

# Maryland Lottery and Gaming Control Commission

Wes Moore, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JANUARY MINUTES

DATE: January 25, 2024

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Headquarters

PRESENT: Chair E. Randolph Marriner  
Vice Chair George L. Doetsch, Jr.  
Commissioner Diane M. Croghan  
Commissioner Harold E. Hodges  
Commissioner James J. Stakem  
Commissioner Jerry E. Williams

John Martin, Director  
James Nielsen, Deputy Director, Chief Operating Officer  
James Butler, Assistant Deputy Director, Chief of Staff  
Michael Eaton, Managing Director, Gaming  
John Mooney, Managing Director, Regulatory Oversight  
Solomon Ramsey, Managing Director, Sales and Marketing  
Paula Yocum, Managing Director, Chief Financial Officer  
Seth Elkin, Managing Director, Communications  
Holly Citko, Principal Counsel, Attorney General's Office  
Jennifer Tosky, Deputy Counsel, Attorney General's Office  
Kathy Lingo, Executive Assistant

OTHERS: Representative from Hollywood Casino Perryville  
Representative from Ocean Downs Casino  
Representative from Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from MGM National Harbor

**E. Randolph Marriner, Chair**

Diane M. Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem, Jerry E. Williams

## **QUORUM ESTABLISHED**

Chair Marriner announced that there was a quorum present for the meeting. Also present in person were: Vice Chair George Doetsch, and James Stakem. Present via video conference were: Commissioners Diane Croghan and Jerry Williams. Commissioner Harold Hodges was present via audio conference.

## **CALL TO ORDER**

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

## **APPROVAL OF THE AGENDA**

Chair Marriner reported that the Commissioners were provided with a copy of the agenda. Chair Marriner asked for a motion to approve the agenda. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

## **APPROVAL OF THE MINUTES**

Chair Marriner asked if there were any comments or corrections to the minutes of the November 28, 2023, Open Session. There being none, Chair Marriner asked for a motion to approve the minutes. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

## **CONSENT AGENDA**

Chair Marriner said the Consent Agenda contains:

1. Five new instant ticket games for the Commission's approval: #691 (\$1) *Gold Rush 7s*; #692 (\$2) *Gold Rush 7s Doubler*; #693 (\$5) *Gold Rush 7s Tripler*; #694 (\$10) *Gold Rush 7s Multiplier*; #695 (\$20) *Gold Rush 777*;
2. EGD Games and Component Testing: Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (11/21/23 – 1/22/24);
3. Consent Agreements – Regulatory Violations
  - a. Hollywood Casino – August 2023
  - b. Horseshoe Casino – August and September 2023
  - c. Live! Casino – July, August and September 2023
  - d. MGM National Harbor – May, June, July and August 2023
  - e. Rocky Gap Casino – August and September 2023
4. Consent Agreements – Mobile Sports Wagering Violations
  - a. Hollywood – Penn – September 2023
  - b. Live! Casino - FanDuel – July and August 2023
  - c. Long Shot's-BetFred – August 2023
5. Consent Agreements – Underage Violations
  - a. Live! Casino – Case Nos. 2023-03-018 to -027
  - b. MGM National Harbor – Case No. 2023-06-008 to -015 and 2023-06-016 to -026
6. Gaming License Application Denials/Revocations
7. Lottery Retailer License Revocations
8. Staff Reports: James Nielsen, Deputy Director, Chief Operating Officer; James Butler, Assistant Deputy Director, Chief of Staff; Michael Eaton, Managing Director, Gaming; John

Mooney, Managing Director, Regulatory Oversight; Solomon Ramsey, Managing Director, Sales and Marketing; Paula Yocum, Managing Director, Chief Financial Officer; Seth Elkin, Managing Director, Communications; and Holly Citko, Principal Counsel, Office of the Attorney General.

Chair Marriner asked if any Commissioners cared to remove and discuss any items on the Consent Agenda. There being no discussion or requests, Chair Marriner asked for a motion to approve the Consent Agenda. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

## **OPERATOR REPORTS**

### **Hollywood Casino**

Ms. Amy Brennan, General Manager, reported that in November when the casino was finalizing the floor reconfiguration, total gaming revenue was down 1.2% year-over-year. Revenue in slot machines and table games were up, and Poker and Sportsbook were down with somewhat of a significant hold differential on slot machines. December was flat in all areas. Marketing in November included the Susquehanna Showdown Blackjack Tournament with a \$10,000 winner. The casino also had Cornucopia of Cash promotion, and also celebrated heroes and first responders. In December, the annual VIP party included snow crabs and a white elephant game that included choosing between Penn Play Cash or a mystery prize. New Year's Eve was a great night that included entertainment and one lucky guest opened a suitcase with one year of Penn Play Cash. Team members and their families had pictures with Santa. The executives continue to Walk a Mile spending time in each department of the casino. In the community, Hollywood Casino donated through the Angel Tree and Toys for Tots, and participated in a 5K Walk for suicide prevention.

### **Ocean Downs Casino**

Ms. Bobbi Jones, General Manager, reported that Ocean Downs Casino has done very well in the 4<sup>th</sup> Quarter. Year-over-year coin in and table drop were good. December has been a little lower in slot machines and coin in, and table games have been good. Sports wagering was down in December. The casino had a cruise giveaway with 250 winners. The circus-themed New Year's Eve event was successful, with 200 guests for the VIP Party. There were 300 guests in attendance for the Big Bash event. There were over 7,000 entries for the Cash Bash giveaway. Ocean Downs hosted its monthly slot tournament for a local crisis center for suicide prevention. Team members had a holiday party in December receiving gift cards and a chance to stand in the cash machine. In the community, the casino held the 12 Tournaments of Christmas raising cash and toys for Toys for Tots, raising almost \$10,000. Ocean Downs held a Holiday Wishes campaign partnering with WBOC radio. The casino also participated in a Young Professionals Holiday Spirit campaign.

### **Live! Casino**

Mr. Ryan Eller, General Manager, reported that year-end gaming revenue was \$61.1 million, up 2.6% year-over-year. Slot machines were up 5.4%, table games were down at \$16.3 million, poker was down slightly, finished at \$1.4 million, and retail sportsbook trended down with online trending up. Retail posted \$400,000 in revenue, with handle down 8% month-over-month. There were several holiday-themed gift giveaways and promotions in December. Live! Casino held a \$100,000 Baccarat Tournament which was well received. There was a good turnout on New Year's Eve. Team members were given free meals and specials throughout the month which culminated in a holiday party for team members and their families. In the community, the casino participated

in the Marine Corps Toys for Tots, and conducted donation drives on the property. Live! Casino sponsored the BWI Business Partnership Breakfast, hosted the Minority Business Outreach Fair with 140 businesses on property, and donated 300 turkeys to the food bank.

### **Rocky Gap Casino**

Mr. Brian Kurtz, General Manager, reported that December revenue was down 8.2%, due in part to weather. The casino is currently working on system integrations from the November transition to the Aristocrat casino system. Coin in was down 6% following a similar trend since August, and a 2 point decrease in hold. Slot machine revenue was down 7%, table games were down 24% with a decrease in drop of 3%, hold on table games was down 5.4%. Non-gaming revenue was up, supported by very strong group business at the casino. Rocky Gap continued the regular monthly promotions in December, and held holiday-themed games. We had great giveaways on New Year's Eve through 5 a.m. Entertainment included a Bonkerz Comedy Show and an appearance from a local favorite, Julia Stevenson. In the community, the casino participated in Toys for Tots, with guests donating over 360 toys. Team members received gift certificates. In December, Rocky Gap partnered with Base Camp Coffee, roasting beans for the casino. The casino continues to work with the Aristocrat team on the property to ensure stability moving into 2024.

Chair Marriner asked how the weather is affecting business at the Casino. Mr. Kurtz indicated it has dramatically impacted the business and noted that Western Maryland has gotten over 21 inches of snow, with temperatures in the teens, and there has been a dramatic turnaround this week with the snow melting off.

Mr. Kurtz then mentioned that the casino is working in partnership with DNR and Maryland Department of Environment constructing a new beach area coming in 2024. In capital projects the casino is working to refresh the slot floor. The casino is optimistic with the new systems stabilizing and new programming the casino will be able to exceed prior years' numbers.

### **Horseshoe Casino**

Mr. Randy Conroy, Vice President and General Manager, reported that 2024 marks the 10-year anniversary of Horseshoe Casino and the casino will be commemorating it. In December, slot machine revenue was \$10.2 million, table game revenue of \$5 million, and sports betting revenue was \$230,000. Mr. Conroy thanked lottery staff for their support regarding the big floor remodel, making the casino look more modern. The focus for marketing at the casino is all Ravens. Caesars will be flying in our best customers from outside the State to enjoy Sunday's playoff game. New Years Eve saw fun entertainment and drawings held for guests. The Blackjack Series continues its run, and the casino is holding an NCL cruise giveaway. The new Legends Bar, an exclusive bar for top-tier customers, has opened. In the community, Horseshoe Casino participated in food and clothing drives. Team members were given holiday dinners, and 4<sup>th</sup> Quarter recognitions were held. Horseshoe is now working on the annual regulatory compliance training.

### **MGM National Harbor**

Mr. Jeffrey Shrader, Vice President and Legal Counsel, reported that November gaming revenue was down 7% year-over-year, table game revenue was down 12%, slot machine revenue was down 3%, poker revenue was up 1%, and sportsbook wrote over 50,000 tickets, with a 5.3% hold. December gaming revenue was up 2% year-over-year, table game revenue was up 2%, slot machine revenue was up 2%, and poker revenue was up 1%, sportsbook wrote over 48,000 tickets with 9.5% hold. There were several giveaways and kiosk games held in December. The casino held

a Moulin Rouge-themed event on New Year's Eve, including a giveaway of a BMW X4 SUV. Entertainment at the casino in December included Derrick Hough, Straight No Chaser and Patti Labelle. In the community, the casino partnered with the Accokeek Foundation for Potomac River clean up and the American Horticultural Society for invasive plant removal. The casino worked with First-Generation College Bound sending out holiday mailers. Team members shopped, wrapped and donated gifts to the Prince George's County Child Resource Center. MGM National Harbor hosted the Junior Achievement of Greater Washington event, which provides business coaching.

Chair Marriner asked how November was down but December was up. Mr. Shrader was not sure why other than that there were less guests in November.

## **DIRECTOR'S REPORT**

### ***Director's Report — John Martin, Director***

Director Martin reported that it was a tale of two months with November being challenging for Lottery and Gaming across all three sectors with tough year-over-year comparisons. The three Jackpot games were down, casinos in aggregate were down 3.5%, sports wagering players had a good month with hold of 7.6%, and contributions of \$3.2 million to State. December has been very different with all three sectors up year-over-year. Lottery holiday scratch off sales were over \$100 million in December, casinos were up 0.3% year-over-year, and sports wagering had the best month ever with handle of \$560 million in December, rebounding to 11% hold in aggregate, with over \$6.4 million contributions to the State. Year-to-date for the fiscal year, Lottery sales are down 1.4%, profit is down 0.7%, casino revenue is down 7.4%, contributions to the State are down 4.8%, sports wagering handle is over \$2.5 billion in the first six months of handle, with \$24.6 contributions to the State. December rebounded nicely.

There is a sports wagering development from prior meetings. WSIUS LLC, also known as WynnBet, notified MLGCA they are relinquishing their license. The license was awarded in 2022, but the sportsbook never launched. In August 2023, WSIUS LLC made a business decision to scale back online sports betting in several states.

Mobile sports wagering operator PointsBet is leaving the mobile platform in Maryland. In August 2023, PointsBet sold operations to FBG Enterprises OPCO, LLC, parent company of Fanatics. Fanatics has both a mobile and a retail sports wagering presence in Maryland, and will wind down the PointsBet mobile operations. MLGCA is working with them on the wind down plan.

In the community, MLGCA coordinated with Scientific Games for the annual Toys for Tots program, well-supported by MLGCA staff, and also provided donations to the Maryland Food Bank. MLGCA staff contributed to the annual Maryland charity campaign and exceeded last year's successful campaign by 40%.

Chair Marriner congratulated MLGCA staff on the successful 50<sup>th</sup> Anniversary year-long promotion. Director Martin noted that the first half of year showed success.

Commissioner Hodges asked if the company mentioned as unwinding operations reflect perhaps other businesses in the market that may have similar problems or are those organic problems with that particular firm? Director Martin noted that the company's decision to exit the market was based on their total US operations. PointsBet sold a handful of businesses, more than Maryland, that were sold to Fanatics back in August. This is the final act to get players to move over to the new platform.

Commissioner Hodges asked whether this was a well thought out long-term decision. Director Martin said the operators made the decisions in managing their businesses. Commissioner Hodges then asked if MLGCA could have foreseen this based on when they first applied for a license and so that this could this have been avoided or did this come out of the blue. Director Martin noted that MLGCA does not have access to their business decisions. MLGCA's report in August noted the transfer of the license from PointsBet to Fanatics, which was the actual dissolution of the PointsBet retail operations. Fanatics will be managing retail-based business at Riverboat on the Potomac and the Washington Commanders.

### **COMMISSION ACTION ITEMS**

*Deputy Director, Chief Operating Officer — James Nielsen*

#### **Commission Action Item – Diamond Game Contract – 6 Month Extension (#2014-02)**

Mr. Nielsen reported that Maryland Lottery and Gaming Control Agency is requesting approval of a six-month contract extension of the Instant Ticket Lottery Machine (ITLMs) and Related Services to Diamond Game. The contract provides ITLMs to over 90 Veterans' Organizations and includes the ITLM central system, ITLM devices, the instant tickets themselves, and everything needed to support the program.

The initial 5-year contract term and the 5-year renewal option that was previously exercised, ends on February 28, 2024. The Lottery worked with the Department of General Services to issue a Request for Information or RFI to determine what interest there may be in the industry to bid on the potential program. The RFI was issued on January 17, 2024.

The RFI and resulting procurement process were delayed for several reasons and will not be completed prior to the expiration of the current contract. In order to maintain the ITLM Program and the revenue ITLMs earn for the Veterans' Organizations, MLGCA recommends exercising Modification #2 to the Contract, which provides a 6-month extension prior to the expiration of the Contract term. The extension period will run from February 29, 2024 to September 1, 2024. The contract does not have to be approved by the Board of Public Works because there is no increase to the Not To Exceed amount.

Chair Marriner asked if there will be a need to do this again. Mr. Nielsen said hopefully not.

Chair Marriner asked for a motion to approve Contract Modification #2 that exercises a 6-month extension of the Diamond Game contract. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was approved unanimously.

### **CLOSED SESSION**

There was no need for the Commission to go into a closed session.

### **DATE AND TIME OF NEXT MEETING**

The next Commission meeting will be held on Thursday, February 22, 2024, at 10:00 a.m. in person at Lottery Headquarters and via video conference.

**ADJOURNMENT**

There being no further business, Chair Marriner adjourned the meeting at 10:38 a.m.

Respectfully submitted,

  
John Martin  
Director