

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: Gaming

DATE: February 18, 2016

SUBJECT: Report for the February 25 Commission Meeting

A. Gaming Division

a. MGM National Harbor

1. Staff continues to meet with representatives from MGM concerning the opening to ensure that all regulatory requirements are fulfilled. MGM will provide a construction update to the Commission at the meeting and will be attending monthly Commission meetings moving forward.

b. Table Game Rules

1. Staff is working on the revision to the regulations to provide a framework for table game rules that allows for more efficient modification. It has been noted that the existing table game rules have certain internal control elements embedded and those controls need to be maintained in regulation. Staff is working to identify and separate those internal control elements before we can proceed with the changes.

B. VLT Audit Department

Audit Summary			
Location	Audit Area	Status	Periods Covered
Maryland Live Casino	Compliance & Operations	Completed	December
Rocky Gap Casino	Compliance & Operations	Completed	December
Ocean Downs Casino	Compliance & Operations	Completed	December
Hollywood Casino	Compliance & Operations	Completed	December
Horseshoe Casino	Compliance & Operations	Completed	December
Maryland Live Casino	Compliance & Operations	In Process	January – February
Rocky Gap Casino	Compliance & Operations	In Process	January – February
Ocean Downs Casino	Compliance & Operations	In Process	January – February
Hollywood Casino	Compliance & Operations	In Process	January – February
Horseshoe Casino	Compliance & Operations	In Process	January – February

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2014 (VLT) Facilities MBE Compliance	Financial Reporting Review	In Process	2014
Laurel Elks Post #2283	Compliance & Operations	Complete	2015
Severna Park American Legion Post #175	Compliance & Operations	Complete	2015
American Legion Post #206	Compliance & Operations	Complete	2015
American Legion Post #7	Compliance & Operations	Complete	2015
Annapolis Elks Post #622	Compliance & Operations	Complete	2015

- a. Staffing Update – Positions in recruitment:
 1. Gaming Auditor Ocean Downs – vacant as of 2/1/16.
 2. Gaming Auditor Rocky Gap – vacant as of 1/4/16.
- b. Horseshoe Casino began offering Pai Gow tiles on 2/5/16.
- c. Staff is beginning review of internal control submissions from MGM.
- d. Submissions from licensees for the 2016 Regulatory Review process are due on 3/7/16.
- e. MOU with IRS & FinCEN – We received an update on 2/9/16 that the MOU is still being reviewed by FinCEN’s internal counsel.

C. Electronic Gaming Device Operations

	Hollywood	Ocean Downs	MD Live	Rocky Gap	Horseshoe	Bingo Halls
VLT Installs	0	0	20	0	3	0
VLT Removals	0	0	89	0	3	0
Floor Moves	30	0	63	0	0	0
Game Conversions	0	65	48	52	3	12
Change Requests	5	7	11	6	1	1
Operation Reviews	0	1	0	1	1	0

- a. The VLT Central System suffered a hardware failure of the host server on 2/4/16. Central system operations were run out of the backup data center without issue while a new host server was brought online. VLT operations and accountability were not impacted.
- b. Quarterly Performance Benchmarking – Leased VLTs
 1. As a result of the 4th quarter performance benchmarking process for Ocean Downs and Rocky Gap, the following changes have been approved to address performance deficiencies:

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- i Ocean Downs – 62 game theme conversions and 6 cabinet replacements.
- ii Rocky Gap – 117 game theme conversions

c. ITLMs

1. Additional ITLMs were installed in existing locations in January, bringing the total number of locations to 66, with 270 ITLMs in operation. We also had 6 locations receive game conversions.
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.

D. Responsible Gambling

a. Voluntary Exclusion Program

1. 25 new participants joined the casino VEP program since the last report; the total number of participants is 1,066.
2. There have been 32 removals from the VEP with 35 additional requests for removal pending.
3. To date, there are now 161 violations that have occurred since the casino VEP program began, with 5 violations occurring in January; all have been cited for criminal trespass and court resolution is pending.
4. There are 2 additional enrollments on the lottery VEP list; the total number of participants is 171.

b. The VEP computer system RFP is being revised as a Task Order RFP under the state's CATS program and is anticipated to be released in the 1st quarter of 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. Shortly after receiving level II certification in responsible gambling practices with the World Lottery Association, staff began planning to achieve level III certification. It is anticipated that level III certification will take a couple years to achieve. Monthly meetings have been scheduled to ensure adequate progress is being made.

d. Staff continues to participate in the 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.

e. Staff is participating on the statewide planning committee for the 2016 annual statewide Conference on Problem Gambling. There will be a panel at the conference on Responsible Gambling practices and the VEP program on which staff will participate.