

**Office of the Chief Financial Officer  
Office of Lottery and Gaming  
Responses to Questions  
Committee On Business And Economic Development  
March 10, 2021, Performance Oversight Hearing**

*Note: For all answers, please consider the impact of the COVID-19 virus, and the subsequent Declaration of Emergency (Pandemic) when drafting responses. If applicable, please describe what, if any, impact the Pandemic has had on the respective question's subject matter.*

**Racial Equity**

**1. In the context of the agency and its mission, what are three areas, programs, or initiatives where you see the most opportunity to address racial inequity?**

The Lottery's mission is "to provide revenue-generating entertainment through the sale of innovative lottery products and promotions that directly benefit residents and contribute to the economic vitality of the District of Columbia" and "to efficiently and effectively regulate sports wagering and charitable gaming in the District." As an organization, we have worked for the last thirty-nine years to support this mission and maximize revenue returned to the District's General Fund. Lotteries are one the few, if not the only, government-run operations that partner with a diverse network of small businesses to offer our games and promotions at retail locations throughout each of the District's eight wards.

Since its inception in 1982, the DC Lottery has been the only lottery operating in North America that requires its gaming system operator to partner with a Certified Business Enterprise (CBE) to perform substantial work in providing the computer systems and services necessary to run a lottery. In 2019, these services were extended to also include the technology to operate a sports book as well as an iLottery platform. There is no other lottery or jurisdiction that has created such capacity building opportunities for local vendors in a competitive industry largely operated by global gaming corporations. Thirty-nine years since standing up our first gaming system, the Lottery continues to appreciate this unique business partnership, and welcomes the mutual exchange of learning and business generating ideas that come from these partnerships.

Beyond the unique local partnership established to provide the Lottery's gaming system, technology platforms and supporting services, we believe the greatest opportunities to address racial equity across the licensing programs we manage are the following areas: 1) lottery retailers, 2) sports wagering (*GambetDC*) lottery retailers, 3) private-operated sports wagering, 4) electronic Games of Skill, and 5) charitable gaming.

While race is not considered, nor is information on race collected, during the licensing process in any of these gaming categories, the Lottery can increase its marketing and communications surrounding the availability of these licenses and the benefit of offering each category, to diverse business organizations, groups, and individuals. Additionally, we can modify our

applications to include the option of providing race during the application process so we can better shape our marketing and recruitment efforts.

**2. Do you think there are any areas/programs where the agency has had success in building racial equity over the past year? Which areas/programs?**

In building the District's new sports wagering program, the Lottery has worked closely with the Department of Small and Local Business Development (DSLBD) to host seminars conducted by sports wagering industry experts as a method of educating the CBE community, including CBEs belonging to minority groups, on the fundamentals and business opportunities in the field of sports wagering. Additionally, the Lottery is the only lottery in North America to require its gaming system operator to partner with a CBE to perform substantial work in providing the computer systems and services necessary to run a lottery and sports book.

**3. Consider the demographic data the agency collects, tracks, and evaluates as part of its operations. Do you collect information on race and geographic area? If not, why not?**

The Lottery does not currently collect information on race from its license applicants as it is not a criteria that is weighed in the license application process for our licensed programs (traditional lottery, sports wagering, charitable games, and electronic Games of Skill). The Lottery does collect, track, and evaluate the geographic locations of its licensed retail locations to ensure there is equitable access to Lottery games, programs, and events across all eight wards in the District. Just as we use this information to ensure access to Lottery throughout the District, we also collect this data to ensure the Lottery does not create an oversaturated market in which too many retailers are operating in a specific area.

**4. Consider the data the agency collects, tracks, and evaluates as part of its performance or strategic plan. Do you collect information on race and geographic area? If not, why not?**

The Lottery does not currently collect information on race as it is not a criteria that is weighed in the license application process for our licensed programs (traditional lottery, sports wagering, charitable games, and electronic Games of Skill). The Lottery does collect, track, and evaluate the geographic locations of its licensed retail locations to ensure there is equitable access to Lottery games, programs, and events across all eight wards in the District. In terms of performance evaluation and strategic planning, we use this information to identify areas throughout the District that are without a licensed Lottery retailer and cross reference this information with existing stores to recruit as potential new retail partners. We also use this information to identify neighborhoods without the infrastructure to support a Lottery retail location (no existing Lottery retailers, stores, or potential licensees) and accordingly plan/schedule stops from the Lucky Lottery Mobile (mobile sales truck) to host player-focused sales events in these areas.

**5. Consider one operational data point and one performance data point where you collect race information or could collect race information. How could your agency use this data to inform future programmatic decisions?**

The Lottery collects race information from participants in its Self-Exclusion Program, which allows a person to voluntarily request to be excluded from legalized gaming activities within the District of Columbia for a pre-determined length of time, and to be prohibited from collecting any winnings, recovering any losses, or accepting complimentary gifts or services or any other thing of value from a Lottery-licensed facility, retail location or mobile wagering platform. The Self-Exclusion Program is relatively new, having been launched in late 2019; as such, there are not many participants to date. However, as the program grows, we can analyze data to determine if racial disparities exist amongst participants identifying as problem gamblers to better inform the Lottery's Responsible Gaming initiatives and budgeting, as well as inform the Department of Behavioral Health and the National Council on Problem Gambling for the services and outreach they conduct.

**6. What are two areas/programs where the agency has significant potential to succeed in building racial equity? Please elaborate on why you chose those two areas.**

The Lottery has significant potential to succeed in building racial equity in the licensing of retailers (both traditional lottery and lottery-operated retail sports betting) and private sports wagering operators. By collecting information during the licensing process on applicants' race, the Lottery can gain a better understanding of where disparities may exist in our retailer network and build outreach campaigns as well as recruitment efforts for new licensees. Similarly, this information on the private sports wagering licensing side can better inform and shape the Lottery's joint capacity-building outreach and training efforts with DSLBD.

Additionally, through the collection of race data in the Lottery's Self-Exclusion Program, we can analyze data to determine if racial disparities exist amongst participants identifying as problem gamblers to help shape the Lottery's Responsible Gaming initiatives as well as inform the Department of Behavioral Health and the National Council on Problem Gambling for the services and outreach they conduct.

**7. Consider what a racially equitable District of Columbia would look like. What are three ways agency operations would reflect this achievement?**

The following three Lottery programs encourage a diverse environment that promotes racial equity in the District of Columbia. With the exception of Class A Sports Wagering Operators, these programs do not have a limit on the number of available licenses that would prevent entry into the market. The Lottery promotes transparency in its licensing process to ensure a fair and level "playing field" for all applicants. All entities that meet the qualifications are licensed. Consequently, it is expected that the results of the Lottery's efforts in promoting the three programs below will promote a racial demographic that is reflective of the District.

Lottery Retailers

As of February 23, 2021, there are 376 licensed Lottery retailer locations operating in the District; a year earlier that number was 412. The decline was the result of the general business downtrend in the District due to the COVID-19 pandemic. The goal for Fiscal Years 2021 and 2022 is to increase the number of licensed Lottery retailers through reactivating licensed retailers who temporarily closed due to the pandemic and recruiting new retailers. Through marketing and outreach our efforts look to promote and achieve racial equity in the Lottery's retail operations. There is currently no licensing fee for a Lottery retail license.

### Sports Wagering Retailers

The Lottery's next phase of its sports wagering operations (i.e., *GambetDC*) includes the rollout of self-service betting kiosks terminals to be placed in Lottery-licensed retail establishments to enhance the gaming experience. Implementation of this first phase of retail sports betting is anticipated for summer 2021. The Lottery is currently in the planning process and is taking into consideration a diversity of retailers throughout the District that will promote racial equity in *GambetDC's* retail operations. The licensing fee for a *GambetDC* retail license is \$5,000 for two years and is set by statute.

### Privately-Operated Sports Wagering

Privately-operated sports wagering licenses include 1) Operator, 2) Management Service Provider (MSP), 3) Supplier, and 4) Occupational. Applicants for these licenses, particularly the Operator and MSP licenses, are subjected to a rigorous due diligence process to assess overall suitability. For Operators and MSPs, they are also required to submit a CBE plan to DSLBD for review and approval. This CBE plan must demonstrate that a minimum of 35% of the proposed sports book operations budget will be subcontracted with CBEs in the District. Reduced license fees are also available to Operators (Class A and B) if they enter into a joint venture (applicant) that is 51% owned by a CBE. The CBE components of the licensing framework are intended to increase participation by local businesses, many of which are minority owned businesses, whose participation would promote racial, equitable, diversity.

To promote CBE participation including racial diversity, the Lottery works closely with DSLBD on a variety of capacity training opportunities relating to recruitment initiatives and sports wagering licensing. The training opportunities are outlined in more detail in response to Question 55. The Director of the Lottery's Regulation and Oversight division along with executive staff also make themselves available for scheduled informational meetings with local business owners including CBEs that have questions regarding sports wagering licensing and operations. Through these efforts the Lottery is helping to foster racial equity in privately operated sports wagering operations.

### General Questions

- 8. Please provide a current organizational chart for the agency, including the number of vacant, frozen, and filled positions in each division or subdivision. Include the names**

**and titles of all senior personnel and note the date that the information was collected on the chart.**

Please see Attachment A for Office of Lottery and Gaming (Lottery) organizational chart.

- a. Please provide an explanation of the roles and responsibilities of each division and subdivision.

Please see Attachment B for explanation of roles and responsibilities of Lottery divisions and subdivisions.

- b. Please provide a narrative explanation of any changes to the organizational chart made during the previous year.

One FTE position, iLottery Product Manager, was added to the Marketing division to manage the ongoing development of the Lottery's newly-launched *DC iLottery* platform and game offerings, and assist in the development of related advertising, marketing, and promotions.

- 9. Please provide a current Schedule A for the agency which identifies each position by program and activity, with the employee's title/position, salary, fringe benefits, and length of time with the agency. Please note the date that the information was collected. The Schedule A should also indicate if the position is continuing/term/temporary/contract or if it is vacant or frozen. Please separate salary and fringe benefits and indicate whether the position must be filled to comply with federal or local law.**

Please see Attachment C for the Office of Lottery and Gaming's (Lottery) Schedule A.

- 10. Please discuss any adjustments the agency had to make due to the COVID-19 pandemic.**

While we have worked the past year to keep our core functions and services safely operating, and continued to carry out our mission of generating revenue for the District's General Fund, the pandemic has presented physical, operational and some personal challenges which have led to some operational adjustments at the Lottery.

Since March 16, 2020, the majority of Lottery staff has been working remotely. Almost all staff members had previously been assigned a laptop with VPN capabilities and received agency-wide training on Microsoft Teams, so we were able to quickly and securely pivot most administrative functions to remote and/or virtual operations with little impact on service delivery and performance. To ensure the safety and well-being of staff members reporting to the office to perform core functions (drawings, prize processing, ticket deliveries and distribution) throughout the pandemic, we implemented rotating skeleton schedules to limit the number of people on site and working within close proximity. We also modified some

operational areas to help limit risk of spreading coronavirus, such as closing the claims center to walk-in customers, encouraging players to mail in prize claims, and processing high-tier wins by appointment. We also limited our sales representatives' visits to retail locations, primarily handling account management through regular phone calls to store owners and managers, and, suspended all in-person public events, promotions and scheduled sales stops for our Lucky Lottery Mobile.

The pandemic has also impacted the Instant Ticket release schedule. With less foot traffic at store locations, and many stores closed during the height of the pandemic, Instant Ticket orders from our retailer partners slowed significantly. Accordingly, the Lottery made a business decision to not print/release the three Instant Tickets that were planned for May 2020 and has since been adjusting the game release schedule as well as the advertising support to keep operational spending costs low while aiming to maximize the return on investment.

Challenges presented by the pandemic also caused the Lottery to shift implementation schedules for sports betting platforms and programs, as well as the development and launch of our iLottery platform.

The pandemic halted all major sporting events globally in March 2020 and delayed the Lottery's digital sports wagering platform launch that was planned for later that month. We made the decision to launch the sports betting platforms at the end of May 2020, although few major league sporting events were held at the time, and are pleased with the results despite the challenges faced.

On-premise dining and entertainment restrictions on the District's bars and restaurants caused the Lottery to shift its implementation for retail sports betting until a Spring 2021 (Spring adoption of rules and Summer 2021 roll out into retail establishments). To help compensate for the shift in implementation plans, the Lottery advanced the launch of iLottery/online lottery sales, which was initially slated for a late 2021 release, by one year. *DC iLottery* successfully launched on December 18, 2020.

**11. Please discuss how the District's lottery sales and transfer to the General Fund is performing compared to its anticipated projections for fiscal year 2021. Discuss its performance for fiscal year 2020 and how it compares with fiscal year 2019 performance. Please indicate the dollar amount of funds transferred to the general fund for fiscal years 2019 and 2020.**

The Lottery's FY 2021 year-to-date transfer (as of January 31, 2021) is \$19.2 million, which is \$3.7 million or 23.9% more than FY 2020's transfer of \$15.5 million through the same period in FY 2020. The FY 2021 increase in transfer is primarily the result of a lower prize payout percentage compared to the same period in FY 2020. FY 2021 prize payout percentage through January 31, 2021 is 52.60%, as compared to 56.71% through the same period in FY 2020.

Lottery sales for FY 2021 (as of January 31, 2021) total \$70.2 million, compared to \$68.9 million through the same period last year. This represents a \$1.3 million or 1.9% increase. The Lottery's terminal game sales have increased from last year by \$5.0 million or 9.7%, largely attributed to a significant year-over-year increase in the jackpot amounts for the multi-state *Mega Millions* and *Powerball* games. *Mega Millions*' jackpot reached \$1 billion for the January 22<sup>nd</sup> drawing (it was won by a single ticket sold in Michigan). *Powerball*'s jackpot reached \$731.1 million for the January 20<sup>th</sup> drawing (it was won by a single ticket sold in Maryland).

FY 2021 year-to-date terminal game sales are \$56.5 million, compared to \$51.5 million through the same period last year. FY 2021 year-to-date Instant Ticket sales are \$13.6 million, compared to \$17.4 million through the same period last year. Instant Ticket sales have decreased by \$3.8 million or 21.8%.

In addition to traditional lottery and iLottery sales (the latter of which are captured in their respective lottery game categories, i.e. *Powerball*, *Mega Millions*, etc.), the Lottery is also generating sales through *GambetDC*, the sports wagering mobile app and website. Through January 31, 2021, 496,692 wagers totaling \$17.5 million have been placed via *GambetDC* in FY 2021.

The Lottery's FY 2020 transfer was \$37.7 million, a decrease of \$7.3 million or 16.2% below FY 2019 transfer of \$45 million, largely due to a reduction in sales. The decrease in sales is attributed to the temporary shutdown of the District and modified work schedules that limited travel into the District due to the COVID-19 pandemic. The FY 2020 prize payout was 59.09% as compared to 57.91% in FY 2019.

Lottery sales for FY 2020 totaled \$208.1 million, compared to \$213 million in FY 2019. This represents a \$4.9 million or 2.3% decrease. FY 2020 and FY 2019 terminal game sales totaled \$160.9 and \$160.7 million, respectively. FY 2020 Instant Ticket sales totaled \$47.1 million, compared to \$52.3 million through the same period last year. The Lottery launched *GambetDC* on May 28, 2020; in FY 2020, the platform accepted 197,637 sports wagers totaling \$6.4 million.

**12. For fiscal year 2020 and fiscal year 2021, to date, please list all intra-District transfers to or from the agency. For each transfer, include the following details:**

**a. Buyer agency;**

Please see Attachment D.

**b. Seller agency;**

Please see Attachment D.

- c. The program and activity codes and names in the sending and receiving agencies' budgets;**

Please see Attachment D.

- d. Funding source (i.e. local, federal, SPR);**

Enterprise

- e. Description of MOU services;**

N/A

- f. Total MOU amount, including any modifications;**

N/A

- g. Whether a letter of intent was executed for fiscal year 2020 or fiscal year 2021 and if so, on what date,**

N/A

- h. The date of the submitted request from or to the other agency for the transfer;**

The submission is a part of the budget formulation process. The amounts are provided to the Lottery by the Office of Budget and Planning (OBP).

- i. The dates of signatures on the relevant MOU; and**

N/A

- j. The date funds were transferred to the receiving agency.**

The funds are taken up front at the beginning of the budget year by the Office of Financial Resources Management (OFRM).

**13. Please list any additional intra-district transfers planned for fiscal year 2021, including the anticipated agency(ies), purposes, and dollar amounts.**

Metropolitan Police Department (MPD), April 1, 201 – September 30, 2021, Finger printing services, \$4,150.



**14. For fiscal year 2020 and fiscal year 2021, to date, please identify any special purpose revenue funds maintained by, used by, or available for use by the agency. For each fund identified, provide:**

- a. The revenue source name and code;**
- b. The source of funding;**
- c. A description of the program that generates the funds;**
- d. The amount of funds generated by each source or program;**
- e. Expenditures of funds, including the purpose of each expenditure; and**
- f. The current fund balance.**

The Lottery is an Enterprise Fund Office and does not use Special Purpose Revenue Funds.

**15. For fiscal year 2020 and fiscal year 2021, to date, please list any purchase card spending by the agency, the employee making each expenditure, and the general purpose for each expenditure.**

Please see Attachment E.

**16. Please list all memoranda of understanding (“MOU”) entered into by your agency during fiscal year 2020 and fiscal year 2021, to date, as well as any MOU currently in force. For each, indicate the date on which the MOU was entered and the termination date.**

The OLG is anticipating entering into an MOU with the Metropolitan Police Department (MPD) from April 1, 2021 to September 30, 2021 for finger printing services.

**17. Please list the ways, other than MOU, in which the agency collaborated with analogous agencies in other jurisdictions, with federal agencies, or with non-governmental organizations in fiscal year 2020 and fiscal year 2021, to date.**

As a member of the Multi-State Lottery Association (MUSL) and the North American Association of State and Provincial Lotteries (NASPL), the Lottery collaborates with other lotteries and our counterparts in other states on games, promotions, sharing best practices and tackling issues collectively to assist efforts in individual jurisdictions and strengthen/improve the industry as a whole.

The Lottery’s Regulation and Oversight Division has engaged in a formal information sharing agreements with the regulatory body overseeing sports betting in Virginia to gain insight into licensees’ operational and compliance history to assist in due diligence of applicants as well as with ongoing oversight. The Division has worked to establish connections with regulators in New Jersey, Pennsylvania, and Tennessee on their best practices to help continuously improve upon our operations.

Additionally, the Regulation and Oversight Division works with the Financial Crimes Enforcement Network (FinCEN, U.S. Administrator of the Bank Secrecy Act) on a variety of issues associated with the regulation of anti-money laundering programs required of sports wagering operators; and, in late February 2021 was approved for a 3-year-term membership on FinCEN's Bank Secrecy Act Advisory Group (BSAAG).

The Lottery has also partnered with the University of Nevada, Las Vegas' International Center for Gaming Regulation to conduct capacity training opportunities on recruitment initiatives and sports wagering licensing for Certified Business Enterprises (CBEs) in the District. These opportunities involved a series of four recruitment sessions entitled "*Betting on Small Business Power Hours.*" We also continue to collaborate with the National Council on Problem Gambling (NCPG) on best practices with respect to responsible gambling programs.

**18. Please identify all recommendations identified by the Office of the Inspector General, D.C. Auditor, or other federal or local oversight entities during the previous 3 years. Please provide an update on what actions have been taken to address these recommendations. If the recommendation has not yet been implemented, please explain why.**

- FY 2018 - Install a more appropriate fire suppression system in the Data Center. – Installation completed March 2019. – *CAFR Auditors*
- FY 2018 - Implement a process to monitor accounts with escalated permissions including third party accounts' activities. – No action taken. The Lottery believes it already has a sufficient process to monitor accounts with escalated permissions. – *CAFR Auditors*
- FY 2019 - Perform a periodic entitlement review of administrator and user accounts to evaluate if access roles are appropriate. – The Lottery's Security division will review the permissions on a quarterly basis. – *CAFR Auditors*
- FY 2019 - Direct the OLG Agency Fiscal Officer to ensure compliance with instant ticket daily monitoring process. – A Finance team member has been identified as a back-up to provide the In-transit Report in the absence of the designee. Both have been requested to either make a note (if issue is email related) or email any event(s) that are preventing the report from being distributed. It is also imperative to note that non-compliant retailers remain on the In-transit Report until they become compliant, therefore eliminating a retailer falling through the cracks due to a circumstance that prevents report distribution for a particular day. – *Office of Integrity and Oversight (OIO) Auditors*
- FY 2019 - Reinforce record retention requirements to ensure pertinent files are maintained as outlined. – Following receipt of OIO's draft report and recommendation, the OLG AFO discussed in detail record retention requirements with Finance staff. Additionally, the OLG's Resource Management division distributed the Office's record retention schedule

via email to all staff as a reminder of requirements during the week of November 26, 2019.  
– *OIO Auditors*

- FY 2019 - Update SOPs to include returns of instant tickets due to a change of ownership. Previous SOPs should be taken out of circulation to ensure consistency. – A DC Lottery License is non-transferrable, so there is no “change of ownership” license status that would support returning partial instant ticket packs. In the case that a store owner is selling their business and the new owner intends to sell lottery, the existing owner would need to surrender their license and the new owner would need to apply for licensure. Under this scenario, partial packs of instant tickets could not be returned. Full packs of instant tickets can be returned at any time, provided the pack(s) have not settled or reached “end of game” status. To help clarify any potential misunderstanding, the OLG inserted language into the SOP No. 19-004, Return and Restock of Instant Ticket Inventory detailing that partial packs cannot be returned during a license surrender. The SOP was revised and circulated for review and signed by the involved personnel. The SOP was issued to all pertinent departments and the previous version was taken out of circulation. – *OIO Auditors*
- FY 2019 - Establish policies ensuring that all OLG Personnel (Sales, Security and Finance) involved in an administrative licensing action (suspension, revocation) meet in person before visiting a retailer, when possible. – OLG Personnel (Sales, Security, Finance and OGC) coordinate, typically via email, to carry out their respective responsibilities to support an administrative action against a retailer’s license. OLG drafted an SOP establishing a written policy on this coordination that culminates with an in-person meeting between pertinent internal parties before the retailer is visited. – *OIO Auditors*
- FY 2019 - Provide training on the revised and updated SOPs to all OLG personnel involved in the instant ticket return and monitoring processes. – Upon finalizing edits to SOP No. 19-004 as detailed in response #3, OLG required all staff who have a role in the process to sign and acknowledge that they have read and understand the corresponding Standard Operating Procedures. – *OIO Auditors*
- FY 2021 - OLG should reevaluate their NSF policy to ensure retailers face monetary penalties for reoccurring NSFs. – No action taken. Please see Attachment F for the complete response. – *Office of the District of Columbia Auditors (ODCA)*
- FY 2021 - OLG should develop standard operating procedures for when payment is not provided during the weekly electronic funds transfer sweep, which should include acceptable methods of payment. – No action taken. Please see Attachment F for the complete response. – *ODCA*
- FY 2021 - OLG should develop, implement, and monitor adherence to an official policy regarding oversight of the revenue reconciliation process. This policy should include a requirement for OLG to review and approve corrective actions taken, as identified within

the incident reports. – No action taken. Please see Attachment F for the complete response.  
- *ODCA*

- FY 2021 - OLG should develop SOPs for the timely recording of instant tickets in the BOS. No action taken. Please see Attachment F for the complete response. - *ODCA*
- FY 2021 - OLG should establish and communicate uniform licensing requirements for prospective Lottery retailers. Action taken. Please see Attachment F for the complete response. - *ODCA*

**19. Please list each contract, procurement, and lease, entered into, extended, and option years exercised by your agency during fiscal years 2019, 2020, and 2021, to date. For each contract, please provide the following information, where applicable:**

- a. The name of the contracting party;
- b. Contract number;
- c. Contract type (e.g. HCA, BPA, Sole Source, sing/exempt from competition award, etc.)
- d. The nature of the contract, including the end product or service;
- e. Contract's outputs and deliverables;
- f. Status of deliverables;
- g. The dollar amount of the contract, including amount budgeted and amount actually spent;
- h. The term of the contract;
- i. Whether the contract was competitively bid;
- j. Subcontracting status (i.e. Did the Contractor sub any provision of the goods and/or services with another vendor);
- k. Certified Business Entity (CBE) status;
- l. Division and activity within Lottery utilizing the goods and/or services;
- m. The name of the agency's contract monitor and the results of any monitoring activity; and
- n. The funding source.

Please see Attachment G.

**20. Please list all RFPs that are out for solicitation, along with a brief description. What RFPs are being planned for solicitation (topic and description)? Please provide an update on the expected timeline previously provided for the following contracts:**

RFP's out for solicitation:

<b>RFP#</b>	<b>Description</b>	<b>Agency</b>	<b>Contract Specialist</b>	<b>Bid Type</b>	<b>Expected Timeline</b>
TBD	Centralized Accounting System for game of skill machines	OLG	Anthony Stover	Competitive	RFP to be posted in FY'21
TBD	Mobile vendor	OLG	TBD	Set aside	TBD; delayed due to pandemic
CFOPD-21-R-014	Advertising services for OLG	OLG	Drakus Wiggins	Set aside	Solicitation completed. To be awarded in FY'21

Update on the expected timeline previously provided for the following contracts:

- **Website Vendor Contract:**

Awarded to Taoti Creative on 1/28/20 -- CFOPD-20-C-021.

- **Gaming System and Related Services Contract:**

Awarded to Intralot on 7/16/19 -- CFOPD-19-C-041.

- **Instant Tickets:**

Awarded to: 1) IGT on 12/2/19 -- CFOPD-20-C-001A, 2) Scientific Games on 12/13/19 -- CFOPD-20-C-001B, 3) Pollard Banknote on 12/13/19 -- CFOPD-20-C-001C.

- **Auditing daily numbers:**

- Awarded to FS Taylor on 5/1/20 -- CFOPD-20-C-020.

- **Instant Ticket Warehousing:**

Awarded to Metropolitan Services on 3/20/20 -- CFOPD-20-C-024.

- **Mobile Vendor:**

TBD; RFP issuance delayed due to pandemic. All Lottery public events suspended as of March 2020.

**21. What new games were introduced by the Lottery in fiscal 2020? How are the new games performing? Are any new games planned for fiscal year 2021? What games were retired, if any, in fiscal year 2020?**

Challenges presented by the pandemic impacted the Lottery's Instant Ticket release schedule and also necessitated a shift implementation schedules for the sports betting platform, as well as the development and launch of our iLottery platform. However, we were able to work through many these challenges to ensure exciting new games were introduced to market in FY 2020.

Within the terminal game portfolio, the Lottery did not introduce (or plan to introduce) any new draw or monitor games.

We introduced twenty-eight new Instant Tickets in FY 2020, which is seven (7) fewer game releases than we had planned. With less foot traffic at store locations, and many stores closed during the height of the pandemic, Instant Ticket orders from our retailer partners slowed significantly. Accordingly, the Lottery made a business decision to not print/release the three Instant Tickets that were planned for May 2020 and adjusted the number of games released in the subsequent months. In FY 2020, Instant Ticket sales totaled \$47.1 million, a \$5.2 million or 9.9% decrease from \$52.3 million in FY 2019.

*GambetDC*, the Lottery's sports betting platform, was introduced at the end of May 2020, despite there still being few major league sporting events. We are pleased with *GambetDC*'s results despite the challenges faced. In FY 2020, 197,637 sports wagers were placed via the new app and website totaling more than \$6.4 million in sales.

There were no games retired in FY 2020.

FY 2021 will be an exciting time filled with new game launches and tweaks to existing games.

Earlier this fiscal year (December 18, 2021), we launched *DC iLottery* which is a dynamic website on which customers can play the popular multi-state draw games *Mega Millions* and *Powerball*. With the introduction of *DC iLottery*, we also launched a new game category called "eInstants". eInstants play similarly to traditional paper scratch tickets sold in retail stores, but these electronic games are strictly offered online. Every 3-to-4 weeks, we add a new eInstant game to the *DC iLottery* platform. We also plan to add our numbers games (*DC-3*, *DC-4* and *DC-5*) to the platform later this fiscal year.

Coming this summer will be the first phase of rollout for the retail component of *GambetDC*. The Lottery plans to offer *GambetDC* via self-service betting kiosks at 10-to-15 retail locations throughout the District in this initial phase.

Two of the Lottery's three multi-state offerings will be increasing the number of nights the games are drawn. On Monday, July 19, 2021, *Lucky for Life*, which offers players a chance to

win \$1,000 a day, every day, for the rest of their lives, will go from a 2-day-a-week draw schedule to 7-days a week. On Monday, August 23, 2021, *Powerball*, will add a third day (Monday) to its current 2-day-a-week schedule.

The existing *Race2Riches* horse-themed monitor game will also receive a revamp in FY 2021 with all new graphics, an improved prize structure, and new bet types.

**22. Please provide the Committee with an overview of the iLottery betting platform. In your response, please indicate the following to date:**

**a. Total amount played;**

\$1,006,115 (as of January 31, 2021)

**b. Total payout; and**

\$845,425 (as of January 31, 2021)

**c. Number of wagers played.**

278,976 (as of January 31, 2021)

The Lottery unveiled *DC iLottery*, a dynamic platform for purchasing and playing Lottery games on December 18, 2020. This digital sales platform generates new revenue for the District of Columbia, responds to the marketplace's growing demand for innovative new entertainment options, and makes playing the Lottery more convenient for our technology-driven customers.

On *DC iLottery*, players can choose from a menu of games, including the popular multi-state draw games, *Powerball* and *Mega Millions*, as well as an array of electronic scratcher games ("eInstants"). eInstants play similarly to traditional paper scratch tickets sold in retail stores, but these electronic games are strictly offered online. New eInstant games are added monthly and ultimately the Lottery's full portfolio of traditional draw (DC daily numbers games and *Lucky for Life*) and monitor games (*Keno*, *Race2Riches*, and *The Lucky One*) will be available on the platform by the end of calendar 2021.

Players can access *DC iLottery* from their smart phone, computer, or tablet, and once registered for an account, can play the games while physically in the District and not within an area of the District where lottery play is prohibited. The platform utilizes geolocation technology to confirm a player's location before a ticket can be purchased.

To register for an account, players must be at least 18 years of age and must pass an identity verification process, which requires the submission of their legal name, address, date of birth, and Social Security Number. Registered players can securely deposit funds into their account

using a credit card, debit card, ACH bank transfer, and Skrill (a money transfer service similar to PayPal). The platform has strong mechanisms in place to maintain players' financial information and to protect their privacy; it also features responsible gaming safeguards, including the ability for players to set bet limits, deposit limits, time limits, and cool off periods, as well as information to exclude themselves completely from gaming activities licensed and operated by the Lottery.

- 23. Please list how each game provided in the response to the previous question, for fiscal 2020, is performing and the current sales they generated from fiscal year 2020 to date.**

The *DC iLottery* platform launched on December 18, 2020; as such, there were no sales generated via the platform in FY 2020. Sales in FY 2021 from launch date through January 31, 2021 were \$1,006,115.

- 24. Please provide a breakdown of budget adjustments that will be or have been made by program, activity, fund detail, and comptroller source group.**

There are no budget adjustments.

- 25. Please discuss the Lottery's efforts in re-launching some of its seasonal games and the sales that have been generated from each of the games, as well as the Lottery's effort in launching some of its Fast Play, and Tap-N-Play games and the sales that have been generated in each game.**

FY 2020 Fast Play sales were \$7,838,159. The FY 2020 Fast Play plan included seven (7) seasonal games that were also offered in FY 2019, including *Candy Cane Cash*, *Cash Kickoff*, *DC Knockout*, *Lucky Clover*, *Slam Dunk Dough*, *Spooky 7's* and *Turkey Loot*. FY 2020 seasonal games sales totaled \$233,207.

FY 2020 Tap-N-Play sales were \$ \$2,170,896. Four (4) seasonal games (*Spring for Cash*, *Summer Fortune*, *Pumpkin Picks*, and *Merry, Merry Money*) were relaunched in FY 2020 with combined sales of \$114,383.

As of January 31, 2021, FY 2021 Fast Play sales are \$2.8 million, as compared to \$2.5 million in FY 2020.

As of January 31, 2021, FY 2021 Tap-N-Play sales are \$709,000, as compared to \$807,000 in FY 2020.

- 26. On question 18 in OLG's 2020 responses, the Lottery indicated undertaking administrative actions to grow Instant Ticket sales. Please discuss what actions were taken and how those actions correlated with sales of Instant Tickets. Please indicate any new efforts to improve its growth.**



In October 2018, the Lottery issued an agent bulletin (#100118) to each of its then 400+ licensed retailers reminding them of the \$78,000 annual minimum sales requirement and worked with them to best assist in maximizing lottery sales performance throughout the year. In October 2019, we followed up by certified letter with the 34 retailers who failed to maintain the required sales level with notice, pursuant to Title 30 DCMR § 205.7, that they would be given two (2) quarters of the next fiscal year to meet the \$39,000 equivalent minimum sales standard for the two (2) quarter period. The letter emphasized that failure to meet the equivalent minimum sales standard for the two (2) quarter period (October 1, 2019 – March 31, 2020) may result in license suspension or revocation. Sales coordinators have been providing assistance and recommendations on adjustments to help bring these stores' sales into compliance with the standards set in Title 30 DCMR § 205. Given the significant financial and operational toll the pandemic has taken on the District's business community, the Lottery decided to not take administrative action against any retailer than has fallen below the annual minimum sales requirement during the last 12 months as this would be detrimental to our small business retail partners. We will continue to work with retailers to best assist in safely increase customer traffic in their store locations and grow lottery sales during this challenging time.

Throughout the pandemic, we have continued to take actions to increase Instant Ticket sales. At the onset of FY 2020 (prior to the pandemic), the Lottery implemented a small pilot program at 35 retail locations that aimed to keep Instant Ticket vending machines stocked with games, lessening the burden on retailers to refill the machines with tickets. During this pilot, we utilized specialized tape to fasten multiple books of tickets together so when the final ticket in a book is sold, there was another right behind it ready to be dispensed. Sales at the pilot store locations increased 10% (or by \$61,000 overall) during the 7-week pilot period. However, once the pandemic hit, and we pulled Sales reps from the field, the pilot was halted. As soon as our sales reps can safely deploy back into the field daily, we will resume and expand this pilot program.

Although the pandemic has prevented the Lottery's Sales team from being in the field daily, the team has pivoted and continues to engage with our retail partners virtually. We are listening to their needs and working to provide solutions where we can help to improve their current business situations. We are offering trainings on best practices for Instant Ticket sales during our retailer calls. Also, we are conducting internal sales training on how to best evaluate Instant Ticket inventory at our retail partners' store locations and providing educated suggestions on ticket orders. We will continue to develop new and productive ways to help our essential business partners stay afloat in these very trying times.

**a. Please discuss the associated contracts for implementing or improving the growth of the instant tickets.**

The Lottery continues to maintain contracts with all three of the lottery industry's print vendors (IGT Global Solutions Corp., Pollard Banknote Limited and Scientific Games International) to securely manufacture our portfolio of Instant Tickets. We are pleased with the resulting collaborations with these vendors and anticipate that each will

continue to produce tickets that meet the DC market's demand. The Lottery works with each of the three vendors to obtain information on trends of ticket themes, play styles, and game features as well of sales performance of tickets across the industry to determine which tickets will serve to maximize revenue potential in the District. We are now in the process of developing three tickets with Scientific Games for the May 2021 release, two of which have DC-centric themes we expect to be well received by our players.

To meet the sales goal of \$53 million in FY 2020, we set out to develop an instant ticket portfolio of 35 new and innovative games that would appeal to both new and core players. However, due to the pandemic, adjustments had to be made to reflect the environment of our market. Instant Ticket sales dropped approximately 10% and it no longer made business sense to expend funds to print and distribute games at the planned rate with such a significant lack of demand at retail. Instead of 35 games, the Lottery made the business decision to launch a total of 28 games. In FY 2020 Instant Ticket sales totaled \$47,188,257.

The following Instant Ticket campaigns and partnership helped the Lottery meet its FY 2020 sales goal:

#### Holiday Bucks 2.0 Campaign

\$1 *Holiday Luck*- \$250,200  
\$2 *Peppermint Payout*- \$328,800  
\$5 *Holiday Cash*- \$846,800  
Total Sales: \$1,425,800

This holiday campaign featured a 2<sup>nd</sup> chance Collect n' Win campaign that encouraged players to embark on a scavenger hunt to find all of the Lottery's holiday game offerings. This campaign boosted sales during a traditionally stagnant period for Instant sales.

#### Roaring Cash Campaign

\$20 *Roaring Cash*- \$3,066,000

This campaign kick-started the 2020 calendar year and became an instant hit with our players. With multiple top prizes of \$250,000 and a 2<sup>nd</sup> chance campaign, players were consistently engaged with social media clips, in-store promotions, and a Roaring-20s themed launch party. The \$20 *Roaring Cash* ticket has become Lottery's best-selling \$20 and the campaign has received recognition and awards from peers and trade publications.

Radio One Campaign & Partnership

\$5 *Radio One* Instant Ticket: \$997,200

This ticket launched just as the District was bunkering down; however, the game exceeded expectations by outselling all our other \$5 Instant Tickets that were released during that time. By the end of FY 2020, the game was approximately 90% sold. The partnership with Radio One Inc. helped the Lottery reach new audiences and tap into new ideas. One of the new initiatives was the “WE ARE ONE” campaign. This weekly social media event kept players engaged and significantly increased brand awareness and ticket sales.

Jackpot Family of Games Campaign

\$1,000 *Jackpot*- \$248,000

\$50,000 *Jackpot*- \$710,200

\$100,000 *Jackpot*- \$940,700

Total Sales: \$1,898,900

Launching just two months before the end of the fiscal year, this “family” of tickets provided a significant boost to the Instant Ticket portfolio. It was the perfect boost needed to push us past our revised revenue goal.

**27. Please describe the steps the Lottery took in fiscal year 2020 and is currently taking in fiscal year 2021, to date, to be more competitive with Maryland and Virginia.**

The Lottery is constantly adapting and evolving our product offerings and promotions to be competitive with neighboring jurisdictions. We carefully create a yearly plan that provides players with strong products with competitive payouts. We offer unique promotions that focuses not only provide monetary prizing, but also unique personalized experiences. The introduction of *GambetDC* and *DC iLottery* provides current and new players with digital playing experiences that are comparable to Virginia, and not currently available in Maryland. We also launched a robust website in September 2020 which exceeds industry standards in terms of interaction and offerings, and allows for the Lottery to engage with our players in more meaningful and personalized ways.

**28. How many establishments in the District currently sell lottery tickets? Please provide a comparison to the number of establishments over the past five years. How many outlets are planned or anticipated for fiscal year 2021 and the next five years?**

Our goal is to onboard 40 new establishments a year and for the next five years; however, this will be dependent on the District’s post pandemic retail landscape.

As of February 23, 2021, there are 376 licensed Lottery retail locations in the District.

FY 2021 as of 2/23/21	376 Licensed Agents
FY 2020 as of 2/24/20	412 Licensed Agents
FY 2019 as of 2/8/19	401 Licensed Agents
FY 2018 as of 2/7/18	409 Licensed Agents
FY 2017 as of 2/1/17	423 Licensed Agents
FY 2016	431 Licensed Agents
FY 2015	472 Licensed Agents

**a. Please describe how these numbers were impacted by the pandemic.**

During the COVID-19 pandemic, a total of 31 retail locations contacted the Lottery’s Licensing division and requested to suspend business operations due to the pandemic. The current status is listed below (as of 2/23/2021):

- Reopened Retailers: 22
- Retailers Still Closed: 6
- Closed Out Business/Lottery Account: 3

**29. On Question 21 of your fiscal year 2020 performance oversight response, you note that Lottery accomplished is goal in recruiting 44 new retailers. Please discuss if Lottery was able to recruit new retailers to date. Please also discuss your retention efforts in general, and in response to the pandemic.**

The Lottery was able to bring in 24 new retailers in FY 2020 and have on-boarded six (6) new locations so far in FY 2021.

Since the pandemic started, our Sales, Licensing and Finance teams have been working diligently to stay in regular contact with our retail partners. By reaching out more often with calls, and sales rep store visits as needed, we have been able to support our retailers in these unprecedented times. The Lottery worked hard to ensure we had, and continue to have, lottery product available for sale, so our small business community could remain operational. As mentioned above, we were able to help 22 stores that were closed for a few months re-open for business. The Lottery prides itself on the business relationships we have with our local business partners. While all departments play a role in retaining our retailers, we recently formed a Retention Committee, led by a member of our Sales team. The goal is to develop and execute a formal retailer retention program.

**30. Please provide the Committee with an update of the DC Lottery Retailer Portal and the status of license applications that were received as of February 2020.**

In FY 2020, the Licensing division received 44 applications and issued a total of 24 Lottery licenses to retail locations throughout the District. Twenty (20) of those applications were not issued licenses for a variety of reasons - i.e., Clean Hands issues, ADA issues, Missing Documents, Withdrew Application, Background issues, and circumstances outside of our control, such as stores closing due to escalating rents and other difficult business decisions facing store owners.

In FY 2021 (as of February 23, 2021), the Licensing division received 11 applications and issued a total of six (6) Lottery licenses to retail locations throughout the District.

The Licensing division continues to process applications received through the Retailer Portal and/or manually submitted applications. We continue to look at ways to enhance our licensing process.

**31. How is Mega Millions performing? How is Powerball performing? How have these products impacted the transfer to the general fund? Have they impacted the lottery in other ways? Please provide any update on the sales they have generated as of February 2020.**

Both *Mega Millions* and *Powerball* have experienced year-over-year sales increases, across all U.S. lotteries thanks to record-setting jackpots in both multi-state games in January 2021. *Mega Millions*' jackpot reached \$1 billion for the January 22<sup>nd</sup> drawing, while *Powerball*'s jackpot reached \$731.1 million for the January 20<sup>th</sup> drawing.

High jackpots bring out new players who traditionally do not play lottery, which is one of reasons that sales climb so high. These new players, and traditional lottery players, also tend to purchase other lottery games while in the store, so it helps lift sales of the entire game portfolio. Accordingly, as of January 31, 2021, FY 2021 *Mega Millions* sales climbed to \$3 million, a \$1.1 million increase over the same period in FY 2020; and FY 2021 *Powerball* sales are \$3 million, a \$500,000 increase over last year. Overall Lottery sales for FY 2021 (as of January 31, 2021) total \$70.2 million, compared to \$68.9 million through the same period last year.

**32. Please identify all electronic databases maintained by your agency, including the following:**

- a. A detailed description of the information tracked within each system;
- b. The age of the system and any discussion of substantial upgrades that have been made or are planned to the system; and
- c. Whether the public can be granted access to all or part of each system.

Please see Attachment H.

**33. Please provide a copy of any updates to DC Lottery rules and regulations. Additionally, please provide a brief description of the nature of each update.**

During FY20 and FY21, the Lottery made the following changes to its administrative rules:

- Issued rules governing District operated sports wagering (30 DCMR ch. 20);
- Issued emergency and proposed rules governing iLottery (30 DCMR ch. 11);
- Issued proposed rules governing Game of Skill (30 DCMR ch. 22).

In addition to the above information, please see Attachment I.

**34. What has the agency done in the past year to make the activities of the agency more transparent to the public? In addition, please identify ways in which the activities of the agency and information retained by the agency could be made more transparent.**

The lottery/gaming industry faces unique challenges that other industries do not encounter to the same degree as our existence and success in our mission is predicated on the public's trust and confidence in our operations and activities. Therefore, we must continuously strive for transparency in our work to ensure the integrity of our all of our offerings. If we are unable to uphold this transparency and demonstrate fairness and integrity to the public, support of our operations and mission will waiver.

The Lottery prides itself on being as transparent as possible with the public. On our website, [dclottery.com](http://dclottery.com), the public can find a plethora of information on our new games, promotions, winners, where the money goes, access financial statements from 1997 through last year, and can also gather information on our Instant “Scratcher” prizes remaining. Daily draw numbers are posted twice a day and bi-weekly multi-state games’ numbers are posted immediately after the draws occur.

We created a new Regulatory and Oversight division in FY 2020. This division is responsible for regulating private operated gaming operators and their suppliers, including sports wagering and electronic Games of Skill. Posted on our website, players can find monthly financial statements for both private-operated sports wagering and the Lottery-operated sports wagering platform, *GambetDC*. The public can also view the status of all received sports wagering applications, as well as Executive Director Orders governing sports wagering. Last year, the Lottery, in conjunction with DSLBD, held four capacity building seminars and a kick-off event for the small business community to learn about sports wagering. This created opportunities for members of the small business community to interact with executives at the Lottery and DSLBD. We plan to expand this program in FY 2021.

The Lottery continues to advertise and promote our products to the public. And we continue to look for ways to educate our players and retailers about our new games and products. We have deployed “how to play” videos for our newest game offerings, and have comprehensive information-rich websites as well as 24-hour customer support for our sports wagering as well

as our *DC iLottery* platforms. Additionally, we are rolling out a strong Responsible Gaming program to continue to educate the playing public about responsible game play.

**35. What steps has the agency taken to monitor fraud, theft, and abuse of the instant ticket and scratchers? Please indicate any new methods instituted after February 2020.**

The OCFO and the Lottery's management teams take fraud, theft and abuse very seriously. Numerous measures are in place to monitor instant ticket inventory. The processes and procedures were developed in conjunction with the OCFO's Chief Risk Officer. The Lottery's monitoring activities include, but are not limited to, the following:

- The Lottery's Security division receives all Instant Ticket inventories via secured truck delivery and the tickets are placed in a secured vault.
- Multiple layers of access control are in place for the Instant Ticket inventory vault (i.e., badge swipe, pin code and an alarm system).
- The Lottery's Security division monitors the Instant Ticket inventory via closed circuit television.
- Any authorization for access to the secure area where Instant Tickets are warehoused must be granted by the Lottery's Security division.
- The Lottery's Inventory Manager monitors through the Back-Office System (BOS) active retailers' Instant Ticket inventory reports. Discrepancies are escalated to the Security division for further review.
- Retailers are restricted to ordering Instant Tickets via the Lottery's telephone sales (tel-sel) operation.
- Two regulations require system receipt of the Instant Ticket inventory by within 24 hours, and activation within 30 days.
- "In Transit" and "Issue Status" reports are generated and monitored daily for regulatory compliance by the retailers.
- Retailers not in compliance with the 24-hour system receipt regulation are contacted daily until compliance is met or their Instant Ticket inventory is confiscated by the Lottery's Security division.
- Retailers not in compliance with the 30-day activation regulation have their Instant Ticket inventory force activated (changing tickets to a selling status) by the Lottery to bring them into compliance.

- The Lottery’s billing terms were reduced to allow for quicker cash collections.
- Routine exterior rounds are conducted by the Lottery’s contract security officers, to ensure doors are secured.
- The Lottery’s Security division conducts background checks on all employees and contractors.
- Instant Ticket inventory reported stolen from a retailer location is marked as such in the Lottery’s BOS. The Lottery’s Security division receives live notifications when validations of Instant Ticket inventory marked as stolen are attempted. Lottery Security uses this information to assist the Metropolitan Police Department in apprehending suspected burglars. Lottery Security also reviews the surveillance cameras at retailer locations when available and applicable to help with lottery-related investigations.
- The Lottery’s Security division communicates with industry security personnel regularly to discuss current trends, associated risk, and proactive solutions.
- The Lottery’s Security division monitors *DC iLottery* test accounts to maintain the integrity of employees and contractors.
- The Lottery’s Security division provides oversight of the gaming system by issuing and monitoring system access.

**36. In your fiscal year 2020 performance oversight response, you note on Question 29 the delayed implementation of an online application processes for retail licensing for Charitable Games. Please provide an update on this effort.**

The Lottery has not yet moved forward with this project. Throughout the pandemic, we have carefully monitored all expenditures and made business decisions to refrain from undertaking some initiatives that were not critical to maintaining our day-to-day operations. While the Lottery intends to undertake this project to modernize the application process once revenue stabilizes, in the meantime we are currently reviewing several administrative rule changes that would allow eligible non-profit organizations to modernize how they offer charitable game tickets to their constituencies. Some of these modernizations include accepting credit cards for ticket sales and allowing mobile/internet-based ticket sales.

**37. What awards, recognition, or accolades has your agency won or been nominated for in the past year?**

In 2020, the Lottery was recognized with the following national and local awards:

- Out of Home Advertising Association of America: National 2020 Gold – *Roaring Cash* Scratcher Out of Home



- The Telly Awards: 2020 Gold – Local TV Use of Animation: DC Lottery “*Roaring Cash*”
- 2020 North American Association of State and Provincial Lotteries’ (NASPL) Powers Award recipient, Jennifer Thomas (Special Assistant), October 2020

**38. Please list all settlements entered into by the agency or by the District on behalf of the agency in fiscal year 2020 or fiscal year 2021, to date, and provide the parties’ names, the amount of the settlement, and if related to litigation, the case name and a brief description of the case. If unrelated to litigation, please describe the underlying issue or reason for the settlement (e.g. administrative complaint, etc.).**

None.

**39. Please describe the agency’s procedures for investigating allegations of sexual harassment or misconduct committed by or against its employees. List and describe any allegations received by the agency in fiscal year 2020 and fiscal year 2021, to date, whether or not those allegations were resolved.**

The Lottery is a subordinate office within the Office of the Chief Financial Officer (OCFO). As such, the OCFO’s Office of Human Resources handles any Lottery-related sexual harassment or misconduct complaints. Please refer to the OCFO’s response to this question for further information.

**40. Please list the administrative complaints or grievances that the agency received in fiscal year 2020 and fiscal year 2021, to date, broken down by source. Please describe the process utilized to respond to any complaints and grievances received and any changes to agency policies or procedures that have resulted from complaints or grievances received. For any complaints or grievances that were resolved in fiscal year 2020 or fiscal year 2021, to date, describe the resolution.**

None.

**41. Please attach copies of the required annual small business enterprise (SBE) expenditure reports for the agency for FY20 and FY21.**

- a. D.C. Official Code § 2-218.53(b) requires each District agency to submit supplemental information with their annual SBE expenditure report, including: a description of the activities the agency engaged in to achieve their fiscal year SBE expenditure goal; and a description of any changes the agency intends to make during the next fiscal year to achieve their SBE expenditure goal. Has your agency submitted the required information for fiscal year 2019? Please provide a copy as an attachment.**

Please see Attachment J.

**42. Please provide the Committee with the SBE goals for FY19, FY20, and FY21.**

The Lottery's current listed FY 2020 goal in the DSLBD Force System is \$22,158,689; however, the amount does not factor a couple of sports wagering related exclusions awaiting approval. When the exclusions are approved, the estimated goal should be around \$7 million dollars.

The Lottery's current listed FY 2021 goal in the DSLBD Force System is \$20,408,546; however, the final goal may be adjusted at year end based on the actual sports wagering contract costs.

FY' 19 SBE goal: \$6,731,110.20

FY'20 SBE goal: \$22,158,689

FY'21 SBE goal: \$20,408,546.00 (this figure will need to be adjusted by DSLBD as it does not encompass exceptions)

**43. Please provide a breakdown of the SBE contracts that were awarded to minority and women owned businesses for FY19, FY20, and FY21, to date.**

Please see Attachment K.

**Sports Wagering**

**44. Please discuss initiatives that Lottery has implemented to improve small and local business participation in sports wagering in the District.**

The Lottery and DSLBD have been working closely in developing a robust capacity building program around the District's emerging sports wagering industry. In FY 2020, we conducted five (5) capacity training opportunities on recruitment initiatives and sports wagering licensing. These opportunities involved a series of four recruitment sessions entitled "Bet on Small Business Power Hours." The recruitment sessions were held in partnership with the University of Las Vegas Nevada's International Gaming Institute (UNLV IGI). UNLV IGI is widely recognized as a premiere resource for gaming research, solutions, insights, and executive education. Thus, the Lottery and DSLBD sought to partner with UNLV IGI to bring their international expertise in sports wagering regulation development, sports book build-out and general operations/compliance to the District's small business community. These sessions were conducted virtually over the summer 2020 on the following dates: July 15, 2020; July 23, 2020; August 27, 2020, September 9, 2020, and September 24, 2020. We have included the hyperlinks for these capacity training opportunities listed below:

July 23, 2020: Betting on Small Business Power Hour

*How an Idea Became the Sports Book of the Future*

Featured Speaker: John Lukasik, Director of Race, Sports & Esports, Caesars Entertainment

<https://dcnet.webex.com/dcnet/ldr.php?RCID=c338f277b292414ca50a99b986d63ddf>

August 27, 2020: Betting on Small Business Power Hour

*Media Perspectives and Breaking Barriers*

Featured Speaker: Kelly Stewart, Professional handicapper, and media personality.

<https://dcnet.webex.com/dcnet/ldr.php?RCID=adc20cb08ede428693b8e489af2a46a>

September 24, 2020: Betting on Small Business Power Hour

*From Dealer to VSiN Vinny: A Life in Sports Betting*

Featured Speaker: Vincent Magliulo, VSiN's VP of Strategic Partnerships, and VP of Corporate Relations for Las Vegas Dissemination Company

<https://dcnet.webex.com/dcnet/ldr.php?RCID=bdac97f9a58748ecac3ac00cad414845>

In addition, the Lottery's Director of Regulation and Oversight made a presentation at the DC Chamber of Commerce's Small Business and Economic Development Summit on September 9, 2020 where he provided an update on licensing, compliance, and the status of sports wagering in the District. He also made himself available to audience participants for further one-on-one discussions after the session.

Currently, the Lottery and DSLBD are hard at work planning an expanded capacity building program focusing on the how to involve CBEs operating within a variety of the District's business sectors (i.e. hospitality and IT) in sports wagering. Our FY 2021 program is anticipated to commence this spring.

**45. Please list all current applicants for Class B licenses to date; and update the Committee on the status of those applications.**

<b>Fiscal Year</b>	<b>Entity Applicant</b>	<b>Facility Address</b>	<b>Status</b>
<b>FY 2021</b>	Grand Central	2447 18 <sup>th</sup> St. NW Washington, DC 20009	Application is under review. In addition, CBE plan is under review by DSLBD.
<b>FY 2020</b>	Handle 19	319 Pennsylvania Ave SW, Washington, DC 20003	Application was denied on 1/28/2021; Handle 19 voluntarily withdrew their application on 2/15/2021.

**46. Please list all Class A and B licensees currently operating a sports wagering business in the District. If said license(s) is provisional, please indicate when the provisional license expires.**

<b>Class A</b>	<b>License Type</b>	<b>License Holder</b>	<b>Expiration Date</b>	<b>Facility Address</b>
1	Provisional	American Gaming (William Hill)	4/30/2021	Capital One Arena

<b>Class B</b>	<b>License Type</b>	<b>License Holder</b>	<b>Expiration Date</b>	<b>Facility Address</b>
None	N/A	N/A	N/A	N/A

**47. For all licensed operators listed in the previous question, please provide the following for fiscal years 2020, and 2021 to date:**

- a. Total handle.
- b. Total payout
- c. Number of wagers played
- d. Gross gaming revenue.
- e. Amount spent with CBEs

<b>Particular</b>	<b>FY 2020*</b>	<b>FY 2021**</b>	<b>Total FY 2020 &amp; 2021</b>
<b>Handle</b>	\$21,318,281	\$51,047,787	\$72,366,068
<b>Payouts</b>	\$18,585,864	\$41,807,953	\$60,393,817
<b>Wagers</b>	182,200	550,013	732,213
<b>GGR</b>	\$2,732,417	\$9,239,834	\$11,972,251
<b>Amt. Spent with CBEs**</b>	\$6,001,351	\$3,482,032	\$9,483,383

\*FY2020 totals include the period covering July 31, 2020 through September 30, 2020.

\*\*FY2021 totals include the period covering October 1, 2020 through January 31, 2021.

\*\*\*CBE figures are based on reports submitted to DSLBD by William Hill.

**48. What is the timeline for reviewing a sports wagering license application?**

Applicants for an Operator, Management Services Provider (MSP) or Supplier sports wagering license are subject to a rigorous due diligence process mandated by regulation. This includes, among other requirements, the following:

- Comprehensive background investigation of entity and individual qualifiers (i.e., 5% or greater owners, key personnel, and any others exercising control/influence over the entity applicant);
- Financial stability assessment. Requires review, among other documents, financial statements, tax returns, SEC filings and bank statements;
- Inquiries and requests for records from other jurisdictions where applicant is licensed or applied for licensure;
- Review and approval of operational plan;
- Review and approval of Anti-Money Laundering (AML) program;

- Review and approval of internal controls;
- Review and approval of surveillance and security plan;
- Review and approval of Responsible Gaming plan; and
- Review of independent lab report/certification on applicant’s sports wagering system.

For a comprehensive list of due diligence requirements see Attachment L entitled “DC OLG SW Licensing Checklist as of 02-22-2021.” Class A and B operator and management service provider applicants are also required to submit a CBE plan that must be approved by DSLBD before a sports wagering license can be issued.

The time it takes to process a sports wagering license depends, many times, on the complexity of the entity applicant. Some of the applicants are global companies with multiple business lines across large geographic areas. Further, while some are public companies with a high degree of transparency others are privately held in unregulated markets that require in-depth analysis to assess financial stability. Lastly, responsiveness of the applicant to requests for information by the OLG also impacts the timeline for licensure. For example, one Class B applicant submitted their application in May 2020, but did not submit their internal controls, AML program, surveillance, and security plan, among other documents, until late September 2020. Accordingly, the Lottery was not able to evaluate the suitability of the applicant until four (4) months had passed from the time, they submitted their application. At times, some of these delays are due to the applicant not knowing all the details of their proposed sports wagering operation as construction is usually in the designed/pre-construction phase at the time the application is submitted.

Based on data from applications received since December 2019, the following are the estimated timelines for reviewing sports wagering applications:

<b>Type of License</b>	<b>Provisional</b>	<b>Standard</b>
<b>Class A</b>	90-210 days	210-365 days
<b>Class B</b>	90-210 days	210-365 days
<b>MSP</b>	90-210 days	210-365 days
<b>Supplier</b>	90-120 days	120-210 days
<b>Occupational</b>	N/A	30-90 days

**49. In your response to question 1 of the 2020 Performance Oversight pre-hearing questions, you indicate that Lottery established a new Regulatory & Oversight Division. Please update the Committee on its progress. Please include in your answer a detailed explanation of the division's responsibilities.**

The Lottery created the Sports Wagering Regulation and Oversight Division in fiscal year 2019 to support its new role as regulator as designated in the "Sports Wagering Lottery Amendment Act of 2018" and efforts were immediately initiated to fill the Director and other two manager-level positions (Investigations & Enforcement Officer and Audit & Compliance Officer). The three management-level positions were filled by the end of January 2020. The individuals hired have extensive law enforcement and regulatory experience. Moreover, the Director was previously employed as the compliance officer for one of the largest tribal casinos in the United States. Additional hiring took place during 2020 and 2021. Please see Attachment A for the Regulation and Oversight division's organizational chart.

The division has a total staff of 11 including one vacancy that is expected to be filled within the next 90 days. The division is responsible for the licensing and regulatory compliance of sports wagering operators, management service providers, suppliers and individuals seeking occupational licenses. The division director reports to the Lottery's Chief Operations Officer.

There are two units within the division as follows:

- Investigation & Enforcement (IE): This unit is primarily responsible for performing the due diligence associated with licensing. It also has authority to investigate potential violations of gaming laws and other laws falling within the Lottery's jurisdiction.
- Audit & Compliance (AC): This unit is primarily responsible for performing audits and reviews of licensees for compliance with regulations, minimum internal controls, and other requirements. In cases of potential violations, it works closely with the IE unit.

Another staff member reporting directly to the director is the Responsible Gambling (RG) Specialist charged with the development of the Lottery's RG program including training and regulatory compliance. This responsibility extends beyond the review of private operator RG programs to all games offered or regulated by the Lottery.

As the Lottery takes on greater responsibility including the licensing and regulatory oversight of electronic Games of Skill, and potentially Fantasy Sports Contests, the division's name was shortened to the Regulation and Oversight division to reflect its role beyond sports wagering.

**50. Regarding the Regulatory & Oversight Division, are there any revenues and expenses associated with the regulatory aspect of sports wagering? If so, please explain.**

License fees are the revenues associated the regulation of sports wagering. The following is a summary of the license fees received for fiscal years 2020 and 2021:

<b>Type of License</b>	<b>FY2020</b>	<b>FY2021</b>	<b>Total FY 2020 &amp; 2021</b>
<b>Class A</b>	\$500,000	\$500,000	\$1,000,000
<b>Class B</b>	\$100,000	\$100,000	\$200,000
<b>MSP</b>	\$10,000	\$10,000	\$20,000
<b>Supplier</b>	\$70,000	\$50,000	\$120,000
<b>Occupational</b>	\$2,900	\$3,900	\$6,800
<b>Totals</b>	<b>\$682,900</b>	<b>\$663,900</b>	<b>\$1,346,800</b>

The expenses associated with sports wagering licensing and regulation are as follows:

<b>Payroll</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Total FY 2020 &amp; 2021</b>
Sports Wagering Reg. & Oversight	\$ 618,890.00	\$ 333,754.00	\$ 952,644.00
<b>Vendor</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Total FY 2020 &amp; 2021</b>
Limbic Systems	\$ 587,819.24	\$ 345,858.00	\$ 933,677.24
Spectrum Gaming	457,586.24	135,331.00	592,917.24
Gaming Laboratories, Inc (GLI)	101,125.00	20,218.75	121,343.75
Michael & Carroll, P.C.	-	29,289.38	29,289.38
Thomas Reuters	220.68	33,754.00	33,974.68
Assoc. of Certified Financial Crime Specialists	-	1,899.75	1,899.75
Gambling Compliance	12,120.00	13,050.00	25,170.00
<b>Subtotal</b>	<b>\$ 1,158,871.16</b>	<b>\$ 579,400.88</b>	<b>\$ 1,738,272.04</b>
<b>Grand Total</b>	<b>\$ 1,777,761.16</b>	<b>\$ 913,154.88</b>	<b>\$ 2,690,916.04</b>

**51. Please discuss initiatives that Lottery has implemented to improve small and local business participation in sports wagering in the District.**

The Lottery conducted five capacity training opportunities on recruitment initiatives and sports wagering licensing in FY 2020. These opportunities involved a series of four recruitment sessions entitled “Bet on Small Business Power Hours.” The University of Nevada Las Vegas’ International Gaming Institute (UNLV IGI) is widely recognized as a premiere resource for gaming research, solutions, insights, and executive education. Thus, in Fiscal Year 2020 the Lottery and DSLBD sought to partner with UNLV IGI to bring their international expertise in sports wagering regulation development, sports book build-out, and general

operations/compliance to the District's small business community. These sessions were conducted in 2020 on the following dates: July 15, 2020; July 23, 2020; August 27, 2020, September 9, 2020, and September 24, 2020. We have included the hyperlinks for these capacity training opportunities listed below:

July 23, 2020: Betting on Small Business Power Hour

*How an Idea Became the Sports Book of the Future*

Featured Speaker: John Lukasik, Director of Race, Sports & Esports, Caesars Entertainment

<https://dcnet.webex.com/dcnet/ldr.php?RCID=c338f277b292414ca50a99b986d63ddf>

August 27, 2020: Betting on Small Business Power Hour

*Media Perspectives and Breaking Barriers*

Featured Speaker: Kelly Stewart, Professional handicapper, and media personality

<https://dcnet.webex.com/dcnet/ldr.php?RCID=adc20cb08ede428693b8e489af2a46a>

September 24, 2020: Betting on Small Business Power Hour

*From Dealer to VSiN Vinny: A Life in Sports Betting*

Featured Speaker: Vincent Magliulo, VSiN's VP of Strategic Partnerships, and VP of Corporate Relations for Las Vegas Dissemination Company

<https://dcnet.webex.com/dcnet/ldr.php?RCID=bdac97f9a58748ecac3ac00cad414845>

The Director of the Regulation and Oversight division made presentations on licensing, compliance, and related sports wagering topics. He also made himself available to audience participants for further one-on-one discussions.

The Lottery is working with DSLBD to put forth a calendar of capacity-building virtual trainings and events for FY 2021.

**52. Please provide a copy of current revenue projections for sports wagering in the District. Please explain the differences between the fiscal 2020 projections.**

The below charts demonstrate the difference in revenue between the Sports Wagering Revenue Estimates included in the District Columbia Budget and Financial Plan released in February 2020 versus February 2021. The difference in year-over-year Lottery-Operated revenue estimates can be directly attributed to pandemic-related impacts, which include a halt in nearly all major sporting events globally for several months (March – June), a significant decline in commuter and visitor traffic into the District, and a shift in the start date for the Lottery-operated Retail Sports Betting from Fall 2020 to the Summer 2021.



PRIVATE-OPERATED  
SPORTS WAGERING

Source	FY2020	FY2021	FY2022	FY2023	FY2024
February 2020 Revenue Estimate	\$1,398	\$1,883	\$2,072	\$2,279	\$2,507
February 2021 Revenue Estimate	\$273 (Actual)	\$2,596	\$2,856	\$3,141	\$3,455

LOTTERY-OPERATED  
SPORTS WAGERING

Source	FY2020	FY2021	FY2022	FY2023	FY2024
February 2020 Revenue Estimate	\$9,692	\$22,636	\$25,095	\$25,473	\$27,208
February 2021 Revenue Estimate	\$352 (Actual)	\$6,200	\$20,450	\$20,000	\$22,450

**53. Section 315(c)(1) of the Sports Wagering Lottery Amendment Act of 2018 requires that the first \$200,000 of revenue be used to fund programs through DBH. Can you provide an update on the status of these programs?**

The Department of Behavior Health (DBH) has conducted research to identify individuals with gambling addiction. This condition was typically a secondary diagnosis. For 2018 and 2019, DBH identified 109 and 140 individuals, respectively, diagnosed with gambling addiction issues.

DBH indicated they have developed a plan to address the gambling addiction incident rate within their treatment continuum which includes training to the provider network consultation and supervision for practitioners, utilizing DBH resources for a gambling hotline, and resources for coordination, prevention, and research. This plan is in the initial phase of implementation. The implementation will include a treatment approach for individuals that may require treatment and resources for a gambling addiction.

**54. Please provide the Committee with a copy of the Lottery’s contract with Intralot.**

The Intralot contract is several hundred pages long. The following link can be used to download the contract from the OCFO’s public contract website:

<https://dc.cobblestonesystems.com/public/ContractDetails.aspx?cid=1085&wc=oplYouSJ3cTDS2kwbVIpB7B9jkWJca5kFqoixwV30E72Kpa74yH7lUGDM23T14p9ucd%2fvN55d0v2NpJfGomhbA%3d%3d>

Additionally, we will provide the Committee with a hard copy of the contract under separate cover.

**55. Please provide a list of position title, description, funding source, position status (filled or vacant), and start date for all staff who have been or will be assigned to work on sports wagering.**

Fund	Name	Title	Salary	Fringe	Hire Date
6206	Kaba,Lena N	Licensing Coordinator	62,286	14,264	9/16/2019
6206	Warren,Robert L	Investigations & Enforcement Agent	82,332	18,854	10/28/2019
6206	Rendon,Luis	Investigation & Enforcement Officer	122,228	27,990	10/28/2019
6206	Foster Jr.,Burt B	Audit & Compliance Officer	122,228	27,990	1/6/2020
6206	Alvarado,Peter S	Director, Sports Wagering Regulation	169,548	38,827	1/21/2020
6206	White, Donna	Responsible Gaming Program Specialist	66,538	15,237	5/11/2020
6206	<b>Vacant</b>	Staff Assistant	78,079	17,880	n/a
6206	Peterson,Bridget	Compliance Auditor	102,775	23,536	2/16/2021
6206	Manuel,Ardie A	Compliance Auditor	102,775	23,536	2/1/2021
6206	Beloshitskaya,Jane Y	Financial Auditor	83,651	19,156	10/26/2020
6206	Kiernan,Melissa S	Financial Investigator	89,998	20,610	8/17/2020
<b>TOTAL</b>			<b>1,082,438</b>	<b>247,880</b>	

56. Please provide a complete budget for fiscal year 2021 – including dollar amounts, source codes, contracts, that is projected or anticipated to be spent on the implementation of sports wagering.

Fund	Index	PCA	Comptroller Object	Account Description	FY 2021 Budget
6206	96900	10690	0111	Regular Pay - Continuing FT	\$ 1,183,707
6206	96900	10690	0114	Fringe Benefits	271,069
6206	96900	10690	0115	Overtime Pay	20,000
6206	96900	10690	0201	Office Supplies	5,000
6206	96900	10690	0210	General Supplies and Materials	5,000
6206	96900	10690	0401	Travel - Local	2,500
6206	96900	10690	0402	Travel - Out of City	7,500
6206	96900	10690	0408	Professional Services - Contracts	175,000
6206	96900	10690	0409	Contractual Services - Other	2,775,000
6206	96900	10690	0417	IT Consulting Contracts	625,000
6206	96900	10690	0419	Tuition for Employee Training	5,500
6206	96900	10690	0424	Conference Fees	10,000
6206	96900	10690	0425	Membership Dues	10,000
6206	96900	10690	0442	IT Software Maintenance	7,000
6206	96900	10690	0710	Equipment & Rental (IT Hardware)	15,000
					<b>\$ 5,117,276</b>

Contract#	Vendor Name	Description	Exec. Date	Term	Exp. Date	Base Value
CFOPD-20-C-012	Spectrum Gaming	Due Diligence Investigative Services	11/4/2019	Base+ 4 Years	11/3/2021	\$994,700.00
CFOPD-19-C-019	Gaming Laboratories (GLI)	Sports Betting Consultant	3/18/2019	Base + 4 years	3/27/2022	NTE \$250,000.00
CFOPD-20-C-019A	Michael & Carroll, P.C.	Due Diligence Investigative Services	1/9/2020	Base+ 4 Years	1/8/2021	NTE \$1,158,550
CFOPD-21-C-002	Limbic Systems Inc.	Licensing Portal	12/11/2020	Base+ 4 Years	12/10/2021	\$629,370.00

**57. Please discuss the marketing strategy for sports wagering and include in your answer, the amount budgeted for marketing sports wagering in the District for fiscal 2021.**

The marketing plan for *GambetDC*'s is strategically designed to raise brand awareness, drive consumer excitement, and acquire and retain customers. Our marketing goals for *GambetDC* are to:

- Establish a robust sports betting brand that builds on the credibility and integrity of the existing DC Lottery brand;
- Position *GambetDC* as an exciting and conveniently-available option for sports betting in the District of Columbia;
- Create awareness and educate stakeholders on:
  - the *GambetDC* brand and product
  - the Lottery's responsible gaming initiatives and
  - the revenue benefits for the District of Columbia
- Develop an engaging social media presence that will provide a voice and community for *GambetDC* and fosters community-driven engagement.

Traditional advertising channels such as radio and Out of Home are supplemented with robust email, social and digital marketing campaigns. The Lottery has formed partnerships with some popular sports brands in the DC market to help further the marketing goals for *GambetDC*, including leveraging local podcasts, influencers, and several other lifestyle brands.

In May 2020, we introduced *GambetDC* to the marketplace with the tagline line "Sports. Only Better." As sports were reintroduced to the world following the pandemic-related halt, *GambetDC* was available to Washingtonians to not only enjoy their favorite pastime, but also to place bet in a safe and convenient way. Marketing assets emphasize convenience, fun and safety/integrity. Videos were produced with local sports celebrities, such as Brian Mitchell, to educate players on the art of sports betting and how to navigate *GambetDC*.

The goal of acquiring and retaining players is at the root of all marketing efforts. We follow the principles of the CRM Lifecycle Management model (CLM is the measurement of multiple customer-related metrics, which, when analyzed for a period of time, indicate performance) and heavily monitor and adapt our digital marketing efforts accordingly. *GambetDC* offers competitive sign up promotions in place to entice registrations and first-time deposits. Once a player becomes a registered user of *GambetDC*, they receive personalized communications to enhance their betting experience. Customer support is provided 24/7 via a toll-free phone number, email and chat. We are constantly enhancing the product and product marketing, including promotions, to meet the market demands.

The Lottery commits 3% of handle (sales) generated via *GambetDC* to its marketing budget, which to-date represents approximately \$3 million.

**58. Please provide a status update of the GAMBETDC sports wagering mobile app. How many users have downloaded the app and how many users are projected to download the app in fiscal year 2021? In your response, please provide the following for fiscal 2020, and 2021 to date:**

The Lottery launched *GambetDC*, the digital platform that supports wagering on authorized sporting events via a citywide mobile application (app) and website, on May 28, 2020, despite there being few major league sporting events to wager on at the time. As of January 31, 2021, there are 18,312 registered users. We are seeing the number increase daily thanks to multi-media advertising campaigns utilizing radio, digital and social media, as well as creative out-of-home channels. We have also engaged potential users and gained registrations through promotional offers and contests. We anticipate doubling the number of registered players in FY 2021. Approximately 50% of the gross gaming revenue (GGR), which is the amount played minus the total payout, generated through *GambetDC* is net profit to the District.

**a. Total amount played;**

FY 2021: \$17.5 million (as of January 31, 2021)  
FY 2020: \$6.4 million (May 28, 2020 – September 30, 2020)

**b. Total payout; and**

FY 2021: \$14.1 million (as of January 31, 2021)  
FY 2020: \$5.4 million (May 28, 2020 – September 30, 2020)

**c. Number of wagers played.**

FY 2021: 496,692 (as of January 31, 2021)  
FY 2020: 197,637 (May 28, 2020 – September 30, 2020)

**59. Please provide a detail narrative of how the agency handles GAMBETDC technical and performance complaints.**

The Lottery's gaming system technology vendor provides a 24-hour customer care toll-free hotline and chatline to handle player inquires, including any complaints regarding technical and performance issues related to *GambetDC*. If/when a player is not satisfied with the assistance they receive from the vendor-provided customer care team, customer care is directed to escalate these matters immediately to the Lottery's Director of Resources Management who manages the player relationship until the issue is resolved. Please see Attachment M.

**a. How many complaints did the agency receive during FY20 and FY21, to date?**

The Lottery received four (4) escalated complaints in Fiscal Year 2020 and five (5) escalated complaints in Fiscal Year 2021.

**b. Has the agency noticed any trends in complaints?**

In Fiscal Year 2020, the complaints were predominately related to geolocation issues. In Fiscal Year 2021 to-date, the complaints have predominately been related to withdrawals.

**60. With respect to GAMBETDC and iLottery platforms, please fully describe any operating limitations presented by the Shipstead-Luce Act in the District. Please provide any reports, research papers, research, and/or analysis on the subject matter.**

The appropriations act that established the Lottery and its funding source in 1982 also included language that prohibited the advertising and sale of lottery games within the Federal enclave as geographically defined by the Shipstead-Luce Act. Thirty-nine years later, this prohibition is still in existence, which means that the Lottery cannot license retailers, sell games, or advertise its games or brand within the monumental and governmental core of the District, along much of the Potomac waterfront, or abutting Rock Creek Park. This prohibition extends to the Lottery's sports betting and iLottery platforms, and licensing of private sports wagering operators as well.

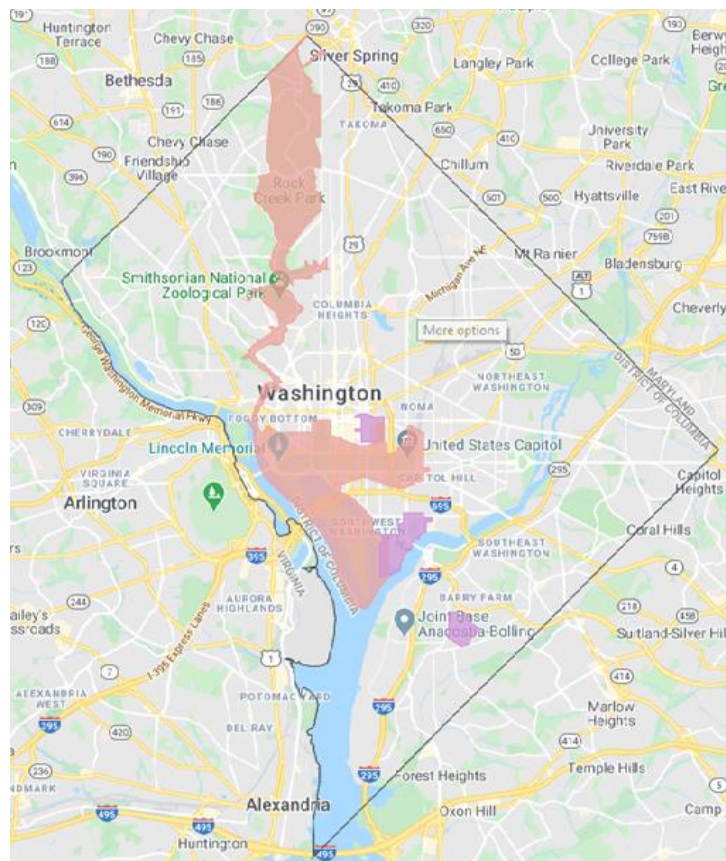
Essentially, the Lottery and its gaming licensees cannot have any presence in the heart of the District where people go to work, do business, and come to visit.

In addition to the enclave restriction, the Lottery also cannot operate its sports wagering mobile app or license sports wagering retail locations within the 2-blocks surrounding the four designated Class A facilities: Audi Field, Capital One Arena, Nationals Park, and St. Elizabeths East Entertainment Sports Arena. (iLottery can operate within the 2-blocks surrounding Class A facilities.)

These location-based restrictions are complex to navigate both from a player perspective and from an operational standpoint. While all U.S. jurisdictions must comply with the Federal Wire Act, which requires all wagering to remain within the state's jurisdictional boundaries, and can

quite easily relay this law’s requirement to players/consumers, the Lottery through in-app pop up messages and multi-media marketing campaigns must continuously communicate where the “restricted from play” areas are within the District and precisely why the app or website won’t allow them to place a wager even though they are physically within the District. The perception is that the *GambetDC* and *DC iLottery* platforms don’t work when they are working exactly as required by District and federal laws when not allowing wagers to take place within significant areas within the District.

The map below depicts the areas in which Lottery-operated gaming is prohibited. The pink-shaded area is the area defined by the Shipstead-Luce Act, while the purple-shaded areas are the Class A sports wagering facilities and the surrounding 2-block zones.



Both the *GambetDC* and *iLottery* platforms utilize sophisticated geolocation technology that pinpoints a player’s location to ensure they are within the District’s boundaries and not within any of the restricted areas of the District where play is prohibited. The Lottery receives reports from the geolocation technology provider that details information about successful and failed transaction. The below excerpt provided by the geolocation provider (GeoComply) details the

number of failed transactions on each platform from August 28, 2020 through February 23, 2020, and where those transactions occurred. Please note that the number of transactions failed represent multiple attempts by the same players, which is why it far exceeds the number of players who failed at placing a wager while in an exclusion zone.

<b>Platform</b>	<b># of Players Failed in the Exclusion Zones</b>	<b># of Transactions Failed in the Shipstead-Luce Act Boundary</b>	<b># of Transactions Failed in the Capital One Arena Boundary</b>
GambetDC	4,205	38,760	13,704
iLottery	79	635	n/a

- 61. Please provide a list of all studies, research papers, reports, and analyses that the agency prepared or contracted for during FY20 and FY21, to date. Please state the status and purpose of each. Please submit a hard copy to the Committee if the study, research paper, report, or analysis is complete.**

FY 2021 REPORTS

Sports Wagering Financial Reports

Sales reports for *GambetDC*, the Lottery’s sports betting platform, are posted to dclottery.com by the 5<sup>th</sup> of each month. Please see Attachment N for year-to-date FY2021 reports from October 1, 2020 through January 31, 2021.

Financials for private sports wagering operators (William Hill is currently the only licensed operator) are posted to our regulatory site by the 15<sup>th</sup> of each month. Please see Attachment N for year-to-date FY2021 reports from October 1, 2020 through January 31, 2021.

FY 2020 REPORTS

Sports Wagering Financial Reports

Sales reports for *GambetDC*, the Lottery’s sports betting platform, are posted to dclottery.com by the 5<sup>th</sup> of each month. Please see Attachment N for FY2020 reports from launch (May 28, 2020) through September 30, 2020.

Financials for private sports wagering operators (William Hill is currently the only licensed operator) are posted to our regulatory site by the 15<sup>th</sup> of each month. Please see Attachment N for FY2020 reports from launch (July 31, 2020) through September 30, 2020.

*Gaming Impact Study: Analysis of Impacts of Licensing and Regulating Electronic Games of Skill in the District of Columbia*

Prepared by Spectrum Gaming Group

April 8, 2020



The Lottery engaged Spectrum Gaming Group to provide an independent analysis of impacts of licensing and regulating electronic Games of Skill in the District. The Lottery directed Spectrum to provide a report that includes the following:

1. An estimate of the existing presence of unregulated electronic games of skill machines operating within the District.
2. A projection of potential revenue to be generated from licensing and regulating electronic games of skill machines in the District of Columbia.

Please see Attachment N for full report.

**62. Please identify any legislative requirements that the agency lacks sufficient resources to properly implement.**

While, overall, the District financially benefits from the programs that the Lottery regulates, including privately operated sports wagering and the soon-to-launch electronic Games of Skill, the cost of licensing and ongoing compliance of private operator licensees has a net impact on the Lottery's annual transfer as they exceed the anticipated fees collected by license applicants. The licensing fees collected and the program costs for privately operated sports wagering are detailed in our response to Question 49.

Accordingly, the Lottery will be seeking legislative authorization to collect from license applicants any costs of due diligence investigations that exceed the licensing fee amount so we do not have to offset these costs with revenue that would otherwise be Lottery transfer to the General Fund.

**63. Please identify any legislation and regulations the agency plans to introduce during the remainder of FY21.**

The Lottery anticipates conducting the following rulemakings in FY21:

- Adoption of rules governing retail-based District operated sports wagering;
- Amending the 50/50 charitable raffle rules to authorize the sale of 50/50 charitable raffle tickets over the internet or through the use of a mobile application;
- Amending the Race2Riches monitor game rules to implement a new *Race2Riches* game that can be played at retail locations and on the District's iLottery platform;
- Amending the *Powerball* rules to align with changes to be implemented by the Multi-State Lottery Association (MUSL);
- Amending the *Mega Millions* rules to align with changes to be implemented by MUSL;

- Amending the *Lucky-for-Life* rules to align with changes to be implemented by the *Lucky-for-Life* group of lotteries.