

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: June 14, 2023

SUBJECT: Report for the June 2023 Commission Meeting

A. GAMING

See separate report from Michael Eaton, 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			
05/31/22	4,384	05/31/23	4,355	05/31/22	7,055	05/31/23	7,061	05/31/22	438	05/31/23	434
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 1,770 full-service (PHD and PHDL) and 247 draw game-only (PEX) self-service terminals installed as of May 31.
- Our cross organizational effort to prepare for the implementation of SciGuard Plus, a lottery system security initiative, continues. We are planning for a late June launch.

- We successfully conducted our spring failover/disaster recovery exercise for the Lottery Central System.
- On May 25 we launched a new release of gemOffice for the Sales Department with enhancements to the work order process.
- **eLicensing system updates:**
 - No major projects underway.
 - Minor adjustments are being made as issues arise.

E. FACILITIES

- Fleet Management Audit to begin June 8, 2023
- New forklift arrived for Instant Ticket Warehouse
- Carpet cleaning to begin June 24, 2023
- Working on Document Retention with multiple Departments
- Working with Communications & POS warehouse staff to complete a full physical inventory
- Staff continues to work on annual Inventory Reports
- Window shade installment begins June 2, 2023
- Several small electrical and construction projects to begin in June.

F. INFORMATION TECHNOLOGY

- IT has received and is reviewing the report from our cybersecurity auditing partner that conducted a firewall review last month.
- IT is continuing to work with our ICS vendor on the installation of the SciGuard+ application.
- We posted an Information Security Officer position. This position will be responsible for the IT security program at MLGCA.
- We are continuing to work with DoIT on decommissioning knowledge-based questions as an option for identity authentication when accessing State systems.
- IT is working with Facilities staff to add sub-location information to the inventory system for completion of the annual inventory.
- IT Management attended the Maryland Digital Government Summit earlier this month, which was hosted by DoIT. The summit provided valuable information in breakout sessions about IT progression in state government.

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 – May 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
20,886	232,010	203,865	2,378,324

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 – May 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,091	\$7,698,616	11,959	\$115,747,633
Casinos	142	\$1,823,785	1,179	\$14,862,984

XCAP PROCESSING – May 2023			
Count	Amount	YTD	YTD
9,424	\$20,662,436	78,202	\$148,589,767

❖ 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 May 2023		
Game	Active	Processed This Month
Multi-Match	1,545	297
Mega Millions	3,102	407
Powerball	2,120	271
Cash4Life	384	121
Total	7,151	1,096

❖ 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 May 2023		
TYPE	Month	YTD
Child Support	\$8,894	\$83,610
CCU Debts	\$149,987	\$1,299,328

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:

Maryland Stadium Sub, LLC / dba Fanatics Sportsbook on June 1, 2023

Issue a sports wagering facility license to:

None this month.