

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: October 12, 2022

SUBJECT: Report for the October 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			
09/30/21	4,401	09/30/22	4,369	09/30/21	7,008	09/30/22	7,032	09/30/21	426	09/30/22	442
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
09/30/21	4,401	09/30/22	4,369	09/30/21	7,008	09/30/22	7,032	09/30/21	426	09/30/22	442

- (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 241 draw game-only (PEX) self-service terminals installed as of September 30.
- On September 5 launched Powerball First Millionaire of the Year 2nd Chance Promotion.
- On September 5 launched four new FastPlay games (\$1, \$2, \$3, \$5).
- Completed testing for required October retailer commission change, 5.5% to 6.0%.

- **eLicensing system updates:**
 - MST is working on getting the Non-Gaming Renewal loaded to the test site.
 - The Gaming Renewal is in the final stages of review on the test site.
 - The Principal Renewal has been put on the test site. Review will begin upon completion of the Gaming Renewal.

E. FACILITIES

- Facilities staff are fogging the entire agency on a daily basis. Additional PPE has been ordered for distribution throughout the agency to those who request it.
- Fleet Management placed an order for 5 new vans for the Sales department.
- Working with Internal Audit staff reviewing Fleet Management and Fixed Assets.
- Meeting weekly with the IT Director to prepare for the new inventory system rollout.
- Requested an electrician to install an additional switch for some lights in the studio and an electrical outlet for a camera in the main conference room.
- Warehouse staff to start forklift certification on October 13-14.

F. INFORMATION TECHNOLOGY

- The installation of the audio equipment in the studio is mostly complete. After many months of having the Commission Meetings in MDE conference rooms, we held the September Commission Meeting in the studio, which was successful. This project has improved the audio quality of our meetings for both in-person and remote participants.
- Continuing to work with various departments on the DocuSign and inventory projects. We plan to go live with the new inventory system in the next month.
- We are continuing to replace aging equipment, including smaller monitors and outdated desktops, with more modern equipment.
- We completed the work with Gaming to implement a solution for securely distributing the VEP list for Sports Wagering.
- We have received the new WiFi access points and have configured them. We have also awarded a contract with a vendor to install additional cabling for improved connectivity around the Agency.
- We worked with Spectra to implement a minor release for our ICS system on our backup ICS. We will be pushing this release out to our production ICS in the coming weeks.
- We are continuing work on updating our monthly server patch management schedule and implementing the monthly patches.
- MLGCA IT worked with Hollywood Casino IT on a connectivity issue affecting compliance staff's ability to complete their work. An interim solution was put in place until a more permanent solution can be implemented.
- 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 – September 2022			
# of Orders	# of Packs	YTD Orders	YTD Packs
18,143	209,846	54,974	623,889

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 – September 2022				
Location	Count	Amount	YTD	YTD
Baltimore	1,115	\$16,168,299	3,377	\$29,573,090
Casinos	116	\$1,320,400	356	\$4,320,283

XCAP PROCESSING – September 2022			
Count	Amount	YTD	YTD
7,822	\$15,066,019	22,700	\$43,489,336

❖ 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 September 2022		
Game	Active	Processed This Month
Multi-Match	1,553	252
Mega Millions	3,263	562
Powerball	2,236	397
Cash4Life	418	86
Total	7,470	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 September 2022		
TYPE	Month	YTD
Child Support	\$2,172	\$15,553
CCU Debts	\$125,230	\$389,615

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. None to report