

# 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: January 11, 2022

SUBJECT: Report for the January 2022 Commission Meeting

## **A. GAMING**

See separate report from James Logue, Managing Director

## **B. REGULATORY OVERSIGHT**

See separate report from John Mooney, Managing Director

## **C. 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			
12/31/20	4,355	12/31/21	4,400	12/31/20	6,636	12/31/21	7,020	12/31/20	402	12/31/21	430
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
9/30/20	4,341	9/30/21	4,401	9/30/20	6,492	9/30/21	7,008	9/30/20	397	9/30/21	426
12/31/20	4,355	12/31/21	4,400	12/31/20	6,636	12/31/21	7,020	12/31/20	402	12/31/21	430

(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.

## **D. CONTRACT MANAGEMENT**

- There are 1,692 full-service (PHD and PHDL) and 236 draw game-only (PEX) self-service terminals installed as of December 31.
- Pick 5 QA testing was completed in December and UAT testing is underway.
- **eLicensing system updates:**
  - Limited progress on the Sports Wagering employee applications.

- Some improvements designed for Virginia have been tested by staff and additional modifications are required.
- Staff have continued working with the Attorney General staff and MS Technology to further customize the eLicensing system and required applications as we continue processing Sports Wagering applicants.
- MST continues to handle day-to-day issues with the system / applicants.

## **E. FACILITIES**

- Facilities staff continue to fog the entire agency on a daily basis.
- Still waiting for updates on the new vehicles that we ordered.
- A new forklift is scheduled for delivery this month.
- Working with building management and ABM on dates for carpet cleaning.
- All staff must again wear masks in our offices and the warehouse.
- Working on the recruitment for a new warehouse supervisor following the promotion of the last incumbent.
- Fleet was able to get one of the older vans repaired and back on the road to help with the vehicle shortage.

## **F. INFORMATION TECHNOLOGY**

- Continue to work with the accounting and procurement departments on the implementation of new applications (AssetWorks and DocuSign) to improve the workflow and efficiency of their work. The initial go-live is still on track for January.
- The Agency's annual IT security assessment is progressing well. Two of the four assessments are complete; the remainder of the testing is anticipated to be finalized by the middle of March.
- Preparing to test the new Cash 5 release on the ICS development system.
- Reviewing applications for the computer operator position and the system administrator position.

## **G. PROCUREMENT**

- Licensing and Dunning Systems Additions, Enhancements and Maintenance Task Order Agreement (#2015-08) with MS Technologies Corporation. Contract for VLT eLicensing services with term 6/18/2015 – 6/30/2022 was previously modified by Emergency Modification #3/4 (approved by the BPW on September 15, 2021) 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). Originally, a three-year extension was also included but at the direction of the BPW the extension period was removed and to be re-submitted to the BPW at a later date as a separate, non-emergency item. Therefore, Modification #6 which will extend the contract for an additional 3-year term until 6/30/2025 at an additional cost of \$150,000 has been initiated. Subject to Commission approval, this Modification will then be forwarded to DGS for inclusion on the next available BPW Agenda.
- 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. This contract needs to be

modified to add accounting and auditing requirements to cover recently expanded MLGCA business areas: a) Sports Wagering, b) Fantasy Competitions, c) Double Play®, and d) Pick 5. Therefore, Modification #4 which will add these items to the Contract at an additional cost of \$40,700 has been initiated. Subject to Commission approval, this Modification will then be forwarded to DGS for inclusion on the next available BPW Agenda.

- 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.
- 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.
- MBE/VSBE/SBR Activities: A summary of the MLGCA's MBE/VSBE participation is attached.

## **H. 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.

<b>Warehouse Orders – December 2021</b>			
<b># of Orders</b>	<b># of Packs</b>	<b>YTD Orders</b>	<b>YTD Packs</b>
19,647	238,947	109,782	1,240,210

## **I. CUSTOMER RESOURCE CENTER**

Out of concern for player and employee safety during the pandemic, the Customer Resource Center was closed to the public on 3/30/20 and reopened by appointment only on 6/24/20. Customers continue to make appointments to claim prizes using the scheduling page on mdlottery.com. Lottery winners without Internet access can schedule appointments by phone. The appointment-only process continues to be effective and efficient. All Lottery retailers are authorized to cash winning tickets up to \$600; Expanded Cashing Authority Program (XCAP) retailers can cash tickets up to \$5,000; Winning tickets up to \$25,000 can be cashed without appointments at all Maryland casinos.

Data concerning the number and amount of winners' claims processed by the Lottery, the casinos and XCAP retailers are noted below:

<b>CLAIMS PROCESSED BY LOTTERY AND CASINOS – December 2021</b>				
<b>Location</b>	<b>Count</b>	<b>Amount</b>	<b>YTD</b>	<b>YTD</b>
<b>Baltimore</b>	1,321	\$2,272,436	7,760	\$43,956,408
<b>Casinos</b>	67	\$638,737	437	\$4,429,457

<b>XCAP PROCESSING – December 2021</b>			
<b>Count</b>	<b>Amount</b>	<b>YTD</b>	<b>YTD</b>
7,682	\$15,656,836	50,087	\$106,531,986

## **SUBSCRIPTIONS**

The Lottery's Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 13, 26 or 52 weeks. Data concerning subscriptions processed is noted below:

<b>Subscriptions as of December 2021</b>		
<b>Game</b>	<b>Active</b>	<b>Processed This Month</b>
Multi-Match	1,270	234
Mega Millions	3,292	398
Powerball	2,193	340
Cash4Life	436	81
<b>Total</b>	<b>7,191</b>	<b>1,053</b>

## **PRIZE INTERCEPTIONS**

The Lottery is required by statute to withhold any Child Support or CCU debts that winners of prizes over \$600 claim. Data concerning collections is noted below:

<b>Intercepts as of December 2021</b>		
<b>TYPE</b>	<b>Month</b>	<b>YTD</b>
Child Support	\$29,198	\$169,925
CCU Debts	\$138,046	\$1,030,305

## **J. EXERCISE OF DELEGATION OF AUTHORITY**

**Report on Staff's exercise of delegated authority to qualify an applicant, determine whether an applicant meets requirements for a sports wagering license, and issue a sports wagering license.**

By unanimous vote on November 18, 2021, the Commission delegated to Staff the authority, under certain chapters of the sports wagering regulations, to:

- determine that an applicant for a sports wagering license is qualified;

- determine that an applicant meets all applicable requirements for issuance of a sports wagering licenses, and
- issue a sports wagering license.

[https://www.mdgaming.com/wp-content/uploads/2021/11/Staff-agenda-memo-delegation\\_11-15-21-final.pdf](https://www.mdgaming.com/wp-content/uploads/2021/11/Staff-agenda-memo-delegation_11-15-21-final.pdf)

This Delegation included a requirement that Staff report to the Commission its exercise of authority under the Delegation. Accordingly, Staff is reporting that it has exercised the authority of the Delegation to:

**Issue a sports wagering facility license to:**

1. MGM National Harbor, LLC d/b/a MGM National Harbor on 12/9/21
2. PPE Casino Resorts Maryland, LLC d/b/a Live! Casino and Hotel on 12/10/21;
3. CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore on 12/10/21;
4. Old Bay Gaming and Racing LLC d/b/a Casino at Ocean Downs on 12/17/21; and
5. Penn Cecil Maryland, LLC d/b/a Hollywood Casino Perryville on 12/23/21.