

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
Jim Nielsen, COO

FROM: Charles LaBoy, Managing Director of Gaming

DIVISION: Executive - Gaming

DATE: December 7, 2015

SUBJECT: Report for the December 17 Commission Meeting

A. VLT Audit Department

Audit Summary			
Location	Audit Area	Status	Periods Covered
Maryland Live Casino	Compliance & Operations	Completed	October
Rocky Gap Casino	Compliance & Operations	Completed	October
Ocean Downs Casino	Compliance & Operations	Completed	October
Hollywood Casino	Compliance & Operations	Completed	October
Horseshoe Casino	Compliance & Operations	Completed	October
Maryland Live Casino	Compliance & Operations	In Process	November – December
Rocky Gap Casino	Compliance & Operations	In Process	November – December
Ocean Downs Casino	Compliance & Operations	In Process	November – December
Hollywood Casino	Compliance & Operations	In Process	November – December
Horseshoe Casino	Compliance & Operations	In Process	November – December
Laurel Elks Post #2283	Compliance & Operations	In process	2015
Severna Park American Legion Post #175	Compliance & Operations	In process	2015
American Legion Post #206	Compliance & Operations	In process	2015
American Legion Post #7	Compliance & Operations	In process	2015
Annapolis Elks Post #622	Compliance & Operations	In process	2015

- a. Staffing Update – Positions in recruitment:
1. Gaming Audit Supervisor – An internal candidate was selected.
 2. Gaming Auditor Horseshoe – The position was filled for a week and the employee resigned to take a higher paying position.

3. Gaming Auditor – Staff is beginning recruitment process to fill the position vacated by an internal candidate who was selected for the Gaming Audit Supervisor position.
- b. MOU with IRS & FinCEN – The MOU is being reviewed by FinCEN’s internal counsel.
- c. Audit Committee - The Audit Committee held a meeting on Dec 4 where the following actions were taken:
 1. 2016 audit plans were reviewed and approved.
 2. Audit reports for the 3rd quarter were reviewed.
 3. Financial statements for the 3rd quarter were reviewed.

B. Electronic Gaming Device Operations

	Hollywood	Ocean Downs	MD Live	Rocky Gap	Horseshoe	Bingo Halls
VLT Installs	7	0	77	13	0	0
VLT Removals	4	0	86	13	0	0
Floor Moves	0	0	13	2	8	0
Game Conversions	25	17	4	0	19	48
Change Requests	6	2	18	2	2	2
Operation Reviews	1	1	1	1	1	4

- a. Staff has submitted a renewal of our annual gambling device registration with the Department of Justice to continue to allow the agency to transport, operate and sell electronic gambling devices.
- b. Quarterly Performance Benchmarking – Leased VLTs
 1. The 3rd quarter performance corrective action plans have been received from VLT manufacturers to address VLTs that are performing 15% or more below the floor average. Corrective action plans under review include:
 - i Ocean Downs – 104 game conversions
 - ii Rocky Gap – 153 game conversions
- c. Lab testing update
 1. Staff has been working with IGT on inter-operability testing of four new VLT platforms in our onsite test lab with results as follows:
 - i Aristocrat Single Arc – Passed
 - ii Aristocrat Double Arc – Passed
 - iii Aristocrat Behemoth – Passed
- d. Maryland Live Update
 1. The four dealer operated electronic table games and their associated 56 player stations successfully passed all phases of testing on November 24th and went live on the same date. These table games are operated by live dealers but have electronic betting stations.
- e. MGM National Harbor

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1. Staff has met with MGM representatives to receive an overview of their corporate accounting and audit departments and learn how those departments will integrate with MGM National Harbor. Staff anticipates that these departments and their related controls will be integrated into the property's internal controls.
2. Staff has received MGM National Harbor's IT infrastructure plans and had a walkthrough of the construction site to view the IT room and other related areas of the property. Approval of the IT infrastructure plan was subsequently given.

f. ITLMs

1. There were three new locations installed in November, bringing the total number of locations to 64 with 260 ITLMs in operation.
2. Staff continues to work with both internal and external parties on the Phase II development criteria. Phase II will incorporate the ability to award jackpots in excess of \$599 and the ability to process the corresponding W2-G and various statutory required setoffs.

C. Responsible Gambling

a. Voluntary Exclusion Program

1. 24 new participants joined the casino VEP since the last report, bringing the total number of participants, as of November 30, to 1,001.
2. There have been 20 removals from the VEP with 35 additional requests for removal pending. Two individuals who were removed from the program have been placed back on the list per their request.
3. To date, 150 violations have occurred since the casino VEP program began, with six violations occurring in November; all have been cited for criminal trespass and court resolution is pending.
4. There are eight additional enrollments on the lottery VEP list, bringing the total number of participants to 157.

b. The VEP computer system RFP is being revised as a Task Order RFP under the state's CATS program and is anticipated for release in 1st quarter 2016. The new system will allow the casinos to move away from printed binders and be able to access VEP information in real time through a secure online system.

c. All bingo halls have submitted updates to their Annual Responsible Gambling Plans.

d. Staff participated in the Maryland Alliance for Responsible Gambling meeting that was held on December 2 to provide and receive updates on responsible gambling issues affecting Maryland.

e. The agency submitted the application for Level II certification in responsible gambling practices with the World Lottery Association in late October. The application was accepted and we are currently waiting to see if the agency has achieved Level II certification.

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- f. Staff continues to participate in NASPL Responsible Gambling Committee conference calls and continues to serve on a subcommittee tasked with the development of a responsible gambling toolkit for NASPL members.
- g. Staff continues to work with the Office of the Courts in setting up a brief presentation to the Special Courts' Judges Sub-committee, a committee of the State Commission of Judges. Staff will present information to judges who preside over the state's special courts (i.e. drug/alcohol courts) regarding the VEP program and resources available to problem gamblers.