

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: October 18, 2023

SUBJECT: Report for the October 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			
09/30/22	4,369	09/30/23	4,351	09/30/22	7,032	09/30/23	7,068	09/30/22	442	09/30/23	443
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
09/30/22	4,369	09/30/23	4,351	09/30/22	7,032	09/30/23	7,068	09/30/22	442	09/30/23	443

(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 1,787 full-service (PHD and PHDL) and 243 draw game-only (PEX) self-service terminals installed as of September 30.
- On September 14 a large new software release was deployed with enhancements for clerk terminals, self-service terminals, and several other features.

- Continue cross-functional work on new games with anticipated launches in 2024 (Cash Pop, Big Spin).
- **eLicensing system updates:**
 - No major projects underway.
 - The system remains very stable. Minor adjustments are made as issues arise.

E. FACILITIES

- All State Inventory Reports were completed and sent to DGS. DGS approved the removal of surplus furniture and equipment to be sold online or disposed of.
- Met with MDE, MEA, and DGS to discuss installation of electric vehicle chargers. The Agency will eventually have access to 20 new charging stations.
- PPE is being provided to staff as requested. Facilities staff is again spraying disinfectant throughout our headquarters space in the evening and morning hours twice a week.
- Working with IT to create an inventory report for tracking Instant Ticket pallets in the warehouse.

F. INFORMATION TECHNOLOGY

- A new IT Engineer came on board on September 20th.
- 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.
- We are scheduling the replacement of the server hardware in our Disaster Recovery site for our Internal Control 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 – September 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
16,022	165,801	50,405	539,013

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 – September 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,028	\$6,403,700	3,181	\$26,684,841
Casinos	91	\$1,050,908	299	\$3,571,899

XCAP PROCESSING – September 2023			
Count	Amount	YTD	YTD
7,635	\$14,494,044	20,577	\$38,010,482

❖ **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 September 2023		
Game	Active	Processed This Month
Multi-Match	1,491	219
Mega Millions	3,008	483
Powerball	2,166	387
Cash4Life	385	65
Total	7,050	1,154

❖ **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 September 2023		
TYPE	Month	YTD
Child Support	\$6,389	\$11,626
CCU Debts	\$106,311	\$306,203

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 (Towson Green Turtle) on September 29, 2023