

OFFICE OF THE ATTORNEY GENERAL
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

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

FROM: Robert T. Fontaine, Assistant Attorney General *RTF*
Principal Counsel

DATE: April 17, 2018

SUBJECT: Report for the April Commission Meeting

This is a status update of ongoing and special projects in the Office of the Attorney General.

I. Contracts, Human Resources, and Administrative

a. Key accomplishments last period:

- i. Reviewed several contracts for the Lottery's Communications Division for promotion of public affairs events.
- ii. Reviewed various employment issues and documents for the Human Resources Division, and assisted Staff in resolving several issues.
- iii. Filed liens against two retailers on behalf of the Lottery's AFO Division in the total amount of \$8,173.72.
- iv. Assisted Staff in resolving questions related to the Voluntary Exclusion Program.
- v. Assisted Staff in responding to Public Information Act ("PIA") requests from an attorney, seeking two sections of the proposals for casino license awards in Baltimore City and Allegany, Anne Arundel, Cecil, and Worcester Counties.
- vi. Filed a motion to dismiss in the motor vehicle lawsuit brought against the State Lottery employee who was the driver of a State van and the State of Maryland. The lawsuit was filed in Anne Arundel County Circuit Court and seeks \$70,000 in damages. In response to our motion, the Plaintiff filed an amended complaint, removing the State employee from the lawsuit.
- vii. Facilitated an April visit by British university students with gaming division Staff and the Horseshoe Casino.

b. Upcoming tasks for this period:

- i. Work with Staff as needed in reviewing new legislation from the 2018 Session of the General Assembly that may impact the Agency.
- ii. Assist Staff in following up on any additional aspects of the PIA request for records about the five casino license proposals.
- iii. File a responsive motion to the amended complaint in the motor vehicle lawsuit.

c. Issues:

- i. N/A

II. Lottery

a. Key accomplishments last period:

- i. Reviewed four requests from Product Development relating to new Lottery scratch-off games.
- ii. Reviewed four new XCap Agreements.
- iii. Reviewed several promotions from Product Development.
- iv. Assisted Staff as needed in implementing the award of the Lottery central monitoring and control system and drawings contracts.
- v. Continued to assist Creative Services Division in developing and implementing the *My Lottery Rewards Program* by reviewing rules, licenses and other related documents for new promotions using MLR.
- vi. Continued to work with Staff on issues associated with investigations of two retailers charged with conspiracy and bribery of Prince George's County Liquor Board officials. Both retailers' licenses are currently suspended.
- vii. Continued to work with Staff on review and revision of the Rules for the Mega Millions and Powerball games.
- viii. Worked with Staff in developing a Memorandum of Understanding with the Department of Human Services relating to interception of outstanding child support from players' Lottery winnings.
- ix. Worked with Staff on a sole-source licensing agreement relating to a new Lottery scratch off game and second chance promotion.
- x. Worked on license agreement for MUSL to use Maryland Lottery name, logo and tagline.
- xi. Circulated Mega Millions Finance and Operations Procedures for signature.
- xii. Worked with Staff on license and merchandise agreement for Baltimore Ravens Scratch off game and second chance promotion.
- xiii. Worked with eBay to remove listings attempting to sell batches of non-winning Maryland Lottery tickets on the eBay web site. These types of listings encourage illegal activity and may be used by individuals to evade paying taxes on their winnings.
- xiv. Worked with Staff on issues associated with the emergency suspension of a retailer located in Baltimore County for alleged illegal gaming activity.

b. Upcoming tasks for this period:

- i. Continue to assist Staff as needed on implementation of the Lottery central monitoring and control system and drawings contracts.
- ii. Work with Staff on implementing a paperless application process.
- iii. Continue to work with Staff on issues associated with investigations of the two suspended Prince George's County retailers, and the Baltimore County retailer described above.
- iv. Continue to assist Staff as needed on issues associated with implementing the Lottery drawings contract.

- v. Continue to work with Staff on issues associated with the sale of a Baltimore County retailer's business that was previously engaged in alleged illegal activity.
- vi. Continue to work with Staff on issues associated with the new Lottery scratch off game and its second chance promotion related to the sole-source licensing agreement described above.
- vii. Worked on Promotions including multi-state promotion Powerball Power Cruise.
- viii. Assisted Staff in reviewing and revising Overall Procedures for MLR.
- ix. Circulated Mega Millions agreement to other lotteries' general counsel for review and comments.
- x. Work with Staff to prepare a new Ravens Sponsorship Agreement.
- xi. Continue to work with Staff on issues associated with the emergency suspension of a retailer located in Baltimore County for alleged illegal gaming activity.

c. Issues:

- i. N/A

III. Gaming

a. Key accomplishments last period:

- i. Continued to assist Staff on enforcement and licensing issues associated with casino operations.
- ii. Assisted Staff in its review of the casino industry's annual proposal for gaming regulation amendments.
- iii. Assisted Staff in drafting regulation amendments to implement bills the Governor has signed into law pertaining to instant bingo machines in Anne Arundel and Calvert Counties (eff. June 1) and reconciliation of gaming proceeds (eff. July 1). The amendments will be presented under the report of James Butler, Managing Director, Organizational Compliance.
- iv. A hearing on the petition for judicial review of the recommended denial of a video lottery employee license was held in the Circuit Court for Anne Arundel County on April 16. We await the judge's written decision.

b. Upcoming tasks for this period:

- i. Continue to assist Staff on enforcement and licensing issues associated with casino operations.
- ii. As reported previously, there are petitions for judicial review of the revocations of video lottery employee licenses pending in the Circuit Courts for Baltimore and Harford Counties. The Baltimore County hearing date is June 26; no hearing date is set in Harford County. We will move to dismiss if either petitioner fails to timely file his required pleading.
- iii. Continue to assist Staff in its review of the casino industry's annual proposal for gaming regulation amendments.

c. Issues:

- iv. N/A

IV. Electronic Gaming Devices

a. Key accomplishments last period:

- i. N/A

b. Upcoming tasks for this period:

- i. Provide advice to Staff as needed concerning the Commission's regulation of electronic gaming devices.

V. Amusement Gaming Licenses

a. Key accomplishments last period:

- i. N/A

b. Upcoming tasks for this period:

- i. Provide advice to Staff as needed concerning the Commission's regulation of amusement gaming license regulations.
- ii. Work with Staff on issues associated with operators of electronic gaming devices that may not have properly registered devices in their establishments.