

TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: December 6, 2022

SUBJECT: Report for the December 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 | | | |
| 11/30/21 | 4,406 | 11/30/22 | 4,383 | 11/30/21 | 7,026 | 11/30/22 | 7,056 | 11/30/21 | 430 | 11/30/22 | 437 |
| 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 1,752 full-service (PHD and PHDL) and 242 draw game-only (PEX) self-service terminals installed as of November 30.
- We've been working with Scientific Games on several enhancements to systems used by staff to manage operations.

- **eLicensing system updates:**

- Gaming/Wagering Renewal is complete and waiting on the Non-Gaming/Non-Wagering and Principal renewals before being put into production.
- Non-Gaming/Non-Wagering Renewal and Principal Renewal are both in the final stages and expected to be completed and in production before the end of December.

E. FACILITIES

- Continue to work with auditors on inventory and fleet vehicles
- Working with Sales/Communication for warehouse clean-up
- Material’s & Supplies Inventory will be conducted 12/07/2022 & 12/08/2022
- Electrician to install 4 power outlets and run 10 new network connections for RNG room.
- Emergency lights to be installed in RNG room
- Freight evaluator still waiting parts for repair
- Deadbolt lock install in the RNG room
- LED lights to be installed throughout agency starting 10/12/2022

F. INFORMATION TECHNOLOGY

- IT is working with facilities to ensure the readiness of the room for the new Random Number Generator (RNG) systems.
- We continue to move forward with the new inventory system, which should go live at the end of December.
- We completed the installation of the wiring for the new WiFi access points throughout the agency. The new WiFi access points have been installed in both the Lottery and Gaming offices.
- We received an order of computers that are being installed in various areas of the agency to complete projects and refresh aging equipment.
- IT and Finance responded to a request from the Maryland Department of IT (DoIT) for a cyber-security budget survey initiative being conducted for all Maryland state agencies.
- 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 – November 2022 | | | |
|---|-------------------|-------------------|------------------|
| # of Orders | # of Packs | YTD Orders | YTD Packs |
| 18,408 | 228,870 | 89,204 | 1,046,850 |

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 – November 2022 | | | | |
|--|--------------|---------------|------------|--------------|
| Location | Count | Amount | YTD | YTD |
| Baltimore | 1,184 | \$11,129,637 | 5,479 | \$47,402,126 |
| Casinos | 88 | \$1,009,868 | 564 | \$6,850,876 |

| XCAP PROCESSING – November 2022 | | | |
|--|---------------|------------|--------------|
| Count | Amount | YTD | YTD |
| 5,750 | \$10,481,948 | 35,061 | \$66,083,466 |

❖ 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 November 2022 | | |
|--|---------------|-----------------------------|
| Game | Active | Processed This Month |
| Multi-Match | 1,568 | 318 |
| Mega Millions | 3,183 | 562 |
| Powerball | 2,262 | 512 |
| Cash4Life | 412 | 111 |
| Total | 7,425 | 1,503 |

❖ 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 November 2022 | | |
|---------------------------------------|--------------|------------|
| TYPE | Month | YTD |
| Child Support | \$34,325 | \$52,671 |
| CCU Debts | \$89,542 | \$588,760 |

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 mobile sports wagering license to:

1. Arundel Amusements / Bingo World on 11/23/22
2. BetMGM on 11/23/22
3. Crown MD Online Gaming / Draft Kings on 11/23/22
4. CZR Maryland Mobile Opportunity / Caesars on 11/23/22
5. PPE MD Mobile / Live! on 11/23/22
6. Penn Maryland OSB / Hollywood on 11/23/22
7. Riverboat on the Potomac on 11/23/22

Issue a sports wagering facility license to:

1. Long Shot's on 11/18/22