

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: April 12, 2023

SUBJECT: Report for the April 2023 Commission Meeting

A. GAMING

See separate report from Michael Eaton, Acting 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			
03/31/22	4,389	03/31/23	4,365	03/31/22	7,060	03/31/23	7,067	03/31/22	435	03/31/23	432
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
12/31/21	4,400	12/31/22	4,359	12/31/21	7,020	12/31/22	7,024	12/31/21	430	12/31/22	430
03/31/22	4,389	03/31/23	4,365	03/31/22	7,060	03/31/23	7,067	03/31/22	435	03/31/23	432

(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 1,762 full-service (PHD and PHDL) and 246 draw game-only (PEX) self-service terminals installed as of March 31.
- On March 2nd we successfully completed the Multi-Match draw time change.
- On March 6th we launched Fast Play Home Run Riches game.

- Our cross organizational effort to prepare for the implementation of SciGuard Plus, a lottery system security initiative, continues.
- **eLicensing system updates:**
 - The option for Principal applicants to submit initial applications as a full Principal has been eliminated. All initial applications will be submitted as Temporary Principals. The document checklist has been modified so all documents will be submitted with initial applications. These changes will allow licenses to be issued and investigations to be completed in a more timely manner.
 - We are in the process of modifying the Social Security number field for all employee applications. The modifications will decrease confusion for foreign applicants without Social Security Numbers and their Investigators.

E. FACILITIES

- A number of office renovation projects will start on April 17, 2023.
- Replacement furniture ordered for a number of departments.
- Several restrooms are being renovated as part of our lease extension.
- Working with Procurement on a Purchase Order for new copiers and a shredding contract extension.
- The sale of our old ball drawing machines has been approved by DGS

F. INFORMATION TECHNOLOGY

- IT worked with Casino staff at Live! to troubleshoot and replace a bad UPS for the fingerprint system.
- Media and hard drive shredding took place on April 6th.
- We attended a demo hosted by DoIT for a security software tool that can coordinate security events amongst multiple agencies.
- Staff worked on and resolved an issue with Experian reporting in eLicensing.
- We are working to schedule and conduct a firewall review with our cybersecurity auditing partner.
- We continue to make minor adjustments and improvements to the inventory system.

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 – March 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
20,142	241,629	165,058	1,935,595

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 – March 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,025	\$20,418,233	9,884	\$98,906,073
Casinos	102	\$1,474,464	953	\$11,964,864

XCAP PROCESSING – March 2023			
Count	Amount	YTD	YTD
7,148	\$12,008,797	62,305	\$115,938,922

❖ 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 March 2023		
Game	Active	Processed This Month
Multi-Match	1,574	335
Mega Millions	3,184	471
Powerball	2,195	346
Cash4Life	389	85
Total	7,342	1,237

❖ 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 March 2023		
TYPE	Month	YTD
Child Support	\$5,018	\$67,409
CCU Debts	\$121,467	\$1,079,226

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:

None this month.

Issue a sports wagering facility license to:

None this month.