, as volume was up 15%. There is no sign of slowing in June, with table games being even stronger from a volume standpoint.

The Penn National acquisition of Hollywood is close to completion, and Penn will officially take control of the property next Thursday, July 1. There will be a celebration at Hollywood on that day. With the transition, Mr. Heiskell announced his departure effective July when he will move back home to run two properties for Penn National Mississippi. Mr. Heiskell introduced Allie Evangelista, who will be taking over as the new General Manager at Hollywood Casino. Ms. Evangelista will be coming to Hollywood Casino from Hollywood Mahoning Valley, Ohio on July 12. Ms. Evangelista has also worked in Pennsylvania, Iowa and Missouri.

### **Ocean Downs Casino**

Ms. Bobbi Sample, General Manager, reported that May gaming revenue was up 18.8% compared to 2019, driven largely by slot machine revenue up 18.1%, driven by volume, as hold was down. Table game revenue was up 19.3%, driven by both volume and hold, attributed to three significant days in May. Derby Day on May 1 was a new record, then Saturday of Memorial weekend broke that record, followed with another new record on Sunday of that same weekend. Rain that weekend brought a good crowd into Ocean Downs casino. June continues to trend positively in comparison to 2019. The big promotion at Ocean Downs this month is Chic-Tac-Toe where customers play against a chicken. Staffing continues to be a concern for the casino. Ocean Downs plans to reopen its Poseidon's Pub restaurant in July. Ms. Sample wished Matt Heiskell well, and welcomed Allie Evangelista to the team.

### **Live! Casino**

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that May gaming revenue was solid. Total revenue was up \$66.7 million, up 10% compared to 2019. Slot machines were up \$44 million, up 20%. The 50 and older guests have come back now that restrictions have lifted. Table game revenue was down 1%, primarily due to a modest reduction in hold, but table volumes were up. Poker was trending well, up 18% in comparison to 2019, finishing the month at \$1.4 million. From a gaming perspective May was a very good month. Nongaming revenues have not fully recovered from the pandemic, as it was down 20% compared to 2019. In August, Live! will relaunch the restaurant that remains closed, at which time all food and beverage will be opened back up in full. The new Sports and Social venue is just starting to gain traction starting with some boxing and wrestling pay-per-view events. Live! is looking forward to sports wagering to make it even stronger. The event center will reopen in August, where 2 full room concerts have already sold out. Mr. Faranca said Live! is currently confirming the calendar for the remainder of this year and for 2022.

In the community, Live! supported Maryland Washington Minority Companies Association's COVID Heroes Breakfast, making a \$5,000 donation to their efforts. Live! also supported the Blue Angels Foundation with a donation of \$10,000. Live! teams members volunteered at the Anne Arundel County Food Bank with sorting and organizing food to be distributed. Mr. Faranca said

that Live! is looking ahead making plans for New Year's Eve, working on the budget for 2022, and how to come out of the pandemic.

### **Rocky Gap Casino**

Mr. Skyler Dice, Vice President and General Manager, reported that May gaming revenue was up 21.4% over 2019, with a strong performance in both slot machines and table games. Memorial Day weekend was the best three-day stretch Rocky Gap has seen since opening in 2013, with many guests opting for getaways where they can drive rather than fly. Rocky Gap held a VIP event to celebrate reopening of the newly remodeled Lakeside Grill, with representatives from the Governor's office in attendance. Today the casino is holding a VIP gift giveaway. In May the leadership team was back in community participating in Beautify Allegany County. Plans are in progress for concerts this summer, including Amish Outlaws coming in August. After a two year hiatus, Rocky Gap was able to welcome back the Allegany Chamber of Commerce county golf trophy. Mr. Dice wished Matt Heiskell the best of luck, and welcomed Allie Evangelista to the team.

### **Horseshoe Casino**

Randy Conroy, Vice President, General Manager reported that May slot revenue was \$13.5 million, up \$1 million in comparison to 2019. Table games were \$6 million, down \$2 million from 2019. This has been the trend recently with slot machines up and table games off. The Baltimore City mask mandate will be lifted on July 1. Horseshoe is currently hiring with more than 100 table game dealer positions available. The restaurants are also presently hiring. The casino is also planning a new restaurant to open in the Fall for sports betting, and is wrapping up the installation of new equipment in its count room.

Horseshoe sponsored the Baltimore City Aids Walk and Pride Day activities. Next Friday is the employee summer barbeque for the casino's team members. Today Horseshoe is holding a vaccine event for team members, offering a \$100 gift card as an incentive to get vaccinated. Mr. Conroy wished Matt Heisell the best of luck, and welcomed Allie Evangelista.

### **MGM National Harbor**

Mr. Jeffrey Shrader, Vice President, Legal Counsel, reported that May gaming revenue was up 16% compared to 2019, largely driven by slot machines, up 14%, and table games up 20%. May was the single best month for slot machines in MGM's history. Table games had their 5<sup>th</sup> highest month, even with 50% capacity restrictions. June is looking strong as well. After 15 months with little or no promotions, at the end of May MGM offered discounts and free play for older members. There will be a June gift series, and MGM will be holding a \$150K Black Jack tournament and VIP Golf tournament. Diablo's, a Mexican themed restaurant, has now opened. Mr. Shrader said that the casino is partnering with 102.3 Radio to promote a Wine Down Thursdays concert series. The theater will reopen on July 22, and Bruno Mars will be coming back in August. In the community, the casino partnered with Food and Friends to package meals for needy families in area. Mr. Shrader wished Matt Heiskell the best of luck, and welcomed Allie Evangelista to the team.

## **VENDOR REPORTS**

### **Scientific Games**

Mr. Stephen Smith, General Manager, reported that Scientific Games is completing the debit reader installations, which is handling over \$1 million per week. Preparations are being made for the

Powerball change that takes place in August, with the added day of sales on Monday. Self-service machines continue to trend well averaging \$11,000/week in sales. Fast play just hit the 100 million mark, with Maryland being #1 in Fast Play in the country.

### **Pollard Banknote**

Mr. Matt Isaac, Director of Retail Development, reported that there have been 19 scratch-off games in production over the last quarter. Sales last quarter were flat compared to last year, but up 23% from 2019, and overall scratch-off sales are up 18%. By comparison, scratch-off sales are up 7% in Washington, D.C., up 11.4% in New Jersey, up 1.4% in New York and up 12.9% in Virginia. Mr. Isaac said the strength of Maryland's sales is especially positive considering that volumes at casinos are returning to pre-pandemic levels, adding that there had been concern that instant ticket sales would decline when the casinos were fully reopened.

### **IGT**

Mr. Gary Cherwinski, Account General Manager, reported that operations are going well. The external auditors are finishing up the annual audit. IGT has successfully completed the first of two Disaster Recovery Tests. The system conversion project is expected to be completed in September.

### **STAFF REPORTS**

#### ***Deputy Director's Report – James Nielsen***

Mr. James Nielsen reported that there have been 31 drawings for the VAXcash promotion, with 23 winners coming forward to claim their prizes. This has been a good collaboration between MLGCA and Maryland Department of Health. Noting that the casinos reported record numbers in May, and the lottery side also set a new record with \$2.6 billion for the fiscal year, which will be difficult to top next year. Mr. Nielsen reported that agency employees are beginning to return to the office at least 60% of the time, in advance of the July 1 return-to-work plan.

There has been a team of staff members working on the 200 pages of proposed regulations for sports wagering. MLGCA is hoping to present the proposed regulations to the Commission next month. There was also a provision in the sport wagering bill which did not get much attention. As of May 18, the daily fantasy sports operators were required to pay a 15% tax on their net proceeds. The agency is currently working on putting together some documents and the framework to collect those taxes.

#### ***Gaming – James Logue, Managing Director***

There being no questions on Mr. Logue's monthly report, he proceeded to his Commission Action Item.

#### ***Commission Action Item – Hollywood Casino VLT Reduction***

Mr. Logue reported Hollywood Casino has submitted a request for a temporary reduction to the number of slot machines on its gaming floor. The reduction would allow for a reconfiguration of the current gaming space. The plan allows for the addition of two poker tables, one table game and additional space for future projects the plan also includes the removal of 30 existing slot machine that will be replaced with 30 new units. Hollywood Casino is currently approved for 792 slot machines and is requesting a

temporary reduction of 26 machines for a final count of 766. With approval, the reconfiguration would begin in July and its anticipated completion would be near the end of September 2021. The temporary reduction request is for an indefinite period of time, to allow for an evaluation of the project's results. Hollywood believes that the project will result in a net increase in gaming revenue. Agency staff recommended approval of the request.

There being no questions or discussion, Chair Marriner asked for a motion to approve the temporary reduction to the number of VLTs on Hollywood Casino's gaming floor. Commissioner Stakem moved, and Commissioner Doetsch seconded. The motion was passed unanimously by roll call vote.

### ***Regulatory Oversight – John Mooney, Managing Director***

There being no questions on Mr. Mooney's monthly report, he proceeded to his Commission Action Item.

### ***Commission Action Item – Manufacturer License Renewal – Giesecke & Devrient Currency Technology of America, Inc.***

Chair Marriner said the Commission would conduct a hearing on the qualifications of Giesecke & Devrient Currency Technology of America, Inc., for a renewal of its manufacturer license. The Chair administered the oath to Agency staff involved in the licensing investigation and Giesecke & Devrient representatives who were on the teleconference.

Mr. Mooney read the summary of the Agency's investigative report. Agency staff found that Giesecke & Devrient have sufficient financial resources and found no derogatory information regarding the company's qualifications. The Agency concluded that Giesecke & Devrient has established by clear and convincing evidence its qualification for a manufacturer license.

Chair Marriner asked if any representatives of Giesecke & Devrient wished to address the Commission. There being no one who wished to speak, Chair Marriner asked for a motion to find that Giesecke & Devrient has established its qualifications for a renewal of its manufacturer's license. Commissioner Doetsch moved to approve, Vice Chair Hash seconded, and the motion was unanimously approved by roll call vote.

### **CLOSED SESSION**

There was no need for the Commission to go into a closed session.

### **DATE AND TIME OF NEXT MEETING**

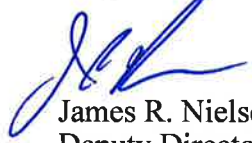
The next Commission Meeting will be an exclusive meeting covering sports wagering proposed regulations on Thursday, July 15, 2021, at 10:00 a.m. conducted by audio conference.

The next regular Commission Meeting will be held on Thursday, August 26, 2021, at 10:00 a.m. conducted by audio conference.

**ADJOURNMENT**

There being no further business, Chair Marriner adjourned the meeting at 10:42 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J. Nielsen', is written over the typed name.

James R. Nielsen  
Deputy Director