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: August 16, 2022

SUBJECT: Report for the August 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**			
06/30/21	4,404	06/30/22	4,377		06/30/21	6,932	06/30/22	7,047		06/30/21	413	06/30/22	436
07/31/21	4,400	07/31/22	4,371		07/31/21	6,956	07/31/22	7,026		07/31/21	413	07/31/22	438
Quarterly Comparisons					**Quarterly Comparisons**					**Quarterly Comparisons**			
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
06/30/21	4,404	06/30/22	4,377		06/30/21	6,932	06/30/22	7,047		06/30/21	413	06/30/22	436

(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 1,738 full-service (PHD and PHDL) and 237 draw game-only (PEX) self-service terminals installed as of July 31.
- Completed testing of a major new release for the Lottery system.
- Launched Sheetz free gas giveaway second chance promotion on July 21.
- Worked on specification for in-lane sales services.

- **eLicensing system updates:**
  - The AG's office is continuing their review of the Renewal Applications for Non-Gaming and Principals.
  - MST is working to add the Gaming Renewal application to eLicensing production.

E. FACILITIES

- Facilities staff are fogging the entire agency on a daily basis, with several departments being done on a daily basis. PPE is also still being distributed throughout the agency to those who request it.
- Support Services is preparing for the end of the fiscal year inventory reconciliation.
- Continue training and preparing for the new inventory system roll out.
- Processing Excess Property Declaration's for GovDeals sale of old computer equipment & furniture.
- Building Management continues to work on painting projects as well as finishing up the security walls for Lottery & VLT.
- We received two new Camry Hybrids that have been tagged and should be in use shortly.
- Instant ticket warehouse shredded 50 pallets of inactive tickets within the last 4 weeks.

F. INFORMATION TECHNOLOGY

- 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 various departments on the DocuSign and AssetWorks projects.
- We are replacing many smaller outdated computer monitors for Agency staff with larger monitors.
- We are adding additional access points to optimize the availability and throughput of our WiFi throughout the office.
- MLGCA IT is working with the Comptroller's Office to implement the automation of the Compfile tax review process.
- We are working on updating our monthly server patch management schedule and implementing the monthly patches.
- MLGCA IT Operations Staff has migrated to the new FLEX system to provide draw results to MUSL.
- MLGCA IT has received training on the ArcGIS software from DoIT to facilitate updates to the SWARC online interactive map.
- We are continuing to work with DoIT to prepare IT needs for the upcoming Fiscal cycle based on FY2023 utilization reports.
- MLGCA IT is working with the Internal Auditors to review IT and security compliance.

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 – June 2022			
# of Orders	**# of Packs**	**YTD Orders**	**YTD Packs**
17,490	206,899	218,759	2,551,404
Warehouse Orders – July 2022			
# of Orders	**# of Packs**	**YTD Orders**	**YTD Packs**
16,073	176,433	16,073	176,433

H. CUSTOMER RESOURCE CENTER

❖ CLAIMS

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. 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 – June 2022				
Location	**Count**	**Amount**	**YTD**	**YTD**
Baltimore	1,154	$8,206,759	14,580	$98,350,892
Casinos	110	$1,381,482	992	$10,960,531

CLAIMS PROCESSED BY LOTTERY AND CASINOS – July 2022				
Location	**Count**	**Amount**	**YTD**	**YTD**
Baltimore	1,124	$4,421,511	1,124	$4,421,511
Casinos	110	$1,314,790	110	$1,314,790

XCAP PROCESSING – June 2022			
Count	**Amount**	**YTD**	**YTD**
7,413	$14,191,829	94,212	$190,701,764

XCAP PROCESSING – July 2022			
Count	**Amount**	**YTD**	**YTD**
7,205	$13,445,928	7,205	$13,445,928

❖ 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 June 2022		
Game	**Active**	**Processed This Month**
Multi-Match	1,594	380
Mega Millions	3,213	496
Powerball	2,278	359
Cash4Life	404	86
Total	**7,489**	**1,321**

Subscriptions as of July 2022		
Game	**Active**	**Processed This Month**
Multi-Match	1,550	233
Mega Millions	3,173	476
Powerball	2,271	320
Cash4Life	385	86
Total	**7,379**	**1,115**

- **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 June 2022		
TYPE	**Month**	**YTD**
Child Support	$13,115	$273,475
CCU Debts	$110,080	$1,715,637

Intercepts as of July 2022		
TYPE	**Month**	**YTD**
Child Support	$4,068	$4,068
CCU Debts	$145,557	$145,557

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:

Issue a sports wagering facility license to:

1. Arundel Amusements, Inc. d/b/a Bingo World on 8/1/22