

# Maryland Lottery and Gaming Control Commission

Martin O'Malley, Governor



Montgomery Park Business Center  
1800 Washington Blvd., Suite 330  
Baltimore, Maryland 21230

Tel: 410-230-8800  
TTY users call Maryland Relay  
[www.mdlottery.com](http://www.mdlottery.com)

## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION OCTOBER MINUTES

DATE: October 23, 2014

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Chair Kimberly Robertson Pannell  
Commissioner F. Vernon Boozer  
Commissioner Bert J. Hash, Jr.  
Commissioner E. Randolph Marriner  
Commissioner John Morton

Stephen Martino, Director  
Gina Smith, Deputy Director/CFO  
Robert Fontaine, OAG Principal Counsel  
Charles LaBoy, Assistant Director for Gaming  
John Martin, Assistant Director for Lottery  
John Mooney, Assistant Director for Enforcement  
Holly Citko, OAG Deputy Counsel  
Jaclyn Vincent, Assistant Director for Policy and Planning  
Marie Torosino, Executive Associate

OTHERS: Representative from Hollywood Casino/Perryville  
Representative from The Casino at Ocean Downs  
Representative from Maryland Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from Scientific Games  
Representative from Pollard Banknote  
Representative from GTECH  
Members of the Public

## **CALL TO ORDER**

There being a quorum present, Chair Robertson Pannell called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:05 a.m. Commissioners present were: F. Vernon Boozer, Bert J. Hash, Jr., E. Randolph Marriner, and John Morton. Diane McGraw and James Stakem were absent.

## **APPROVAL OF THE AGENDA**

Chair Robertson Pannell said she would entertain a motion to approve the Agenda. Motion to approve the Agenda was made by Commissioner Hash, seconded by Commissioner Marriner, and the motion carried by unanimous vote of the Commission.

## **APPROVAL OF MINUTES**

Chair Robertson Pannell stated the September 25, 2014 open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Commissioner Morton made a motion that the September 25, 2014 open session minutes be approved, it was seconded by Commissioner Marriner, and the motion carried by unanimous vote of the Commission.

## **CONSENT AGENDA**

Chair Robertson Pannell said the Consent Agenda contains four new instant ticket games for the Commission's approval: Game #187 *Monopoly (\$1)*, Game #188 *Monopoly (\$2)* Game #189 *Monopoly (\$5)*, and Game #190 *Monopoly (\$10)*. The Consent Agenda also contains VLT Games and Component Testing, Bingo Hall Games and Component Testing, and Gaming License Application Denials for the Commission's approval. She asked if the Commissioners wished to remove any items for discussion.

Hearing none, Chair Robertson Pannell requested a motion to approve the four new instant ticket games noted above as well as the VLT Games and Component Testing, Bingo Hall Games and Component Testing, and Gaming License Application Denials. Motion made by Commissioner Marriner, seconded by Commissioner Boozer, and motion carried by unanimous vote of the Commission.

## **OPERATOR REPORTS**

### **Hollywood Casino Perryville**

Mr. Matthew Heiskell, General Manager, said September revenue was \$5.9 million, which is down 11% for year over year. This could possibly be the result of increased competition from Horseshoe Casino. Table games were down 7% for year over year. The car giveaway promotion in September was a big success. They are happy with their marketing efforts in October. New

technology is on the floor consisting of a kiosk to handle some customer transactions. The casino is beginning its plans for New Year's Eve event at the property, and is ramping up table game marketing efforts.

Chair Robertson Pannell asked what the casino considers their marketing area. Mr. Heiskell responded approximately 30 to 60 miles south and north of the casino which includes the Delaware and Baltimore casinos as well as Cecil and Harford Counties.

#### Casino at Ocean Downs

Mr. Joseph Cavilla, General Manager, said September revenue was \$4.9 million, which is down 2.8% for year over year. October revenue is running 6% behind for year over year. Activities on the property last month included a fundraising event for the benefit of the food bank and homeless shelters. Their annual food drive is starting off. Casino is coming into the slower portion of the year with the summer season ending.

Chair Robertson Pannell asked what is the status of table games at the facility. Mr. Cavilla responded the casino is focusing on the infrastructure expansion, and he had nothing more specific to share at this time.

Mr. Martino asked what is the reason for the casino's revenue decline in September. Mr. Cavilla responded there is some competition from the Baltimore casino and the enhanced marketing at the other properties. However, Ocean Downs has recovered from declines in the past.

#### Maryland Live! Casino

Mr. Robert Norton, General Manager, said September revenue was down 10% for year over year. Only about half the impact they anticipated with the opening of the Baltimore casino. October revenue is up thus far in comparison to September.

Facility is in the middle of the promotional giveaway of 16 Mercedes-Benz. A promotion will launch in association with Mega Hits consisting of free spins and free plays. Facility is working with MLGCA staff on the slot ownership and transition plan.

In the community, the facility will be involved in a weekend gala USO fundraiser by setting up a charitable casino. Sunday kicks-off the Susan G. Komen Race for the Cure and the facility is the starting line sponsor. Maryland Live employees will be participating in the race.

Commissioner Morton asked how often the facility checks their slot machines for proper payout. Mr. Norton responded when machines are installed, a thorough check is done and machines are certified by the facility and the State. Mr. LaBoy commented it is also monitored quarterly and the audit team checks machines on a random basis. There was further discussion on the payout percentages.

### Rocky Gap Casino Resort

Mr. Skylar Dice, Director of Gaming Operations, said September revenue is up 16% for year over year and October revenue is looking at the same increase. They are gearing up for the winter in Western Maryland.

### Horseshoe Casino Baltimore

Mr. Chad Barnhill, Senior Vice President/General Manager, said the first full month of operation in September was off to a great start. As the database grows, marketing grows. Black Jack tables were covered with pink felt for breast cancer awareness month. Restaurants and bar are doing well. Orioles rally was held at the property this past week and it was their best Sunday to date.

On Saturday, the facility will hold a \$100,000 Black Jack Tournament with 40 of the players participating from other Horseshoe properties from around the country.

## **VENDOR REPORTS**

### Scientific Games

Mr. Steven Smith said the Monopoly™ Millionaires Club launched on Sunday, October 19. SGI will work through any issues that may arise.

Installation of the Play Central Terminals (PCT) at Wawa stores was very successful. There are two locations yet to be installed and the project should be completed in 30 to 60 days.

### Pollard Banknote

Ms. Julin Shaw said the Commission was provided with a copy of the quarterly report. It was a successful quarter, and instant sales were up 14% compared to the first quarter of last fiscal year. The \$5, \$10 and \$20 price point tickets have contributed to the surge in Maryland instant ticket sales. Six of the top ten grossing instant games in the first quarter of this fiscal year were the \$5 tickets.

The instant ticket sales goal for this fiscal year is \$500 million. She will be monitoring each game that is launched and identify any game that is not doing well so it can be pulled. Her report also included an instant sales dashboard that shows a sales overview, weekly instant sales trend and weekly sales by price point.

The holiday instant games will consist of five tickets at \$1, \$2, \$3, \$5, and \$10 price points.

### GTECH

Mr. Gary Cherwinski said operations continue to do well and there were no issues to report at this time. The opening of Horseshoe Casino Baltimore was successful.

## **STAFF REPORTS**

### *Director's Report - Stephen Martino*

Mr. Martino said an updated sales and revenue sheet was provided to the Commission. Sales are \$6.7 million or 1.3% ahead of last year. Instant ticket sales are up 17% compared to last year. Power Ball sales and revenue are down compared to last year. Last year at this time there was a large Power Ball jackpot. Power Ball jackpot did roll last night. Mega Millions jackpot is at \$220 million.

The Monopoly™ Millionaires Club launched successfully on Sunday morning, October 19. The Commission was provided with some promotional point of sale items. Mr. Martino commended the MLGCA team for their hard work and well thought out plan to promote the Monopoly™ Millionaires Club. Communications staff will be going around the State to promote the game to the media. After the first two days of sales, Maryland is ranked fourth highest in per capita in the country.

Staff is working on the slot ownership transfer. Next month a transition plan will be provided to the Commission. The State purchased 1,800 machines in 2010 and 2011, and is now trying to sell the machines. We have had a degree of interest with casinos inside and outside the State. There is one outstanding bond payment remaining and we are attempting to raise enough money by selling the machines to pay off the bond. The deadline for completion of the transition is April 1, 2015. In November, he will present to the Commission a more detailed plan.

September was the first full month of the operation of Horseshoe Casino Baltimore. After the first of the year, an analysis of the casino will be done.

The dashboard sheet was provided to the Commission showing overall gaming revenue.

Commissioner Morton asked if any new casinos are planned in the West Virginia, or Delaware or Pennsylvania areas. Mr. Martino responded there is an outstanding license in Philadelphia that has not been awarded as yet, and of course, the casino in Prince George's County Maryland is currently under construction.

Mr. Martino commented that Vice Chair McGraw's husband recently passed away and asked that her family be kept in everyone's thoughts and prayers.

### *Administration, Finance & Operations – Gina Smith, Deputy Director/CFO*

Ms. Smith said the Commission was previously provided with the June financial statement as well as the GAAP statement. The July financial statement was provided to the Commission today. The August financial statement has been completed but not yet received from Stout, Causey and Horning.

Ms. Smith said this is the first time in several years that she has a fully staffed accounting division. They are moving toward the completion of the General Accounting Financial Review (GAFR), which will be submitted for certification when it is completed.

The FY2016 budget has been prepared and submitted to the Department of Budget and Management (DBM). A meeting is scheduled with DBM next month. She will e-mail an executive summary of the FY2016 budget to the Commission.

***Gaming – Charles LaBoy, Assistant Director***

Mr. LaBoy said at this time he had nothing new to add to his report. He presented two Commission Action Items.

**Request for Approval of Instant Bingo Machine Operations at Abner's Crab House & Restaurant**

Mr. LaBoy reviewed and discussed the regulatory requirements that must be met for the operation of instant bingo machines. He said staff recommends approval of instant bingo machine operations at Abner's Crab House & Restaurant and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements.

Chair Robert Pannell asked if there were any further questions. Hearing none, the Chair said she would entertain a motion to approve instant bingo machine operations at Abner's Crab House & Restaurant and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements. Motion made by Commissioner Marriner, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

**Request for Approval of Instant Bingo Machine Operations at Mayo American Legion #226**

Mr. LaBoy reviewed and discussed the regulatory requirements that must be met for the operation of instant bingo machines. He said staff recommends approval of instant bingo machine operations at Mayo American Legion #226 and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements.

Chair Robert Pannell asked if there were any further questions. Hearing none, the Chair said she would entertain a motion to approve instant bingo machine operations at Mayo American Legion #226 and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements. Motion made by Commissioner Marriner, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

***Lottery – John A. Martin, Assistant Director***

Mr. Martin said the Monopoly™ Millionaires' Club launched successfully on October 19 and the first drawing is October 24. Ms. Everett, Director of Communications, appeared on WBAL-TV to promote the new game and explain the procedure for the first drawing on Friday. Holiday instant tickets launched in October.

Commissioner Morton asked for additional information on the Wawa installation of the Player Central Machines. Mr. Martin said the Lottery continues to look to expand lottery products. Wawa had reinstated the Lottery's presence at its locations. Programs successfully launched in Pennsylvania, Virginia, New Jersey and Florida. MLGCA is working with SGI to successfully implement our program and 45 of 47 locations are up and running. By the end of the year, he hopes to have the project completed.

Commissioner Marriner asked if the Lottery ever considered launching an instant ticket price point of more than \$20. Mr. Martin responded we are looking at doing research and also contacting other states who have offered a price point beyond \$20.

*Enforcement – John Mooney, Assistant Director*

Mr. Mooney said at this time he had nothing new to report.

*Policy and Planning – Jaclyn Vincent, Assistant Director*

Ms. Vincent said two newly created positions were filled. The new Director of Strategic Planning is Jason Snapkoski, and the new Director of Policy and Planning is Julianne Grim.

*Office of the Attorney General – Robert Fontaine, Principal Counsel*

Mr. Fontaine said at this time he had nothing new to report.

**PUBLIC COMMENTS**

There were no public comments.

**DATE AND TIME OF NEXT MEETING**

The next regular monthly Commission meeting is scheduled for 10 a.m. on Thursday, November 20.

**ADJOURNMENT**

There being no further business for discussion, Chair Robertson Pannell said she would entertain a motion to adjourn the meeting. Motion made by Commissioner Marriner, seconded by Commissioner Boozer and the motion passed by unanimous vote of the Commission. The meeting was adjourned at 10:47 a.m.

Respectfully submitted



Stephen L. Martino