

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: November 7, 2022

SUBJECT: Report for the November 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			
10/31/21	4,402	10/31/22	4,382	10/31/21	7,017	10/31/22	7,055	10/31/21	430	10/31/22	439
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 1,750 full-service (PHD and PHDL) and 241 draw game-only (PEX) self-service terminals installed as of October 31.
- The retailer commission change from 5.5% to 6.0% was implemented, effective October 1.
- **eLicensing system updates:**

- o The Gaming Renewal is complete and will be released when the Principal and Non-Gaming Renewals have been completed.
- o The Principal Renewal is undergoing review and testing.
- o The Non-Gaming Renewal is on the test site, but review has not started on our end.

E. FACILITIES

- Continue to work with auditors on inventory and fleet vehicles.
- Working with communication for warehouse clean-up .
- Breakrooms accent walls were repainted.
- Electrician completed projects to install dimmers in the main conference room & studio.
- The freight evaluator has been out of service, delaying the removal of large items being disposed of.
- New blinds have been ordered.
- A heater in the Instant Ticket warehouse has been relocated away from computer racks and the security system.
- Building Management awaiting shipment of LED lights for agency
- Working with IT on a project to improve WiFi service throughout much of the facility.

F. INFORMATION TECHNOLOGY

- The installation of the audio equipment in the studio has been completed. 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 continue to replace aging equipment, including smaller monitors and outdated desktops, with more modern equipment.
- We are working with a vendor to install additional cabling between access points for improved WiFi connectivity around the Agency.
- IT continues to work with the Internal Auditors to review IT and security compliance.
- We worked with Gaming to implement dynamic IP addressing for all PCs in their area.
- IT worked with Rocky Gap to implement a temporary solution to resolve a failed network switch. A more permanent solution is being purchased.

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 – October 2022			
# of Orders	# of Packs	YTD Orders	YTD Packs
15,822	194,091	70,796	817,980

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 – October 2022				
Location	Count	Amount	YTD	YTD
Baltimore	918	\$6,699,399	4,295	\$36,272,489
Casinos	120	\$1,520,725	476	\$5,841,008

XCAP PROCESSING – October 2022			
Count	Amount	YTD	YTD
6,611	\$12,112,182	29,311	\$55,601,518

❖ 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 October 2022		
Game	Active	Processed This Month
Multi-Match	1,528	235
Mega Millions	3,154	440
Powerball	2,179	318
Cash4Life	394	76
Total	7,255	1,069

❖ PRIZE INTERCEPTIONS

The Lottery is required by statute to withhold any Child Support or CCU debts that winners of prizes over \$600 owe. Data concerning collections is noted below:

Intercepts as of October 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. Riverboat on the Potomac on 9/8/2022
2. Greenmount OTB on 10/28/2022