

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



Montgomery Park Business Center
1800 Washington Blvd., Ste. 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: October 11, 2024

SUBJECT: Report for the October 2024 Commission Meeting

A. 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			
09/30/23	4,351	09/30/24	4,313	09/30/23	7,068	09/30/24	7,150	09/30/23	443	09/30/24	450
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
03/31/23	4,365	03/31/24	4,338	03/31/23	7,067	03/31/24	7,106	03/31/23	432	03/31/24	442
06/30/23	4,354	06/30/24	4,316	06/30/23	7,063	06/30/24	7,059	06/30/23	439	06/30/24	451
09/30/23	4,351	09/30/24	4,313	09/30/23	7,068	09/30/24	7,150	09/30/23	443	09/30/24	450

(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.

B. CONTRACT MANAGEMENT

- There are 1,972 full-service (PHD and PHDL) and 212 draw game-only (PEX) self-service terminals installed as of September 30.
- We continue working with Scientific Games on the April 2025 Mega Millions changes. The specification and play slip front have been approved and development is underway.
- The Lottery was impacted by a two day nationwide debit card provider problem during which debit transactions could not be processed. We also experienced some unrelated system downtime.
- **eLicensing system updates:**
 - MS Technologies and MLGCA IT are continuing to work on resolving a PDF issue that has caused issues with documents in Case Images showing properly for months.
 - We have asked MS Technologies to provide six system upgrades, including transition to newer servers.

C. FACILITIES

- We continue with projects to better utilize existing space and evaluate our needs for expansion. We have submitted two requests for additional space to DGS for review.
- Facilities continues working with DGS and building management on renovations and construction covered in our lease agreement, such as painting and monitoring the HVAC systems.
- Surplus property disposals continue as Excess Property Declarations are approved by DGS.

D. INFORMATION TECHNOLOGY

- We continue working with the Department of Public Safety and Correctional Services to replace their firewalls located at Lottery HQ and the casinos. Three of the seven firewalls have been replaced and more are scheduled.
- IT has implemented Multi-Factor Authentication (MFA) on remote access to our systems and made some additional security enhancements to the infrastructure.
- The 3rd quarter Security Awareness Training concluded with a 100% completion rate. The training for the 4th quarter has begun and will run for the remainder of the calendar year.
- The site-to-site VPN tunnel with Horseshoe Casino was inoperable for two days, but has been restored.
- IT, Procurement and Security staff are working together to resolve some issues with our access card system.
- IT security staff are nearing completion of an IT Risk Assessment conducted by a third party.

E. 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 2024			
# of Orders	# of Packs	YTD Orders	YTD Packs
17,755	192,280	56,960	604,982

F. PROCUREMENT

The Procurement team continues to process procurement requests as expeditiously as possible. The team is now training our newly hired Purchase Card holder. Below are some of the procurement matters that staff is currently working on:

- Lottery Central Monitoring and Control System (LCMCS) #2015-01. The current contract expires in May 2025. The Agency issued the RFP #2024-01 on July 19, 2024. The Proposal due date has been extended from October 28, 2024 to November 25, 2024 to address several matters. The Agency is presenting a request for a 2-year extension to the Contract term at this month’s Commission meeting to allow time for the RFP process and system conversion.

- Advertising and Related Services RFP with two functional areas - Functional Area I- Creative Development, Production, Digital, Website and Research Services; and Functional Area II Media Planning and Buying Services. The current contract expires in June 2025. The Agency issued RFP #2023-07 on September 9. The Pre-Proposal conference was held on scheduled for September 26th, 2024. A number of questions have been received, and more are expected before the October 18th cutoff. Proposals are due November 15, 2024.
- Veteran’s ITLM contract. The contract has been extended to November 2025. This is the full term of extension allowable under COMAR. The Agency will seek legislative action during the 2025 session in an effort to modernize the program and expand the field of potential Offerors. At that point an RFP will be written and issued.
- With respect to small contract procurements, the current list of procurements includes:
 - Financial investigation services - Contract has been submitted to the vendor.
 - Temporary Personnel contract - Initial draft and background checks are underway.
 - Licensing and Dunning system (eLicensing) contract - The Task Order RFP (TORFP) is under review by staff prior to release.

G. 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