

# 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: April 19, 2018

SUBJECT: Report for the April 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 372 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 02/28/18 Count	YTD 07/1/17 to 02/28/18 Amount	March 2018 Count	March 2018 Amount	YTD 07/01/17 to 03/31/18 Count	YTD 07/01/17 to 03/31/18 Amount
Baltimore	4,307	\$7,011,563.27	483	\$1,128,151.00	4,790	\$8,139,714.27
Lanham	1,272	\$5,298,923.98	132	\$517,773.90	1,404	\$5,816,697.88
XCAP	32,881	\$67,820,182.10	4,370	\$9,139,694.65	37,251	\$76,959,876.75

The Lanham Claim Center will be permanently closed down at the end of business on April 27, 2018. We are partnering with our casinos to enable them to cash winning tickets up to \$25,000. We will roll this ability out to MGM upon conversion and roll it out to the other casinos within a week or so of conversion.

**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. Data concerning subscriptions processed is noted below:

**Multi-Match** As of 07/3/17 – 6,271 As of 03/26/2018 – 5,860

	<b>YTD February 2018 Count</b>	<b>March 2018 Count</b>	<b>YTD 07/1/17 to 03/31/18 Count</b>
New Mail Applications	763	15	778
New Internet Applications	494	44	538
Renewal	4,213	17	4,230

**Mega Millions** As of 07/07/17- 14,176 As of 03/30/2018 – 6,844

	<b>YTD February 2018 Count</b>	<b>March 2018 Count</b>	<b>YTD 07/1/17 to 03/31/18 Count</b>
New Mail Applications	6,107	49	6,156
New Internet Applications	334	40	374
Renewal	1,841	11	1,852

At the beginning of March, the Lottery stopped accepting new subscription applications in preparation for conversion to our new lottery system. Upon conversion, players will be able to purchase subscriptions through the My Lottery Rewards (MLR) website. The Lottery will offer subscriptions for Mega Millions, Powerball, Cash 4 Life and Multi-Match. Although players will still be required to print out a purchase form and mail in a check for their purchase, they will receive automatic notifications of their wins through their MLR account.

## Withholdings

	<b>YTD February 2018 Amount</b>	<b>March 2018 Amount</b>	<b>YTD 07/1/17 to 02/28/18 Amount</b>
Child Support	\$96,939.47	\$7,942.56	\$104,882.03
CCU Debts	\$599,104.86	\$80,305.81	\$679,410.67

## II. BUDGET

- **FISCAL YEAR 2018**

- Lottery: \$68,795,702
- VLT Special Fund: \$11,857,000
- VLT General Fund: \$19,669,221

- **FISCAL YEAR 2019**

Budget

- Lottery: \$82,223,344
- VLT Special Fund: \$10,264,474
- VLT General Fund: \$ 6,929,957

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of February, 2018 \$ 2,820,864
- Estimated increase in March, 2018 \$ 1,440,600
- Estimated usage in March, 2018 \$ 1,917,053
- Estimated balance as of March, 2018 \$ 2,344,411

## III. ACCOUNTING/FINANCE

- The January financial statements will be distributed at the April 26, 2018 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.

- Advertising, Digital, Web & Social Media, and Research Services Contract (#2013-02) for three Functional Areas ("FA") with GKV Communications, Inc. (FA #I – Creative and FA #III - Digital/Web) and Media Works, Ltd. (FA #II – Media). This Contract expires on July 31, 2018 with no renewal options remaining and MLGCA has a continuing need for these services. The RFP for a new replacement contract, approved by the Commission at its January 2018 meeting, was issued on March 8, 2018; a Pre-Proposal Conference was held on March 26, 2018; and Proposals were due by April 25, 2018, at 2:00 p.m.
- Auditing and Accounting Services (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of the Lottery's operations for both Lottery games and the Video Lottery Terminal program. The Contract included three 1-year renewal options. The exercise of the first 1-year Renewal Option with the term 7/1/2018 – 6/30/2019 in the amount of \$243,925 to continue to provide auditing, accounting, and management services, approved by the Commission at its March meeting, has been submitted to DBM for inclusion on the BPW Agenda on May 2, 2018.
- Licensing Contract (#2018-05) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$353,600 for the 2.5 year term May 17, 2018 – November 30, 2020, to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes. This Contract is similar to the Raven's Contracts done for the past nine years. It is anticipated that this contract will be submitted to the Commission for review/approval at its April meeting and then, subject to Commission approval, to DBM for inclusion on the May 16, 2018, BPW Agenda.
- MBE/VSBE/SBR Activities:  
A summary of the MLGCA's MBE/VSBE participation is attached.

## V. HUMAN RESOURCES

- The Human Resources (HR) department will continue to work with the Department of Budget, Management to complete system testing, and employee awareness for preparation with implementing electronic enrollment for employee's health benefits this fall.
- HR is continuing to promote wellness awareness to include various programs and resources available to State employees.

## VI. INFORMATION TECHNOLOGY

- Revising operating process because of system changes related to the conversion.

- Working with the gaming division to create an online VEP application form, and to refine how we share the data with the casinos.

## **VII. CONVERSION**

- UAT continues. Lottery staff is being trained on the new applications.