

TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: September 13, 2022

SUBJECT: Report for the September 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			
08/31/21	4,401	08/31/22	4,376	08/31/21	6,995	08/31/22	7,040	08/31/21	421	08/31/22	444
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 1,741 full-service (PHD and PHDL) and 237 draw game-only (PEX) self-service terminals installed as of August 31.
- On 8/16/22 a major new release with improvements for multiple departments was deployed for the Lottery system.
- **eLicensing system updates:**

- MST is working on all three individual license renewal applications (Principal, Gaming/Wagering and Non-Gaming/Non-Wagering).
- They placed the Gaming/Wagering application on the test site. We tested several times and sent it back to MS Technologies outlining a few errors that need to be corrected. They are working on those and once completed, they will place the updated version back on the test site for re-testing.

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.
- Facilities Operations is finalizing the end of the fiscal year inventory reconciliation.
- We have been meeting weekly to prepare for the new inventory system rollout.
- We processed 6 Excess Property Declarations to dispose of equipment we no longer need.
- We received 2 new much delayed Camry Hybrids that have been tagged. When some additional paperwork is received these will be issued to drivers.
- Working with Internal Audit staff reviewing Fleet Management and Fixed Assets.
- Attended a webinar learning about EV charging stations and incentives and deadlines.
- Still working with Building Management to complete a check off list of projects to renew lease for Montgomery Park.
- The final components for the new secure entrance were made operational.
- Instant Ticket warehouse shredded 77 pallets

F. INFORMATION TECHNOLOGY

- The installation of the audio equipment in our studio has begun. This project will help with the audio quality of meetings including when there are remote participants.
- Continuing to work with various departments on the DocuSign and AssetWorks inventory and procurement projects.
- We continue to replace many smaller outdated computer monitors for Agency staff with larger monitors. We are also in the process of procuring some desktops to replace aging equipment.
- We are working with Gaming to implement a solution for distributing the VEP list for Sports Wagering.
- We are waiting for the delivery of new WiFi access points and will be working with a vendor to install additional cabling for improved connectivity around the Agency.
- We are working on updating our monthly server patch management schedule and implementing the monthly patches.
- IT continues to work 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 – August 2022			
# of Orders	# of Packs	YTD Orders	YTD Packs
20,758	237,610	36,831	414,043

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 – August 2022				
Location	Count	Amount	YTD	YTD
Baltimore	1,138	\$8,983,280	2,262	\$13,404,791
Casinos	130	\$1,685,093	240	\$2,999,883

XCAP PROCESSING – August 2022			
Count	Amount	YTD	YTD
7,673	\$14,977,389	14,878	\$28,423,317

❖ 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 August 2022		
Game	Active	Processed This Month
Multi-Match	1,593	328
Mega Millions	3,279	618
Powerball	2,270	432
Cash4Life	418	129
Total	7,560	1,507

❖ 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 August 2022		
TYPE	Month	YTD
Child Support	\$9,313	\$13,381
CCU Debts	\$118,828	\$264,385

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. Riverboat on the Potomac on 9/8/22

J. ONGOING REPORTING OF SCRATCH GAME CLOSE-OUTS

The Agency currently provides the Commission with a high-level summary of scratch games that are ending, reflecting actual sales and prize liability based on the game design. We believe that this level of information is helpful in seeing the performance of closed games in a timely manner. We could provide a more detailed performance analysis for games, but it would not be available for several months after you now receive the summary. The detailed report would include the actual prizes paid and could include commissions and printing costs but we don’t believe the extra detail is worth the delay.