

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: May 16, 2017

SUBJECT: Report for the May 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 two 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.
- iii. Filed liens against two retailers on behalf of the Lottery's AFO Division in the total amount of \$8,341.05.
- iv. Assisted Staff in responding to requests under Maryland's Public Information Act (PIA) for records pertaining to: (1) all players who have ever redeemed a winning Lottery ticket of \$600 or more; and (2) RFPs, RFQs, and information about VLTs at Rocky Gap.
- v. Worked with Staff on the Agency's 2017 legislative initiatives.

b. Upcoming tasks for this period:

- i. Work with Staff as needed on implementing any new legislation that impacts the Agency.

c. Issues:

- i. N/A

II. Lottery

a. Key accomplishments last period:

- i. Reviewed six requests from Creative Product Development relating to new Lottery scratch-off games.
- ii. Reviewed two Special Promotions from Creative Product Development.
- iii. Assisted Staff finalize contract for the Lottery central monitoring and control system. On May 10, the Board of Public Works voted to approve the contract award to SGI.
- iv. Continue 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.

- v. Worked 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.
- vi. Worked with Staff on issues associated with the suspension of the license of a retailer identified by the Office of the Comptroller of Maryland as one of the "2017 Tax Evasion Top 25 Business Tax Evaders." This retailer was first on the Comptroller's list with a tax liability of \$926,464.
- vii. Worked with Staff on review and revision of the Rules for the Mega Millions and Cash 4 Life games.
- viii. Assisted Staff in preparing the Lottery drawings RFP for release.
- b. Upcoming tasks for this period:**
 - i. Assist Staff as needed on implementation of the award of the Lottery central monitoring and control system contract.
 - ii. Continue to work with Staff on issues associated with investigations of the three retailers implicated in fraud allegations associated with the Supplemental Nutrition Assistance Program, all three of which have submitted change of ownership applications.
 - iii. Continue to work with Staff on issues associated with investigations of the two suspended Prince George's County retailers described above.
 - iv. Assist Staff as needed on issues associated with the Lottery drawings RFP.
- 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. Continued to assist Staff in monitoring the impact of Caesars' financial status on Horseshoe Casino Baltimore.
 - iii. On February 28, the Office of Administrative Hearings ("OAH") affirmed Staff's recommendation to revoke an individual's video lottery employee license. The individual did not appeal the decision. The Commission now needs to officially revoke his license, which it can do as a Consent Agenda item. We have prepared materials supporting this Consent Agenda item on this meeting's Agenda.
 - iv. On May 1, represented the Agency at the OAH in a hearing pertaining to the denial of a video lottery employee license; a decision is expected within ninety days.
 - v. Assisted Staff in drafting a regulation to implement new legislation (SB 496, Ch.445) that allows a casino that returns to successful players more than the amount of money bet through VLTs or table games on a given day to subtract that "negative" amount from the proceeds of a following day. Because the law takes effect July 1, this will be an emergency regulation. The draft regulation will be presented this month by the Deputy Director/CFO.
- b. Upcoming tasks for this period:**
 - i. Continue to assist Staff on enforcement and licensing issues associated with casino operations.

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- ii. Continue to assist Staff in monitoring the impact of Caesars' financial status on Horseshoe Casino Baltimore.
- iii. Assist Staff in drafting amendments to gaming regulations in response to suggestions received from the casino operators.

c. Issues:

- i. N/A

IV. Electronic Gaming Devices

a. Key accomplishments last period:

- i. N/A

b. Upcoming tasks for this period:

- i. Provide any necessary advice to Staff concerning issues associated with the Commission's regulation of electronic gaming devices.

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V. Amusement Gaming Licenses

a. Key accomplishments last period:

i. N/A

b. Upcoming tasks for this period:

- i. Provide any necessary advice to Staff concerning issues associated with the Commission's regulation of amusement gaming license regulations.
- ii. Assist Staff as needed on reviewing the Skill-Based Amusement Device Applications.