

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: January 16, 2024

SUBJECT: Report for the January 2024 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			
12/31/22	4,359	12/31/23	4,350	12/31/22	7,024	12/31/23	7,078	12/31/22	430	12/31/23	437
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
12/31/22	4,359	12/31/23	4,350	12/31/22	7,024	12/31/23	7,078	12/31/22	430	12/31/23	437

(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 1,797 full-service (PHD and PHDL) and 241 draw game-only (PEX) self-service terminals installed as of December 31.
- Continue cross-functional work on new games with anticipated launches in 2024 (Cash Pop, Big Spin).

- **eLicensing system updates:**
 - No major projects underway.
 - After the approval of new Vendor Regulations, changes were made in eLicensing to eliminate the creation of new Vendor Certification applications. Additionally, all existing Certified Vendors are now prompted to complete a Vendor Registration application when they approach expiration.

E. FACILITIES

- The lease for Montgomery Park has been approved by the Board of Public Works, so building management has been working on various projects Working with Building Management to address HVAC issues.
- Restrooms are being modernized, cleaned and sanitized.
- Surplus property disposals continue as Excess Property Declarations are approved by DGS.

F. INFORMATION TECHNOLOGY

- We continue to revise the Agency IT policy to include new technologies and necessary updates.
- We are planning for additional hardware upgrades for our production environment.
- We received approval from MUSL and COMSI to move forward with our hardware and operating system upgrades for our Internal Control System. We have since completed the hardware upgrades and are working towards the operating system upgrades.
- IT worked with the Internal Auditors and the IT portion of the audit was completed for this cycle.
- The information security awareness training for the 4th quarter of 2023 finished with 94% completion. The 1st quarter of 2024 has been issued.
- IT is working on a new desktop / laptop refresh plan that will help to ensure the devices support Windows 11. Deploying Windows 11 is project that will begin in the next fiscal year.

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 – November and December 2023			
# of Orders	# of Packs	YTD Orders	YTD Packs
Nov - 18,484	199,221	89,260	960,152
Dec - 19,146	242,787	108,406	1,202,939

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 – November 2023				
Location	Count	Amount	YTD	YTD
Baltimore	1,037	\$5,709,464	5,263	\$42,259,512
Casinos	95	\$1,105,097	512	\$6,202,057

CLAIMS PROCESSED BY LOTTERY AND CASINOS – December 2023				
Location	Count	Amount	YTD	YTD
Baltimore	998	\$2,803,314	6,261	\$45,062,826
Casinos	101	\$1,023,963	613	\$7,226,020

XCAP PROCESSING – November 2023			
Count	Amount	YTD	YTD
5,561	\$9,760,518	32,232	\$58,699,484

XCAP PROCESSING – December 2023			
Count	Amount	YTD	YTD
6,960	\$13,171,122	39,192	\$71,870,606

❖ 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 November 2023		
Game	Active	Processed This Month
Multi-Match	1,419	250
Mega Millions	2,930	418
Powerball	2,174	375
Cash4Life	365	106
Total	6,888	1,149

Subscriptions as of December 2023		
Game	Active	Processed This Month
Multi-Match	1,403	238
Mega Millions	2,880	357
Powerball	2,171	323
Cash4Life	369	66
Total	6,823	984

❖ **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 November 2023		
TYPE	Month	YTD
Child Support	\$15,937	\$30,629
CCU Debts	\$99,791	\$502,873

Intercepts as of December 2023		
TYPE	Month	YTD
Child Support	\$3,300	\$33,929
CCU Debts	\$111,390	\$614,263

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:

None this month