

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: September 14, 2021

SUBJECT: Report for the September 2021 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			
08/31/20	4,341	08/31/21	4,401	08/31/20	6,459	08/31/21	6,995	08/31/20	391	08/31/21	421
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
06/30/20	4,349	06/30/21	4,404	06/30/20	6,446	06/30/21	6,932	06/30/20	378	06/30/21	413

(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 1,683 full-service (PHD and PHDL) and 216 draw game-only (PEX) self-service terminals installed as of August 31.
- Software was installed allowing sales of the new Double Play feature and three times per week Powerball drawings.

- We began design discussions and development of a new game, Pick 5, for launch in 2022.
- Contract Management staff continue working a hybrid status, with all testing being done in person.
- **eLicensing system updates:**
 - Staff have continued working with the AAGs and MS Technology to customize the system and required applications in preparation for the launch of the Sports Wagering eLicensing system.
 - MST continues to handle day-to-day issues with the system / applicants.

FACILITIES

- 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.
- New vehicles that were already on backorder have been delayed yet again. It is unclear when delivery will finally occur.
- Agency inventory will be completed in September, as required.
- Instant ticket warehouse continues to push out orders on schedule. We had our second highest count of orders processed in August.

INFORMATION TECHNOLOGY

- Completed the FBI Criminal Justice Information Services (CJIS) pre-audit questionnaire in coordination with the VLT Licensing team. The audit, scheduled for early September, will review controls over the criminal history data stored within the eLicensing application.
- Submitted FY23 budget information to Finance for review and submission to DBM.
- Powerball Double Play went live, and the ICS was updated to include processing for the new game.
- Continue reviewing ways to enhance our meeting spaces to better support virtual gatherings in the future.

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.
- Procurement staff are working with other departments to implement 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.
- Licensing and Dunning Systems Additions, Enhancements and Maintenance Task Order Agreement (#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, was

modified by Modification #3 to include \$639,000 to provide MLGCA with the necessary capabilities to implement background investigations and licensing for Sports Wagering in accordance with HB 490 (Emergency Bill). It was also extended for three additional years through 6/30/2025 at an additional cost of \$150,000. At the direction of the BPW the extension period was removed and a new emergency modification (Modification #4) was approved by the Commission at its August 26, 2021 meeting for the sports wagering system changes only. This emergency modification #4 has been presented to the BPW and is scheduled to appear on its September 15, 2021 Agenda.

- 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
August 2021		07/01/21 – 08/31/21	
20,096	227,691	36,743	411,968