

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: September 12, 2018

SUBJECT: Report for the September 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 Communications Division for promotion of public affairs events.
- ii. Reviewed several contracts for the Marketing Division.
- iii. Reviewed various employment issues and documents for the Human Resources Division, and assisted Staff in resolving several issues.
- iv. Filed an Answer 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.
- v. Provided records about a retailer that were subpoenaed by an attorney.
- vi. Represented the Agency at an administrative hearing in Salisbury concerning a grievance for overtime compensation filed by some employees.
- vii. Attended a fact-finding conference with Agency personnel concerning a Maryland Commission on Civil Rights Complaint filed by an employee.

b. Upcoming tasks for this period:

- i. Work with Staff as needed in reviewing legislation from the 2018 Session of the General Assembly that may impact the Agency.
- ii. Assist Staff in responding to a revised Public Information Act request from a union representative seeking access to the Agency's Fogbugz system for certain reports about MGM National Harbor.
- iii. File interrogatories and requests for production of documents in the motor vehicle lawsuit.
- iv. Work with Staff to resolve several employment issues.
- v. Prepare defense of a second motor vehicle lawsuit against the driver of a State Lottery vehicle, this time against a driver who no longer works for the Agency. The lawsuit was filed in Prince George's County District Court

and seeks \$15,000 in damages. There are procedural defects in the Complaint that we anticipate challenging.

c. Issues:

- i. N/A

II. Lottery

a. Key accomplishments last period:

- i. Reviewed several requests from Product Development relating to new Lottery scratch-off games.
- ii. Reviewed five 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 contract.
- 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 and subscriptions 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. Responded to inquiries regarding documents for the Mega Millions game.
- viii. Worked with Staff on a license and merchandise agreement for a Baltimore Ravens scratch-off game and second chance promotion.
- ix. Worked with Staff on issues associated with the emergency suspension of a retailer located in Baltimore County for alleged illegal gaming activity.
- x. Assisted Staff in reviewing and revising Terms of Use for MLR and in reviewing and revising the MLR website.
- xi. Assisted Staff in reviewing and revising information to be placed on the Lottery's website.
- xii. Worked on a sole source licensing agreement for additional tickets for a Lottery scratch-off game.
- xiii. Assisted Staff in reviewing all Lottery regulations and preparing proposed amendments, which will be presented by the Chief Operating Officer.
- xiv. 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 may encourage illegal activity and may be used by the individuals purchasing them to evade paying taxes on other winnings.
- xv. Worked with European counsel for the Mega Millions consortium on asserting trademark protections in Europe and the United Kingdom.
- xvi. Worked with the Director to draft a warning letter from the Mega Millions consortium to a U.S. lottery that is believed to be allowing the

international sale of Mega Millions tickets in violation of Mega Millions rules.

b. Upcoming tasks for this period:

- i. Continue to assist Staff as needed on implementation of the Lottery central monitoring and control system contract.
- ii. Work with Staff on implementing a paperless application process.
- iii. 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.
- iv. Assist Staff in reviewing and revising Terms of Use and website for MLR.
- v. Continue to assist Staff as needed in reviewing and revising information to be placed on the Lottery's website.
- vi. Work with Staff to prepare a new Ravens Sponsorship Agreement.
- vii. Continue to work with Staff on issues associated with the emergency suspension of a retailer located in Baltimore County for alleged illegal gaming activity.
- viii. Continue to assist Staff as needed on issues associated with the Advertising, Marketing, and Media Related Services RFP.
- ix. Assist Staff with procurement related matters.

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 with registered and certified vendor issues in order for the Agency to develop a list of vendors that are prohibited from doing business with casinos.
- iii. Assisted Staff in preparing an amendment to a table game equipment regulation, which will be presented by the Chief Operating Officer.
- iv. The Circuit Court for Harford County granted our motion to dismiss the petition for judicial review of the termination of a temporary video lottery employee license. There has been no appeal.

b. Upcoming tasks for this period:

- i. Continue to assist Staff on enforcement and licensing issues associated with casino operations.
- ii. An individual who unsuccessfully applied for a video lottery employee license has appealed the May 4 decision of the Circuit Court of Anne Arundel County affirming the Agency's decision to recommend denial of the license. He appealed to the Court of Special Appeals ("CSA"), and asked for a waiver of filing-related fees. The waiver request was denied. The CSA issued an order on September 5, 2018 that starts the 10-day period for the appellant to order the transcript necessary for the appeal.

- iii. Work with Staff to prepare documents concerning the Mandatory Exclusion Program.
- iv. Develop, for publication on the Agency's website, a chronicle of the work of the Video Lottery Facility Location Commission in awarding the State's six casino licenses.

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

c. Issues:

- i. N/A

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.
- iii. Work with Staff on reviewing issues associated with skills-based amusement device registration.

c. Issues:

- i. N/A

VI. Fantasy Competition

a. Key accomplishments last period:

- i. Assisted Staff in drafting regulations for fantasy competitions, which will be presented by the Chief Operating Officer.

b. Upcoming tasks for this period:

- i. Assist Staff as needed in implementing the fantasy competition regulations.

c. Issues:

- i. N/A