

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: September 20, 2023

SUBJECT: Report for the September 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			
08/31/22	4,376	08/31/23	4,351	08/31/22	7,040	08/31/23	7,080	08/31/22	444	08/31/23	442
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 1,791 full-service (PHD and PHDL) and 243 draw game-only (PEX) self-service terminals installed as of August 31.
- Work continues on the next system and terminal updates.
- **eLicensing system updates:**
 - No major projects underway.

- Minor adjustments are being made as issues arise.

E. FACILITIES

- Missing and Stolen Property Report completed and sent to DGS
- Working with Internal Auditor to complete annual audit
- Placing orders for additional PPE
- Cleanup continues in the communications warehouse
- Working with Building Management to address a bee infestation in our warehouse.
- Completing annual asset & materials reports to DGS by 09/12/2023

F. INFORMATION TECHNOLOGY

- The Information Security Officer position has been filled and the new employee started on September 6th. A new IT Engineer will be starting on September 20th.
- The new monitors and projectors have been installed in conference rooms.
- IT continues working with the Department of Information Technology (DoIT) to relocate the router that provides connectivity to the State network. This will be scheduled for after-hours so that it doesn't conflict with any lottery operations.
- We continue to work with the inventory management system software company on adding some new features for use by our business units. This project is nearing completion.
- IT is implementing recommendations made by our cybersecurity auditing partner.
- We are scheduling the replacement of the server hardware in our Disaster Recovery site for our Internal Control System.
- We are updating the phone system software to a new version and re-architecting the design of the system for better functionality.

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 – August 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
18,804	157,573	34,383	373,212

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 – August 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,090	\$13,451,254	2,153	\$20,281,141
Casinos	105	\$1,291,490	208	\$2,520,991

XCAP PROCESSING – August 2023			
Count	Amount	YTD	YTD
6,366	\$11,146,620	12,942	\$23,516,438

❖ **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 August 2023		
Game	Active	Processed This Month
Multi-Match	1,484	256
Mega Millions	2,965	537
Powerball	2,121	426
Cash4Life	391	97
Total	6,961	1,316

❖ **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 August 2023		
TYPE	Month	YTD
Child Support	\$3,551	\$5,237
CCU Debts	\$116,941	\$199,892

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:

Canton Gaming (Canton Green Turtle) on September 1, 2023
Whitman Gaming on September 2, 2023