

# 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: September 8, 2016

SUBJECT: Report for the September 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 316 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 07/1/15 to 07/31/2016	YTD 07/1/15 to 07/31/2016	August 2016	August 2016	YTD 07/01/16 to 08/31/16	YTD 07/01/16 to 08/31/16
	Count	Amount	Count	Amount	Count	Amount
Baltimore	538	\$ 1,103,417.00	637	1,198,193.65	1175	2,301,610.65
Lanham	254	\$1,023,759.50	233	\$953,011.20	487	1,976,770.70
XCAP	5378	\$13,418,168.10	4441	\$9,336,449.80	9819	\$22,754,617.90

**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 07/4/16 – 7,657      As of 08/29/2016 – 6950

	<b>YTD July 2016 Count</b>	<b>Aug 2016 Count</b>	<b>YTD 07/1/16 to 08/31/16 Count</b>
New Applications	48	69	117
Internet	39	63	102
Renewal	949	622	1571

**Mega Millions** As of 07/01/16- 16,438      As of 08/26/2016 – 14,843

	<b>YTD July 2016 Count</b>	<b>Aug 2016 Count</b>	<b>YTD 07/1/16 to 08/31/16 Count</b>
New Applications	160	165	325
Internet	112	83	195
Renewal	964	733	1697

**Withholdings**

	<b>YTD July 2016 Amount</b>	<b>Aug 2016 Amount</b>	<b>YTD 07/1/16 to 08/31/16 Amount</b>
Child Support	\$18,947.74	\$21,214.56	\$40,162.30
CCU Debts	\$103,053.63	\$85,971.41	\$189,025.04

## II. BUDGET

- **FISCAL YEAR 2016** - Year end close has been completed. We will begin to monitor encumbrances and accruals.
- **FISCAL YEAR 2017**
  - Lottery: \$68,320,140
  - VLT Special Fund: \$9,132,860
  - VLT General Fund: \$21,770,000
- **FISCAL YEAR 2018**
  - Budget is due to DBM in late September, 2016.
  - MFR was submitted to DBM on August 19, 2016.
- **Promotion Fund (Unclaimed Prizes)**
  - Balance as of July, 2016 \$11,678,685
  - Estimated increase in August, 2016 \$ 2,003,100
  - Estimated usage in August, 2016 \$ 4,522,182
  - Estimated balance as of August, 2016 \$ 9,159,603

## III. ACCOUNTING/FINANCE

- We continue to work on the GAAP Financial Statements which are due October 3, 2016.

## IV. PROCUREMENT

- During August a total of 47 new small procurements (up to \$25k) were initiated. Procurement works closely with all Divisions to support the Lottery'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.
- Lottery Central Monitoring and Control System (#2015-01): RFP to obtain a Lottery Central Monitoring and Control System, and its implementation, operation and maintenance. Recommendation for contract award to Scientific Games International, Inc. was approved by the Commission at its August meeting and the process for submitting this contract to DoIT and subsequently to the BPW for review/approval is in progress.

- Powerball Power Cruise Licensing Contract (#2016-04) with Alchemy3, LLC: New sole source contract in the NTE amount of \$115,975 for the term September 23, 2016 – January 31, 2018 to provide (1) a license to use the Royal Caribbean International® cruise line marks and logos as part of a Powerball promotion, specifically within product and marketing, advertising and digital materials to support the promotional campaign; and (2) twenty-five exclusive Royal Caribbean cruise packages to be used as player prizes in conjunction with the promotional campaign. This contract, approved by the Commission at its August 2016 meeting, was presented to the BPW at its September 7, 2016 meeting and approved.

- MBE/SBR Activities:

I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

## V. HUMAN RESOURCES

- HR is currently focusing its recruitment efforts to fill several key positions vacancies within the agency to include several Casino Compliance positions for the upcoming MGM casino.
- HR is working with DBM on preparations for the upcoming open enrollment for health benefits as well as the Wellness initiative for state employees.
- Our efforts continue to maximize the agency's participation in the Maryland Charity Campaign. We are currently in the initiative planning phase for our goal to have 100% participation agency wide.

## VI. INFORMATION TECHNOLOGY

- Candidate for the Computer Operator position accepted the job offer and will start in two weeks.
- Working with MGM to coordinate the install of the network and computer equipment in the casino's Lottery office. The room should be ready for Lottery staff in early October.
- Finalized an MOU with the Department of Human Resources, Child Support Enforcement division for the exchange of gaming licensee data, as required by law.
- Developed technical requirements in conjunction with the Gaming Division for the Amusement Device Registration system.

- Communication with Diamond Games in regard to the child support and criminal restitution data exchange process, as well as system development for claims processing.