

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: May 17, 2023

SUBJECT: Report for the May 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			
04/30/22	4,385	04/30/23	4,358	04/30/22	7,055	04/30/23	7,066	04/30/22	435	04/30/23	430
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 1,766 full-service (PHD and PHDL) and 247 draw game-only (PEX) self-service terminals installed as of April 30.
- Our cross organizational effort to prepare for the implementation of SciGuard Plus, a lottery system security initiative, continues. We are planning for a launch in late June.

- **eLicensing system updates:**
 - A recent upgrade was made to increase the speed of eLicensing. Other options are being looked at as well to further improve performance.
 - Several email letter templates have been modified in eLicensing to increase consistency when Investigators are requesting documents.

E. FACILITIES

- Received 5 new vehicles - 2 Chevy Traverse, 3 Chevy Malibu
- Working with MDE & DBM Fleet Management to transfer cars that are scheduled for auction.
- Working on agency wide inventory.
- Staff training for document retention policy updates conducted by DGS.
- Working with Building Management for electrical issues in the Gaming Department.
- Placing furniture orders for various departments.
- Our lease renewal is nearing completion. DGS will present it to the Board of Public Works.
- Working with building management on two small construction projects.

F. INFORMATION TECHNOLOGY

- IT is continuing to work with our cybersecurity auditing partner on conducting a firewall review.
- IT is working with Spectra, our ICS vendor, on testing the new SciGuard+ application that Scientific Games will be deploying.
- IT conducted interviews for the IT Technical Support Specialist II position.
- We created a secure remote file sharing solution that will be used for Casino’s to report lottery claims.
- We are working with DoIT on decommissioning knowledge-based questions for MLGCA staff.
- We continue to make minor adjustments and improvements to the new 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 – April 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
17,921	210,719	182,979	2,146,314

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 – April 2023				
Location	Count	Amount	YTD	YTD
Baltimore	984	\$9,142,944	10,868	\$108,049,017
Casinos	84	\$1,074,335	1,037	\$13,039,199

XCAP PROCESSING – April 2023			
Count	Amount	YTD	YTD
6,473	\$11,988,409	68,778	\$127,927,331

❖ 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 April 2023		
Game	Active	Processed This Month
Multi-Match	1,556	228
Mega Millions	3,092	365
Powerball	2,138	256
Cash4Life	384	70
Total	7,170	919

❖ 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 April 2023		
TYPE	Month	YTD
Child Support	\$7,307	\$74,716
CCU Debts	\$70,115	\$1,149,341

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:

SuperBook / SBOpco on April 13, 2023

Issue a sports wagering facility license to:

None this month.