

# Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission  
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: October 17, 2017

SUBJECT: Report for the October Commission Meeting

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## I. CUSTOMER RESOURCE CENTER

This is a status update of ongoing and special projects in Administration, Finance and Operations.

The Customer Resource Center is responsible for processing winner claims. The Lottery has two claim centers, one in Baltimore at the headquarters location and one in Lanham. In addition to processing winner claims, the claim centers are responsible for processing the W-2G paperwork for claims that were cashed by the agent plus locations. The Lottery has approximately 355 Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. These locations, in turn submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number of winners claims processed by the Lottery and the number of agent plus claim forms processed by the Lottery is noted below:

Location	YTD 07/1/17 to 08/31/2017 Count	YTD 07/1/17 to 08/31/2017 Amount	September 2017 Count	September 2017 Amount	YTD 07/01/17 to 09/30/17 Count	YTD 07/01/17 to 9/30/17 Amount
Baltimore	1,218	\$1,658,914.20	572	\$858,385.20	1,790	\$2,517,299.40
Lanham	331	\$1,383,485.60	154	\$587,003.38	485	\$1,970,488.98
XCAP	8,143	\$16,545,541.55	4,406	\$9,077,831.85	12,549	\$25,623,373.40

**SUBSCRIPTIONS PROCESSED:**

The Lottery's Customer Resource Center is also responsible for processing subscriptions for Multi-Match and Mega Millions. Multi-Match subscriptions can be purchased for 26, 52 or 104 weeks for one to 3 games. Mega Millions subscriptions can be purchased for 26, 52 or 104 weeks for \$1 or \$2 per game. Data concerning subscriptions processed is noted below:

**Multi-Match** As of 07/3/17 – 6,271      As of 09/28/2017 – 6,148

	<b>YTD August 2017 Count</b>	<b>September 2017 Count</b>	<b>YTD 07/1/17 to 09/30/17 Count</b>
New Applications	136	68	204
Internet	222	52	274
Renewal	745	379	1,124

**Mega Millions** As of 07/07/17- 14,176      As of 09/29/2017 – 11,947

	<b>YTD August 2017 Count</b>	<b>September 2017 Count *</b>	<b>YTD 07/1/17 to 09/30/17 Count</b>
New Applications	204	0	204
Internet	155	0	155
Renewal	977	0	977

**Withholdings**

	<b>YTD August 2017 Amount</b>	<b>September 2017 Amount</b>	<b>YTD 07/1/17 to 9/30/17 Amount</b>
Child Support	\$32,728.05	\$25,372.85	\$58,100.90
CCU Debts	\$128,002.18	\$120,080.50	\$248,082.68

\*In anticipation of the Mega Millions matrix change and the increase from \$1 to \$2, we stopped accepting subscriptions at the end of July, 2017. We resumed processing subscriptions October 1, 2017.

## II. BUDGET

- **FISCAL YEAR 2017**

- Lottery: \$67,058,207
- VLT Special Fund: \$9,569,383
- VLT General Fund: \$20,706,321

- **FISCAL YEAR 2018**

- Lottery: \$68,795,702
- VLT Special Fund: \$11,857,000
- VLT General Fund: \$20,048,221

- **FISCAL YEAR 2019**

- Budget was submitted to DBM on September 22, 2017
- DBM Budget Hearing scheduled for November 6, 2017

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of September, 2017 \$ 5,976,069
- Estimated increase in October, 2017 \$ 2,200,000
- Estimated usage in October, 2017 \$ 3,000,000
- Estimated balance as of October, 2017 \$ 5,176,069

## III. ACCOUNTING/FINANCE

- The GAAP financial statements were submitted to the State on October 2, 2017.
- The June and GAAP financial statements will be given out at the October 26, 2017 meeting.

## IV. PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA's daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items, sponsorship agreements for events; and supplies/equipment for the Lottery's internal use, as well as the processing of all payments under \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.
- Televised Drawings of Lottery Draw Games and Related Services Contract (#2017-02); Recommendation for award to Hearst Television, Inc. WBAL Division of new contract for 3 years (12/11/2017 – 12/10/2020) with two one-year renewal options in the amount of \$4,209,012 for the base term and \$1,403,004 for each renewal option, if exercised. The award will be presented to the Commission at its October 26, 2017

meeting for review and, subject to Commission approval, submitted to DBM for inclusion on the November 1, 2017 BPW Agenda.

- MBE/SBR Activities:

A summary of the MLGCA's MBE participation including both Lottery and VLT operations is attached. (Note: Ownership of VLTs has been transferred to Rocky Gap effective July 1, 2017 and to Ocean Downs effective August 1, 2017. The attached report for Ocean Downs will therefore be the final report for all VLTs)

## V. HUMAN RESOURCES

- The Human Resources department is currently working with various healthcare vendors for events and presentations during the open enrollment period for health benefits.
- HR has established a committee with members of the Maryland Department of Environment to focus on efforts for the Maryland Charity Campaign.
- With the upcoming flu season, HR is coordinating with DBM's Wellness team to provide employees with information on resources to get their flu vaccinations.

## VI. INFORMATION TECHNOLOGY

- Preparing for infrastructure changes at Ocean Downs to support the new MLGCA compliance office.
- Working with the gaming division to revise and improve the process of sharing VEP data with the casinos.

## VII. CONVERSION

- Continuing to work with SGI to define technical requirements for back office conversion as well as day to day business requirements.