

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: March 15, 2022

SUBJECT: Report for the March 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			
02/28/21	4,410	02/28/22	4,403	02/28/21	6,806	02/28/22	7,048	02/28/21	402	02/28/22	431
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 1,708 full-service (PHD and PHDL) and 240 draw game-only (PEX) self-service terminals installed as of February 28.
- Pick 5 game launched on February 7 and 5 Card Cash ended on February 6.
- **eLicensing system updates:**
 - Development continues on the Sports Wagering employee applications.

- An issue was discovered with the Principal Employee application Net Worth Statement and is being corrected.
- Non-Wagering and Temporary Wagering applications have been created and will be assigned to investigators to complete the investigations.
- MST continues to resolve any day-to-day issues that arise.

E. FACILITIES

- Facilities staff continue to fog the entire agency on a daily basis.
- New vehicles are still on back-order.
- A new forklift is scheduled for delivery March 22, 2021.
- Carpet cleaning was completed.
- We are interviewing for a new Warehouse Supervisor following the promotion of an internal candidate.
- The statewide new vehicle contract will be released in March, but it is not clear when vehicles may be available.
- Beginning an agency-wide project to update our document retention policies.

F. INFORMATION TECHNOLOGY

- A new Computer Operator started on February 23rd.
- Interviews were held for a new IT Systems Administrator.
- Recruitment is underway for a new Chief Information Officer.
- IT Staff are conducting weekly VAXCASH 2.0 Promotion Drawings with support from Communications.
- MUSL's audit has been postponed until April 2022 due to MUSL staffing issues.
- We had initial meetings with contractors working with DoIT on their statewide Security Assessment.
- GuidePoint Security is testing the MLGCA network.
- We are waiting for delivery of various equipment ordered to improve the quality of meetings in our studio when there are remote participants.

G. 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 and Sports Wagering eLicensing services with term 6/18/2015 – 6/30/2022. Modification #6 to extend the Contract for an additional 3-year term until 6/30/2025 at an additional cost of

\$150,000, approved by the Commission at its January 2022 meeting, received final approval by DGS on 2/23/2022.

- 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. Modification #4 to add additional areas: a) Sports Wagering, b) Fantasy Competitions, c) Double Play®, and d) Pick 5 at a cost of \$40,700, approved by the Commission at its January 2022 meeting, received final approval by DGS on 2/23/2022.
- Licensing Contract (#2022-02) with the Baltimore Ravens Limited Partnership: New sole source contract in the amount of \$318,970 for a 2 ½ year term commencing approximately 6/1/2022 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 is similar to the Raven's Contracts done for the past 13 years. This contract is being submitted to the Commission for review/approval at its March 2022 meeting and then, subject to Commission approval, will be submitted to the Department of General Services for inclusion on the next available BPW Agenda.
- Contract for Advertising, Marketing, Media and Related Services (#2018-07): Functional Area I – Creative Development and Production Services with Gray, Kirk/VanSant Advertising, Inc. in the amount of \$15,624,000; and Functional Area II - Media Planning and Buying Services with 9Rooftops (formerly MARC USA, LLC) in the amount of \$47,364,000. These amounts are for the 3-year base term 5/1/2019 - 6/30/2022 for the Contracts, with a single 2-year Renewal Option available for each. The Renewal Options for the period 7/1/2022 -6/30/2024 at the same terms and rates for a total Not To Exceed value of \$10,416,000 for GKV and \$31,576,000 for 9Rooftops, which were approved by the Commission at its February 2022 meeting, have been submitted to the Department of General Services and are scheduled to appear on the 3/23/2022 BPW meeting agenda.
- 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.

Warehouse Orders – February 2022			
# of Orders	# of Packs	YTD Orders	YTD Packs
18,625	233,248	145,666	1,672,827

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:

CLAIMS PROCESSED BY LOTTERY AND CASINOS – February 2022				
Location	Count	Amount	YTD	YTD
Baltimore	1,008	\$6,747,592	10,033	\$64,075,670
Casinos	83	\$949,575	595	\$6,081,509

XCAP PROCESSING – February 2022			
Count	Amount	YTD	YTD
7,170	\$13,839,999	64,023	\$134,082,998

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:

Subscriptions as of February 2022		
Game	Active	Processed This Month
Multi-Match	1,490	307
Mega Millions	3,458	488
Powerball	2,375	435
Cash4Life	465	93
Total	7,788	1,323

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:

Intercepts as of February 2022		
TYPE	Month	YTD
Child Support	\$17,114	\$204,817
CCU Debts	\$98,360	\$1,234,176

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

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:

None this month