

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: August 16, 2023

SUBJECT: Report for the August 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			
06/30/22	4,377	06/30/23	4,354	06/30/22	7,047	06/30/23	7,063	06/30/22	436	06/30/23	439
07/31/22	4,371	07/31/23	4,345	07/31/22	7,026	07/31/23	7,058	07/31/22	438	07/31/23	441
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
06/30/22	4,377	06/30/23	4,354	06/30/22	7,047	06/30/23	7,063	06/30/22	436	06/30/23	439

(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 1,779 full-service (PHD and PHDL) and 243 draw game-only (PEX) self-service terminals installed as of July 31.
- Following our cross organizational effort, SciGuard Plus, a lottery system security initiative, was fully implemented on June 26.

- We delayed deploying several software updates due to the large Powerball and Mega Millions jackpots.
- **eLicensing system updates:**
 - No major projects underway.
 - Minor adjustments are being made as issues arise.

E. FACILITIES

- Material & Supply to be completed by August 15, 2023
- Missing Stolen Report due to DGS by August 15, 2023
- Working with Internal Auditor to complete Annual Asset Inventory by August 25, 2023
- New Inventory Specialist Position Filled
- Working with Human Resources to fill three vacant positions for Instant Ticket warehouse
- Working on Document Retention with multiple Departments
- Working with Communications & POS warehouse staff to complete a full physical inventory
- Window shade installations should be completed in August

F. INFORMATION TECHNOLOGY

- IT has interviewed candidates and is in the process of filling two positions. One is for the Information Security Officer and the other is a Junior Systems and Network Engineer.
- We are installing monitors in several conference rooms and upgrading the projectors in the studio.
- IT is working with the Department of IT (DoIT) on moving the router that provides Agency connectivity back to the state network. This will be scheduled for afterhours so that it doesn't conflict with any Lottery operations.
- IT Leadership attended the NASPL Professional Development Seminar in Denver. The seminar consisted of presentations and discussions that were both informative and captivating for the audience which consisted of Lottery staff from many states. The event was also an opportunity to network with members of other state lotteries.
- We are working with the inventory management system software company on adding some new features.
- IT is continuing to work on implementing recommendations made by our cybersecurity auditing partner.

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 – June 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
19,673	229,080	223,538	2,607,404

Warehouse Orders –July 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
15,579	215,639	15,579	215,639

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 – June 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,030	\$7,170,580	12,989	\$122,918,213
Casinos	122	\$1,483,283	1,301	\$16,346,267

CLAIMS PROCESSED BY LOTTERY AND CASINOS – July 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,063	\$6,829,887	1,063	\$6,829,887
Casinos	103	\$1,229,501	103	\$1,229,501

XCAP PROCESSING – June 2023			
Count	Amount	YTD	YTD
6,762	\$11,678,081	84,964	\$160,267,848

XCAP PROCESSING – July 2023			
Count	Amount	YTD	YTD
6,576	\$12,369,818	6,576	\$12,369,818

❖ 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 June 2023		
Game	Active	Processed This Month
Multi-Match	1,529	295
Mega Millions	3,004	387
Powerball	2,051	291

Cash4Life	387	74
Total	6,971	1,047

Subscriptions as of July 2023		
Game	Active	Processed This Month
Multi-Match	1,484	238
Mega Millions	2,977	492
Powerball	2,070	368
Cash4Life	394	79
Total	6,925	1,177

❖ **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 June 2023		
TYPE	Month	YTD
Child Support	\$8,966	\$92,576
CCU Debts	\$89,561	\$1,388,889

Intercepts as of July 2023		
TYPE	Month	YTD
Child Support	\$1,686	\$1,686
CCU Debts	\$82,951	\$82,951

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:

Crab Sports on July 13, 2023
Greenmount on August 10, 2023

Issue a sports wagering facility license to:

None this month.