

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION DECEMBER MINUTES

**DATE:** December 15, 2022

**TIME:** 10:00 a.m.

**PLACE:** Maryland Lottery and Gaming Control Agency  
(Meeting conducted via audio/video conference call)

**PRESENT:** Chair E. Randolph Marriner  
Vice Chair George L. Doetsch, Jr.  
Commissioner F. Vernon Boozer  
Commissioner Diane M. Croghan  
Commissioner Harold E. Hodges  
Commissioner James J. Stakem  
Commissioner Jerry Williams

John Martin, Director  
James Nielsen, Deputy Director, Chief Operating Officer  
James Butler, Assistant Deputy Director, Chief of Staff  
James Logue, Managing Director, Gaming  
John Mooney, Managing Director, Regulatory Oversight  
Solomon Ramsey, Managing Director, Sales and Marketing  
Paula Yocum, Managing Director, Chief Financial Officer  
Carole Gentry, Managing Director, Communications  
Holly Citko, Principal Counsel, Attorney General's Office  
Jennifer Tosky, Deputy Counsel, Attorney General's Office  
Kathy Lingo, Executive Assistant

**OTHERS:** Representative from Hollywood Casino Perryville  
Representative from Ocean Downs Casino  
Representative from Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from MGM National Harbor  
Representatives from Scientific Games  
Representative from Pollard Banknote  
Representative from International Game Technology (IGT)  
Representative from Acres Manufacturing Company  
Representatives from BetMGM  
MLGCA Staff

**E. Randolph Marriner, Chair**

F. Vernon Boozer, Diane M. Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem, Jerry E. Williams

## **QUORUM ESTABLISHED**

Chair Marriner announced that there was a quorum present for the meeting. Also present via teleconference were: Vice Chair George Doetsch, and Commissioners Vernon Boozer, Diane Croghan, Harold Hodges, James Stakem, and Jerry Williams.

## **CALL TO ORDER**

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

## **APPROVAL OF THE REVISED AGENDA**

Prior to requesting approval of the revised agenda, Chair Marriner stated that he would be pulling the BetMGM regulatory violation from the consent agenda, and that it would be added to Mr. John Mooney's presentation for discussion later in the meeting.

With this modification noted, Chair Marriner asked for a motion to approve the revised agenda. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded.

Commissioner Hodges asked whether there would be a discussion of the BetMGM item. The Chair replied that it had been moved to another portion of the meeting and would be discussed at that time. Chair Marriner asked for a vote on approving the modified agenda.

Commissioner Hodges initially opposed the motion and stated that the BetMGM item required more time for discussion. Chair Marriner reiterated that it would be discussed later in the meeting, and that the motion on the table was to approve the remainder of the agenda. As a motion and second were already made, Chair Marriner asked for a vote on the revised agenda. The vote was unanimous in favor of the revised agenda.

## **APPROVAL OF THE MINUTES**

Chair Marriner asked if there were any changes to the minutes of the November 17, 2022, Open Session. There being none, he asked for a motion to approve the minutes. Commissioner Williams motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Marriner then asked if there were any changes to the minutes of the December 1, 2022, Open Session. There being none, he asked for a motion to approve the special commission meeting minutes. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

## **CONSENT AGENDA**

Chair Marriner said the Consent Agenda contains three new instant ticket games for the Commission's approval: #631 (\$5) *Corvette Cash*; #632 (\$10) *Money Bag Multiplier*; #633 (\$20) *Hot 777*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (11/3/22 - 12/1/22); Consent Agreements for Regulatory Violations - Hollywood Casino - June (Amended) and August 2022; Horseshoe Casino - June, July and August 2022; Oceans Downs Casino - April,

July and August 2022; and Rocky Gap Casino – May, July and August 2022; Gaming License Application Denials/ Revocations; Lottery Retailer License Revocation; and Staff Reports from James Nielsen, Deputy Director, Chief Operating Officer; James Butler, Assistant Deputy Director, Chief of Staff; James Logue, Managing Director, Gaming; John Mooney, Managing Director, Regulatory Oversight; Solomon Ramsey, Managing Director, Sales and Marketing; Paula Yocum, Managing Director, Chief Financial Officer; Carole Gentry, Managing Director, Communications; and Holly Citko, Principal Counsel, Office of the Attorney General.

Chair Marriner asked if any Commissioners wished to discuss or remove any items from the consent agenda. Commissioner Hodges asked if this was the time for the discussion on the BetMGM regulatory violation. Chair Marriner explained that the discussion on that item would be held later in the meeting, as it had already been removed from the consent agenda. There being no further discussion, Chair Marriner asked for a motion to approve the consent agenda. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

## **OPERATOR REPORTS**

### **Hollywood Casino**

Ms. Amy Brennan, General Manager, reported that November slot revenue was down slightly, while table games and poker were up year-over-year, and the sportsbook was ahead of budget projections. December results so far have been similar, with a slight decrease in table games and slots, but increases in poker and the sportsbook. Hollywood's VIP segment is up 12% due to events and gift giveaways. A super progressive jackpot was hit for \$35,000, and a new progressive will start at \$23,000. Programming for New Year's Eve has been planned. In November, the casino brought a food truck to the property for employees and gave gift cards to staff.

### **Ocean Downs Casino**

Ms. Bobbi Jones, Senior Director of Operations, reported that November slots and table revenue was down 0.6% compared to 2021. Slots were up \$243,000 (4.3%) as coin-in was up 5.6%, but hold was lower. Table games were down \$280,000 (8.8%), and table drop was down 4.6%. Hold was 24% compared to nearly 30% last year. Sportsbook handle in November was \$2.3 million and hold was 9.7% with a taxable win of \$221,000. Compared to October, wagering was flat, but hold was lower, with about \$120,000 less in win. Ms. Jones said the casino collected 16,000 cans of food that it donated to a local food bank, and also provided dinner for the food bank's staff. Ocean Downs also helped to raise \$10,000 for Toys for Tots and is working on its Holiday Wishes program, which will be broadcast on WBOC-TV's DelmarvaLife. The casino is also holding a holiday event for its team members, including games and prizes.

### **Live! Casino**

Mr. Ryan Eller, General Manager, reported that November gaming revenue was \$59.3 million, up 2.8% compared to last year. Non-gaming revenue was \$8.7 million, which was up considerably compared to November 2021. Slot revenue was \$39.3 million, down 1.8%. Table game revenue was \$16 million, down 2%, and poker was flat. The sportsbook saw \$2.7 million in handle. Live! hosted a mixed martial arts event that drew 2,500 attendees to the property on November 12, and Mr. Eller added that similar events may be booked in the future. The casino held a prize drawing for veterans on Veterans Day. Live! gave away more than 2,400 turkeys to employees for Thanksgiving, and will be holding drawings for gifts to employees through the end of the holiday

season. The casino has given \$42,000 in recent support to community organizations and received the Corporate Philanthropist of the Year Award from the Community Foundation of Anne Arundel County. Live! donated 800 turkeys to the Anne Arundel County Food Bank and 400 turkeys to the Capital Area Food Bank. Staff members recently volunteered to serve meals at Baltimore Station, which supports veterans in need, and hosted a veterans' outreach luncheon sponsored by the Governor's Office of Small, Minority & Women Business Affairs.

### **Rocky Gap Casino**

Mr. Brian Kurtz, General Manager, reported that November gaming revenue was \$5.2 million, down 1.3%, about \$63,000. Slot revenue was down 2%, or \$98,000, compared to November 2021. Overall volume was better, but table drop was flat and there was a 2% decrease in hold year-over-year. Table game revenue was up 7.6% year-over-year. Overall volume at the property was strong, with hotel occupancy for the month of November at 77%. The casino made a non-perishable food donation to the Western Maryland Food Bank and recently provided team members with Walmart gift cards. December is off to a strong start, and the property is sold out for New Year's Eve, when it is planning a 1920s-themed party.

### **Horseshoe Casino**

Mr. Randy Conroy, Vice President and General Manager, reported that slot revenue in November was \$10.5 million, up from \$10.3 million in 2021, and table game revenue was \$5.8 million, up from \$5.3 million last year. Sportsbook win was \$544,000. Horseshoe is doing a gift card giveaway for customers during December, as well as a Maryland Lottery ticket giveaway. On December 30, the casino will hold a drawing to award a trip to the Super Bowl. Horseshoe will host a New Year's Eve party for more than 500 VIP guests. The casino gave locally baked pies and gift cards to team members at Thanksgiving, and has similar plans for Christmas. Mr. Conroy added that 200 pies from the Thanksgiving giveaway were donated to Paul's Place in Baltimore, which assists those in need. Horseshoe is preparing to once again support the Central Intercollegiate Athletic Association basketball tournament, which will be held in Baltimore in late February. The casino provided a financial sponsorship for the Cystic Fibrosis Foundation. Mr. Conroy added that revenue generated by Horseshoe and contributed to the South Baltimore Gateway Partnership was used to help fund the new Middle Branch Fitness Center in Cherry Hill, which opened in early November.

### **MGM National Harbor**

Mr. Jeff Shrader, Vice President and Legal Counsel, reported that November gaming revenue was up 6% compared to November 2021, with a 10% increase in table games and a 2% increase on slots. Poker was up 18%, and the sportsbook took more than 100,000 wagers and posted a hold percentage of 12.63%. The casino had various promotional events and giveaways during November, including an \$800,000 blackjack tournament. MGM is holding a year-end party for its staff and is planning a Bourbon Street-themed New Year's Eve celebration for guests. The casino opened a new outdoor gaming space last month, and is planning to have its original outdoor gaming space reopen with enhancements on December 30. The Theater has hosted numerous recent shows, including November 12 and 13 with Grammy winner Maxwell. Staff members participated in the Harvest Feast, an annual volunteer effort with the Washington Commanders Charitable Foundation. Employees helped to package 90,000 pounds of food for delivery to 500 local families. Staff also worked with United Communities Against Poverty to help organize a food pantry for those in need and participated in a charity poker tournament with the Progress Club Foundation.

### **VENDOR REPORTS**

## **Scientific Games**

Mr. Jeff Hale, General Manager, reported that Scientific Games collaborated with the Lottery and the Montgomery Park Business Center on its annual Toys for Tots toy drive. SGI is working on software updates that will go live late in the first quarter or early in the second quarter of 2023. Mr. Hale congratulated the Lottery on the performance of its self-service vending machines, which have surpassed \$1 billion in total sales.

## **Pollard Banknote**

Mr. Travis Priest, Director of Lottery Marketing, reported that in the last three months, Pollard has put 12 instant games into production and delivered eight to market. Five holiday-themed tickets were launched on October 17, and another four games are set to launch on December 29, followed by four more on January 23. A highlight of the first quarter of 2023 will be the launch of Maryland's first \$50 scratch-off game, 50 Years, in conjunction with the Lottery's 50<sup>th</sup> anniversary. The ticket will be supported by a multi-media advertising campaign. Through 23 weeks of sales in Fiscal Year 2023, Maryland's scratch-off sales are 4.4% better than the U.S. average, which is off about 1.1%. Sales of \$10 tickets are up 19.2%, and sales of \$30 tickets are up 4.6%. Year-to-date sales are at \$410 million, compared to \$393 million for the same period in FY2022. Average sales price at this point last year was \$6.94, compared to \$7.26 for FY2023, a growth of 4.5%. Sales of the holiday-themed tickets are providing a boost, increasing 11.8% compared to last year. The \$5 holiday ticket is up more than \$1 million compared to last year's \$5 holiday ticket. The five-year compound annual growth rate is 5.5% compared to 3.3% among benchmark lotteries of interest, which include Connecticut, Washington, D.C., North Carolina, New York, Virginia and West Virginia. Per-capita sales in Maryland are up 6.3% compared to 4.5% for the six benchmark lotteries. Mr. Priest said Pollard will be hosting Lottery staff for tours of its printing facility in Ypsilanti, Michigan, in March 2023.

## **International Game Technology (IGT)**

Mr. Gary Cherwinski reported that IGT successfully completed a failover test to its backup data center in Texas and also used the time to update its servers. IGT is also upgrading its internal ticketing system to streamline its back-end operations. A software maintenance patch is planned for the first quarter of 2023.

## **DIRECTOR'S REPORT**

### *Director's Report — John Martin, Director*

Director Martin reported that November results for the Lottery were strong, riding the wave of the \$2.04 billion Powerball jackpot that was won in early November in California. Year-to-date sales are up 6%, and profit to the State is up 11.5%. Casino revenue is up 7% year-to-date, with contributions to the State up 0.5%. Year-to-date sports wagering handle is \$324 million, with contributions to the Blueprint for Maryland's Future Fund at \$3.2 million. Director Martin noted that the Sports Wagering Application Review Commission (SWARC) approved two additional mobile licensees and one Class B facility licensee during its meeting on December 14. Maryland Lottery and Gaming is engaged in charitable efforts, through the Maryland Charity Campaign, which was extended through the end of the calendar year. The Agency also worked with Scientific Games on its Toys for Tots effort, and made a contribution of non-perishable food items to a local food bank for Thanksgiving.

Director Martin reported that five longtime Agency employees are retiring: Marvin Sydnor, who has spent 10 years in the Gaming Division; Lashelle Bynum spent 29 years at the Lottery; Procurement Director Bob Howells has 21 years of State service, including 17 at the Lottery; Sales Director Al Ringgold has spent 17 years at the Maryland Lottery; and Managing Director of Communications Carole Gentry has spent 19 years at the Lottery.

Ms. Gentry was on the teleconference. After she briefly discussed her departure, Director Martin asked Ms. Gentry to discuss the Lottery's switch to a digital drawings system, planned for December 19.

Ms. Gentry said the Lottery has acquired a new digital drawings system from Smartplay, which is in a secure space and under 24-7 surveillance at the Lottery's headquarters. The door is double-locked and a minimum of two drawing officials are needed to open the door and access the system, which is air-gapped and not connected to the internet. The new system is being promoted via internal assets, and messaging that will be carried on WBAL-TV. The drawings will no longer be televised, but viewers who turn in to see the drawings will see messages directing them to the Lottery's website. Ms. Gentry noted that 30 other lotteries across North America use similar systems.

Director Martin noted that 2023 marks the Lottery's 50<sup>th</sup> anniversary, and that Maryland Lottery and Gaming employees and retirees will hold an anniversary kickoff event on January 19. He added that there are a number of anniversary events and promotions planned for 2023.

### **COMMISSION ACTION ITEMS**

#### *Managing Director/Regulatory Oversight — John Mooney*

#### **Commission Action Item — Manufacturer Hearing – Acres Manufacturing Company**

Chair Marriner said the Commission would conduct a hearing on the manufacturing license for Acres Manufacturing Company. Anyone on the call from Acres Manufacturing Company would be allowed to speak after the summary of investigation. Chair Marriner then administered the oath to MLGCA staff: John Mooney, Phil Metz, and Mark Ermer; and the representative from Acres Manufacturing Company, John Acres.

Mr. Mooney read the executive summary of the MLGCA's investigative report on Acres Manufacturing Company for a manufacturer license. A copy of the executive summary is available at [mdgaming.com](http://mdgaming.com). Mr. Mooney reported that the investigation found that there were no disqualifying factors, and that Acres Manufacturing Company and its principal have established by clear and convincing evidence its qualifications for a manufacturer license.

Chair Marriner asked if any representatives from Acres Manufacturing Company wished to speak. John Acres, CEO of Acres Manufacturing Company, stated that he had nothing to add.

There being no questions from the Commission, Chair Marriner asked for a motion to find that Acres Manufacturing Company has demonstrated by clear and convincing evidence its qualifications for a manufacturer's license. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to direct staff to draft a decision statement on Acres Manufacturing Company qualification for a manufacturer's license. Vice Chair Doetsch motioned to approve, and Commissioner Stakem seconded. The motion was approved unanimously.

## **Regulatory Violation – BetMGM**

(This item was removed from the Consent Agenda for further discussion)

Mr. Mooney reported that on November 16, 2022, BetMGM accepted mobile wagers before it had been issued a license. The wagers occurred when BetMGM attempted to make configuration changes to its beta website, as it was conducting final testing prior to the controlled demonstration date on November 21, 2022. The beta site is built to mimic the production website, and the change inadvertently allowed real players access to the sportsbook page after successfully registering an account and making a deposit allowing wagers to occur. Once the matter was discovered, BetMGM worked with GeoComply to have the Maryland zone turned off so that all geolocation compliance checks would fail, thereby preventing anyone from placing wagers. BetMGM voided 146 wagers that were placed during the incident, which resulted in the players' stakes being returned to them as though the wagers had never been made. There was one exception of a single patron who had withdrawn winnings, including their original stake. Mr. Mooney said BetMGM agreed to resolve the matter through a consent agreement with the Commission in the amount of \$146,000, adding that the Agency has a copy of the settlement agreement signed by BetMGM, and that the company's Chief of Compliance, Rhea Loney, was available on the meeting teleconference to answer questions.

Chair Marriner said it appeared to be an inadvertent mistake, and added that it is the largest settlement amount that the Commission has ever entered into. The Chair added that it was a serious mistake, and for that reason he chose to pull the matter out of the consent agenda for a discussion. The agreed upon amount was \$146,000 — \$1,000 for each of the 146 wagers that were placed during the incident.

Commissioner Hodges said it was a serious matter; we have an entity that violated Commission rules, a very critical one. The Commission has penalties for violating rules, although the \$146,000 amount is larger than any previous amount that the Commission has levied, he considered it a slap on the wrist. Commissioner Hodges expressed concern that the Commission send a signal out to everyone they govern that this is unacceptable and did not feel that \$146,000 does that. Commissioner Hodges identified two things this company did that were wrong: they accepted wagers before licensed by the Commission, and they seemed to go out with an IT product that wasn't proven first. He added that the Commission should table the matter before deciding what to do, he doesn't believe the penalty does it, so that the Commission can consider ways to ensure that a similar incident doesn't occur again.

Mr. Mooney said the Agency's largest previous settlement agreement amount was \$5,000, and that the Agency did not take this matter lightly. Mr. Mooney noted that it appears BetMGM is taking it very seriously too and he let Ms. Loney speak for herself.

Ms. Loney was joined by Mr. Roman Rubas, BetMGM's Director of Technical Governance. Ms. Loney emphasized that the company takes the matter seriously, and that it acted immediately to address the issue, working with GeoComply to ensure that wagering was stopped. The company provided a report to the Commission and conducted a technical investigation to determine why the issue occurred. Ms. Loney said Mr. Rubas would address why BetMGM conducts this type of testing prior to its go-live dates. She added that the company has implemented measures to ensure that a similar incident will not occur in future launches in other states, and that nothing similar has happened in any of its previous launches in other states. This was isolated occurrence of 146 wagers over a 3 hour period of time.

Mr. Rubas addressed Commissioner Hodges' comment that the BetMGM product had not been proven by pointing out that the company's mobile product has been certified and tested in 19

jurisdictions. At the time the incident occurred, BetMGM was preparing for the controlled demonstration date on November 21. Part of the work involved configuration changes on the platform's beta site, which is hidden from public view. BetMGM was conducting its final checks to make sure everything was working in advance of the controlled demonstration. Mr. Rubas explained that a link got redirected in production. Players creating accounts were not directed to the page stating "It's Showtime" and that the site would be live soon; instead, because of the incorrect link, customers were directed to the sportsbook where live wagering was possible. Mr. Rubas said that as BetMGM prepares to launch in additional states, it will be working with its geolocation provider to ensure that those states are in the exclusion zone, which will prevent any wagers from being made prior to the approved dates and times. Internal processes will also be enhanced to ensure a similar issue does not occur again.

Commissioner Hodges asked to clarify whether BetMGM went live before the Commission license is because of a glitch in its software. Mr. Rubas responded, no, and reiterated that the issue occurred because a link incorrectly sent customers to the live sportsbook after they had completed their account registration instead of sending them to a page stating that wagering would be available soon. Commissioner Hodges expressed concern that the beta version of the product was able to go live and asked about having internal controls to prevent that from happening. Mr. Rubas sought to clarify and distinguish that the testing that was being done at the time of the incident was not from a regulatory or certification perspective to ensure that the product met minimum requirements. Rather, it was user testing to ensure that the controlled demonstration would go smoothly. Chair Marriner asked whether the incident occurred due to human error, not due to technical malfunction. Mr. Rubas confirmed it was human error.

There being no further questions, Mr. Mooney requested that the Commission motion to approve the consent agreement between BetMGM and the Commission. Chair Marriner noted that he was immediately notified of the incident and that the Commission takes it very seriously and it should serve as a lesson learned.

The Chair asked for a motion to approve the consent agreement between BetMGM and the Commission. Vice Chair Doetsch motioned to approve, and Commissioner Stakem seconded. The Chair asked if there was any further discussion.

Commissioner Hodges said the Commission should address what its standards are regarding penalties and what it can do to ensure that violations do not happen again. He recommended that the Commission vote on the settlement agreement at a later date and have more time to think about the implications and look at what can be done to adjust policy to prevent future incidents of this kind. Chair Marriner suggested that Commissioner Hodges could raise items for future Commission discussion or could meet with Agency staff and create a work group to handle such issues. The Chair added that the consent agreement would not be pulled from the agenda.

Having been moved and seconded, the Chair asked for a vote. The consent agreement was approved by a vote of 6-1, with Commissioner Hodges opposed.

Ms. Loney thanked the Commission for their consideration in this matter.

## **CLOSED SESSION**

There was no need for the Commission to go into a closed session.



**DATE AND TIME OF NEXT MEETING**

The next regular Commission meeting will be held on Thursday, January 26, 2023, at 10:00 a.m., in-person at Maryland Lottery and Gaming headquarters in Baltimore and via audio/video conference.

**ADJOURNMENT**

There being no further business, Chair Marriner adjourned the meeting at 11:08 a.m.

Respectfully submitted,

  
John Martin  
Director