

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: June 14, 2022

SUBJECT: Report for the June 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			
5/31/21	4,406	5/31/22	4,384	5/31/21	6,903	5/31/22	7,055	5/31/21	412	5/31/22	438
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
09/30/20	4,341	09/30/21	4,401	09/30/20	6,492	09/30/21	7,008	09/30/20	397	09/30/21	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
03/31/21	4,410	03/31/22	4,389	03/31/21	6,841	03/31/22	7,060	03/31/21	405	03/31/22	435

- (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 1,739 full-service (PHD and PHDL) and 240 draw game-only (PEX) self-service terminals installed as of May 31.
- **eLicensing system updates:**
 - MST has completed all of the Division's routine maintenance requests.
 - The modifications to the Sports Wagering applications:

- The Non Gaming, Temporary Gaming, Temporary Gaming to Gaming and Gaming application testing has been completed with a few corrections / modifications required that MST hopes to complete shortly.
- The Temporary Principal, Temporary Principal to Principal and the Principal application are undergoing their final review by staff with hopes of being completed shortly.
- All applications should be put into the production side by mid June.
- All Non-Gaming, Temporary Gaming, Gaming, Temporary Principal and Principal applications which have been modified will be placed into production with samples on MLGCA's licensing.

E. FACILITIES

- Facilities staff are fogging the entire agency on a weekly basis, with several departments being done on a daily basis. PPE is also still being distributed throughout the agency to those who request it.
- Finishing up FY22 DGS Agency Wide Inventory and preparing for the new inventory system roll out.
- Agency Department Materials and Supplies inventory has been complete
- Construction for the Security Wall is underway. Contractor is still expected to complete work by June 30th.
- Continue with agency clean-up of surplus property and shredding of old documents from Agent Administration, Finance, and CRC.
- Warehouse staff set a new record for Scratch tickets packed and shipped on Monday, May 23 with 37,977 packs.
- Fleet Manager is working with Regional Sales staff on monthly Vehicle inspections.

F. INFORMATION TECHNOLOGY

- MUSL completed their audit. We are continuing to follow up internally on recommendations.
- We are continuing to work with the vendor to receive and install equipment to improve the audio quality of meetings in our studio when there are remote participants. Supply chain challenges continue to push this project out.
- Continuing to work with DoIT to kick-off Phase 3 of the DoIT Statewide IT Security Assessment which includes a penetration test of the front-end web applications. We had a scope meeting and we are planning to move forward with the engagement.
- Continuing to work with various departments on the DocuSign and AssetWorks projects.
- We are replacing many smaller outdated computer monitors for Lottery and VLT staff with larger monitors. Some of the monitors have been received and we are working to start distribution.
- We are adding additional access points to optimize the availability and throughput of our WiFi throughout the office.
- We are following up on the migration from a legacy draw data entry Mars to FLEX with MUSL.

G. 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 – May 2022			
# of Orders	# of Packs	YTD Orders	YTD Packs
19,254	241,903	19,254	241,903

H. 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 – May 2022				
Location	Count	Amount	YTD	YTD
Baltimore	1,071	\$9,700,050	13,426	\$90,144,133
Casinos	94	\$1,099,406	772	\$8,135,870

XCAP PROCESSING – May 2022			
Count	Amount	YTD	YTD
6,898	\$11,844,844	86,799	\$176,509,935

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 May 2022		
Game	Active	Processed This Month
Multi-Match	1,638	391
Mega Millions	3,171	460
Powerball	2,236	359
Cash4Life	422	87
Total	7,467	1,297

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 May 2022		
TYPE	Month	YTD
Child Support	\$19,612	\$260,360
CCU Debts	\$126,179	\$1,605,557

H. SPORTS WAGERING REGULATIONS – NOTIFICATION OF FINAL ACTION

On December 16, 2021, the Commission approved substantive amendments to the sports wagering regulations. The General Assembly’s Administrative, Executive and Legislative Review Committee approved these amendments on an emergency basis for the period of January 26, 2022 through July 25, 2022. The amendments were published in the Maryland Register on February 25, 2022 and can be found at <https://www.mdgaming.com/wp-content/uploads/2022/04/February-25-Maryland-Register.pdf>. A 30-day public comment period ended on March 28, 2022 and comments were received from four entities and can be found at <https://www.mdgaming.com/wp-content/uploads/2022/04/SW-Comments-on-Substantive-Changes-4-1-22.pdf>. Staff met and discussed the comments received and does not recommend that the Commission accept any of the suggested changes, Staff is submitting no changes to the Commission based on these comments, so no Commission action is necessary.

I. 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