

**Office of the Chief Financial Officer
Office of Lottery and Gaming
Responses to Questions
Committee on Business and Economic Development
Performance Oversight Hearing
February 22, 2023**

Racial Equity

1. In response to the Committee’s questions last year about addressing racial inequity, the Office of Lottery and Gaming (OLG) stated that the Office could increase marketing and communications to diverse business organizations about the licenses OLG offers. Please provide an update, including a description of OLG’s marketing and communication activity targeting diverse business organizations and how the Office targets diverse business organizations for marketing and communication.

The mission of the Office of Lottery and Gaming (OLG or DC Lottery) is “to responsibly maximize revenue generation for the District of Columbia through the sale of innovative lottery and sports wagering products while providing gaming regulation and oversight that upholds the highest standards of integrity and public trust.” 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.

For the last 40 years, OLG has partnered with a diverse network of small businesses to offer our games and promotions at retail locations throughout each of the District’s eight wards and OLG is constantly looking for ways to expand. In 2021, OLG committed to increasing marketing and communications to diverse business organizations about our licensing opportunities. Below is a listing of our efforts to support this initiative.

Lottery Licensing

OLG’s communication and marketing efforts begin at www.dclottery.com. On this site, parties interested in becoming DC Lottery retailers can find information regarding our organization; requirements to qualify for a DC Lottery retailer license; and obtain an application. OLG works closely with the business community and strategically aligns with relevant partner organizations to educate business owners about the benefits of becoming a DC Lottery licensee and the positive impacts that it can have on the community.

OLG created a strategic partnership with the Mayor’s constituency offices to reach diverse communities. In August of 2022, OLG participated in Empower the Community Weekend (ECW). ECW is a one-day family centered event that brings together the largest East African community in the Washington DC area. The event focuses on helping people to thrive and to live a productive life by providing resources and empowering information.

In September 2022, OLG partnered with the Mayor’s Office on Latino Affairs (MOLA) and provided support for the Breakfast with Seniors event. As part of Hispanic Heritage Month, the event honors seniors and celebrates the legacy, wisdom and cultural heritage that they have passed on to new generations. This yearly breakfast reception builds and strengthens seniors’ commitment to the Latino community.

In October 2022, OLG partnered with the Mayor’s Office on Asian & Pacific Islander Affairs (MOAPIA) and provided support for the Diwali (the festival of lights) event.

OLG has a relationship with the Restaurant Association of Metropolitan Washington (RAMW) as well as an on-going relationship of more than five years with the DC Chamber of Commerce. These relationships provide many opportunities and events where we can interact with diverse businesses of all sizes. OLG also has a long-standing relationship with the Korean Grocers Association which we utilize to introduce ourselves and our mission to this thriving business community.

Furthermore, OLG fully participates in the District’s Language Access Program to speak to current and future retailers in their native or preferred language. Under this program, OLG offers translated documents and interpretation services in the requested language of potential and current retailers.

Privately Operated Sports Wagering Licensing

Class B licenses by their nature tend to involve local CBE businesses. This has been the case in the first two Class B licenses issued. Consequently, the increased activity in the Class B licensing area is promoting a diversity and local involvement in sports wagering. In the Class B category, OLG issued its first license to Grand Central Sports Book, which began operations in October 2021. Grand Central’s Management Services Provider (MSP), Elys Gameboard Technology, was also the first MSP licensed in the District. Additionally, OLG just recently licensed its first-Class B Joint Venture (JV) called Over Under with JV Partners Cloakroom and Elys Gameboard. Three Class B applications have been started and discussions have been initiated with a major local gaming operator that will be seeking a Class B license.

2. In last year’s responses, OLG also provided that the Office could modify its applications to include the option of providing demographic information, to better shape marketing and recruitment efforts. Has OLG done this? If so, please provide any results and explain how this information has helped OLG improve racial equity. If not, please explain why.

Demographic information was captured on applications for *GambetDC* and Game of Skill retailer applications. The questions regarding demographics are optional and not all applicants choose to answer them. Below are the tables showing the results of the responses by applicants for the period covering July 2021 to January 31, 2023:

GambetDC Sports Wagering Retailers (61 total applications)

Demographic	Number
Males	3
Females	1
African American	17
White	17
Asian	11
Native-American	0
Other	0
Hispanic/Latino	0

Games of Skill Applications (28 total applications)

Of the 28 applications received, 11 answered the optional questions though many limited their answers to only certain questions.

Demographic	Number
Males	9
Females	2
African American	1
White	8
Hispanic or Latino	1
Asian	0
Two or more races	1
High school	2
Bachelor's Degree	6
Master's degree	2

Race, gender and ethnicity are not considered in determining suitability for any licenses issued by OLG. This information is gathered, on a voluntary basis, for information purposes to identify potential trends. The information is relatively new and OLG is in the initial stages of using such information for marketing and recruitment purposes.

Changes to include demographic information on privately-operated sports wagering applications were considered, but not implemented because, with the exception of occupational licenses, 100 percent of the applicants are entities not individuals. Specifically, the applicants tend to be large national and international companies with complex organizational structures that cross multiple business lines. OLG will continue to evaluate if adding demographic questions to privately-operated sports wagering would be beneficial in the future.

3. Describe any areas/programs where OLG has had success in building racial equity over the past year and include an explanation of how OLG measures success in building racial equity through that area/program.

OLG is committed to driving racial equity and believes it essential to the success of the organization in its mission. OLG developed and launched new Mission, Vision and Values across the organization in 2021. This included the addition of a new Equity and Inclusion Value, which reads as follows:

Equity and Inclusion - We are committed to including and valuing diverse voices and fostering a culture that ensures all staff, customers, and stakeholders feel a sense of belonging and are encouraged to be their true self.

While the addition of this value isn't immediately measurable, it signifies how equity and inclusion are at the core of who we are and what we do. OLG prides itself on having a diverse employee population and leadership team. It is committed to building on its success internally and fostering an environment that values diversity and ensures equity.

In addition, OLG has built a successful Language Access Program, working with the DC Office of Human Rights (OHR). In Fiscal Year 2020 (latest available year), OLG received top scores for assisting limited-English and non-English populations (LEP/NEP) in accessing OLG products and services. OLG, via its website, offers public-facing documents in the top six non-English languages spoken in the District. OLG offers telephonic interpretation services for those visiting our facilities. OLG continues to strive to earn high marks in its diversity efforts.

In Fiscal Year 2022, OLG conducted outreach to the Amharic community by hosting three (3) "How to Become a Retailer" events. We also bought an advertisement in El Tiempo Latino to support Latino newspapers.

OLG will also continue to work with the Mayor's constituency offices to develop ways we can further build racial equity and access to OLG products and services.

4. In response to the Committee's questions last year, OLG explained that the Office collects data on the location of licensed lottery retailers to ensure there is equitable access to Lottery products across all wards. Please provide the number of licensed lottery retailers in each ward.

Ward	Lottery Retailers
1	39
2	48
3	26
4	56
5	67
6	39
7	41
8	38
Total (1/27/2023)	354

- a. Please provide the number of stops the Lucky Lottery Mobile truck made, per ward, during each of the past six months.

8/31/2022	Giant Wisconsin Ave NW- Ward 3
9/7/2022	Dupont Circle Metro- Ward 2
9/14/2022	Gallery Place Chinatown- Ward 2
9/21/2022	Patriots Plaza- Ward 6
9/28/2022	H Street Corridor- Canceled- Ward 6
10/5/2022	Barracks Row- Canceled- Ward 6
10/12/2022	Foggy Bottom Metro- Canceled- Ward 2
10/19/2022	Southwest Waterfront- Ward 6
10/26/2022	NOMA- Ward 6

5. Consider one operational data point and one performance data point where OLG collects, or could collect, information on race, and describe how OLG could use this data to inform future programmatic decisions.

Bi-annually, OLG conducts a study to better understand its brand and its players. Race information is collected from over 1,000 respondents. This information provides a resource for OLG to understand the racial composition of our players and assist in the creation of better products, promotions, and programs that translate to improvements in customer satisfaction and brand engagement.

Operationally, OLG collects on race from participants in its Self-Exclusion Program. The Self-Exclusion Program 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 item of value from a DC Lottery-licensed facility, retail location, or mobile wagering platform. The Self-Exclusion Program was launched in May 2020 and was updated in January 2022. The data is analyzed to determine if racial disparities exist amongst participants identifying as problem gamblers.

- a. In response to this question last year, OLG described the Self-Exclusion Program launched in 2019. Please provide an update on this program and describe any patterns OLG has identified.

The Self-Exclusion Program has been available to the public since sports wagering was launched in May 2020. Under the program, individuals could choose to exclude themselves from any gambling activity including lottery for periods of 18 months, three years, five years and lifetime. During the time of exclusion, they are prohibited from participating in any gambling activities and will forfeit any gambling winnings.

Initially Self-Exclusion was only available to those that made a request in-person at OLG's headquarters office. The program was expanded in January 2022 to include an option to self-exclude online (internet). Prior to this option only two individuals had requested Self-Exclusion. As of January 31, 2023, 14 individuals have enrolled in the program, 12 of them using the online option. Consequently, the online enrollment method has been shown to be the preferred method. Another pattern noted is that all enrollees are male. In addition, over 50% of the enrollees have requested a lifetime exclusion. The following provides some additional demographics of those that have excluded:

Race: 9 White, 4 African American and 1 middle eastern

Residence: District of Columbia- 4; Maryland-6; Virginia-2; and Pennsylvania-2.

Ages: 25 to 30- 2; 30 to 40- 9; 40 to 50- 2; and 50 or older- 1

6. Consider what a racially equitable District of Columbia would look like and describe how OLG's operations would reflect this achievement.

OLG is committed to driving racial equity throughout all of its operations, both internally and externally. OLG is proud of its highly diverse workforce and leadership team and continuously works to ensure that its employees embrace equity and inclusion, one of OLG's key core values.

OLG's racial equity efforts go beyond its workforce and include marketing and promotion efforts that help ensure that our diverse player base has equal access to OLG lottery and sports wagering communication, education, and products. OLG achieves this through its use of inclusive advertising in minority publications and minority broadcast and digital media.

OLG also ensures that our footprint is seen throughout the community by participating in cultural and community events throughout District. In addition, when able to operate safely, OLG makes sure that its Lucky Lottery Mobile visits each Ward to reach players in the District's diverse neighborhoods.

Racial equity efforts for OLG also extend into our retailer licensing efforts. The following three programs encourage a diverse environment that promotes racial equity in the District. 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. OLG promotes transparency in its licensing process to ensure a fair and level "playing field" for all applicants. All that meet the qualifications are licensed. Consequently, it is expected that the results of OLG's efforts in promoting the three programs below will promote a racial demographic that is reflective of the District.

Traditional Lottery Retailers

As of January 27, 2023, there were 354 licensed DC Lottery retailer locations operating in

the District. A year earlier that number was 376. While there were some fluctuations in the number of licensees, the primary difference is attributable to previously counting administrative retailers (i.e., Retail numbers assigned to finance, Prize Center and others for the purpose of performing accounting functions). Our goal for Fiscal Year 2023 and beyond is to increase the number of licensed DC Lottery retailers by recruiting new retailers using marketing and outreach efforts to promote racial equity.

Sports Wagering Retailers

GambetDC's self-service betting terminals (“Kiosks”) are now in 60 sports wagering licensed retail establishments throughout the District. Since these machines are in social settings as well as in local community convenience and liquor stores, it shows diversity in the types of businesses being licensed that could promote racial/ethnic equity in *GambetDC's* retail operations.

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.

Operators and MSPs are also required to submit a CBE plan to the Department of Small and Local Business Development (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 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 equity.

To promote CBE participation and encourage racial diversity, OLG works closely with DSLBD on a variety of capacity training opportunities relating to recruitment initiatives and sports wagering licensing; the training opportunities were outlined in more detail in our previous responses. The Director of OLG’s Regulation and Oversight division along with executive staff also regularly 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 OLG is helping to foster racial equity in privately-operated sports wagering operations.

General Questions

7. Please provide a current organizational chart for OLG, 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 when the information was collected. Additionally, provide the following:

Please see Attachment A for OLG’s organizational chart.

- a. An explanation of the roles and responsibilities of each division and subdivision;

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

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

In FY 2022, Lottery's Licensing Division was realigned under the Oversight & Regulations Division to more efficiently and effectively perform the licensing of retailers and private operators, as well as provide compliance oversight of those establishments. The realignment allows for the streamlining and uniformity of processes, duties and responsibilities, in addition to more efficient uses of resources. The realignment moved ten (10) Full-Time Equivalents (FTEs) from the Licensing Division to the Oversight & Regulations Division which included eleven (11) FTEs, for a total of twenty-one (21) FTEs. In addition, the reporting of the Oversight & Regulations Division moved from the oversight of the Lottery Chief Operating Officer to a direct reporting line to the Executive Director. This helps further separate the regulatory and licensing functions for privately operated gaming from the operations of Lottery.

8. Please provide a current Schedule A for OLG, which identifies each position by program and activity, with the employee's title/position, salary, fringe benefits, and length of time with the Office. Please note the date when the information was collected. The Schedule A should also indicate whether 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 OLG's Schedule A

9. Please discuss how the District's lottery sales and transfers to the General Fund are performing compared to anticipated projections for Fiscal Year 2023. Discuss the performance for Fiscal Year 2022 and how it compares with Fiscal Years 2021 and 2020. Finally, please provide the dollar amount transferred to the General Fund for Fiscal Years 2020, 2021 and 2022.

OLG's Fiscal Year 2023 year-to-date transfer (as of December 31, 2022) is \$12.5 million, which is \$650,000 or 4.6% less than Fiscal Year 2022's transfer of \$13.1 million through the same period in FY 2022. The Fiscal Year 2023 decrease in transfer is primarily the result of a higher prize payout percentage compared to the same period in Fiscal Year 2022. Fiscal Year 2023 prize payout percentage through December 31, 2022 is 67.73%, as compared to 60.85% through the same period in Fiscal Year 2022.

OLG's Fiscal Year 2022 transfer was \$40.7 million, a decrease of \$7.4 million or 15.4% below the Fiscal Year 2021 transfer of \$48.1 million, largely due to a decrease in sales and an

increase in prize payout percentage. The Fiscal Year 2022 prize payout was 60.36% as compared to 55.48% in Fiscal Year 2021.

OLG's Fiscal Year 2021 transfer was \$48.1 million, an increase of \$10.1 million or 26.6% above Fiscal Year 2020 transfer of \$38 million, largely due to an increase in sales and a reduction in prize payout percentage. The Fiscal Year 2021 prize payout was 52.21% as compared to 59.09% in Fiscal Year 2020.

Lottery sales for Fiscal Year 2023 (as of December 31, 2022) total \$56.1 million, compared to \$55.8 million through the same period last year. This represents a \$344,323 or .5% increase. Fiscal Year 2023 year- to-date terminal game sales are \$39.8 million, compared to \$39.9 million through the same period last year. This represents a \$137,628 or .2% decrease from last year. Fiscal Year 2023 year-to-date Instant Ticket sales are \$10.3 million, compared to \$12 million through the same period last year. Instant Ticket sales have decreased by \$1.7 million or 14.2%. Fiscal Year 2023 year-to-date e-Instants sales total \$5.9 million, compared to \$3.8 million through the same period last year, representing a \$2.1 million or 55.3% increase. Sports Wagering sales for Fiscal Year 2023 (as of December 31, 2022) total \$20.2 million with 692,320 wagers placed, compared to \$15.6 million with 625,295 wagers placed. This represents an increase in Sports Wagering sales of \$4.6 million or 29.5% and 67,025 or 10.7% in wagers placed.

Lottery sales for Fiscal Year 2022 totaled \$217 million, compared to \$224 million in Fiscal Year 2021. This represents a \$7 million or 3.1% decrease. Fiscal Year 2022 and Fiscal Year 2021 terminal game sales totaled \$154 and \$169.3 million, respectively, which amounted to a year-over-year decrease of \$15.3 million or 9%. Fiscal Year 2022 Instant Ticket sales totaled \$43.9 million, compared to \$46.6 million in Fiscal Year 2021, representing a \$2.7 million or 5.8% year-over-year reduction. Fiscal Year 2022, e-Instants sales totaled \$19.1 million, compared to the Fiscal Year 2021 inaugural year amount of \$8 million, representing an \$11.1 million or 139% year-over-year increase. Sports Wagering sales for Fiscal Year 2022 totaled \$57.5 million with 1,948,640 wagers placed, compared to the Fiscal Year 2021 total of \$40.7 million with 1,226,366 wagers placed. This represents year-over-year increases in Sports Wagering sales of \$16.8 million or 4.1% and \$722,274 or 58.9% in wagers placed.

Lottery sales for Fiscal Year 2021 totaled \$224 million, compared to \$208.1 million in Fiscal Year 2020. This represents a \$15.9 million or 7.6% increase. Fiscal Year 2021 and Fiscal Year 2020 terminal game sales totaled \$169.3 and \$160.9 million, respectively, which amounted to a year-over-year increase of \$8.4 million or 5.2%. Fiscal Year 2021 Instant Ticket sales totaled \$46.6 million, compared to \$47.1 million in Fiscal Year 2020, representing a \$515,871 or 1.1% year-over-year decrease. Lottery launched *GambetDC* on May 28, 2020; in Fiscal Year 2021 Sports Wagering sales totaled \$40.7 million with 1,226,366 wagers placed.

10. Please list all intra-District transfers to or from the Office in Fiscal Years 2022 and 2023, to date. For each transfer, include the following details:

a. Buyer agency;

Please see Attachment D

- b. Seller agency;
Please see Attachment D
- c. 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 Memorandum of Understanding ("MOU") services;
N/A
- f. Total MOU amount, including any modifications;
N/A
- g. Whether a letter of intent was executed for Fiscal Years 2022 or 2023, and if so, on what date;
N/A
- h. The date of the submitted request from or to the other agency for the transfer;
N/A
- 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).

11. Please list any additional intra-district transfers planned for Fiscal Year 2023, including the anticipated agency(ies), purposes, and dollar amounts.

Metropolitan Police Department (MPD), October 1, 2022 – September 30, 2023, Finger printing services, \$8,300.

12. Please list all MOU executed by OLG during Fiscal Years 2022 and 2023, 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.

FY 2022 - Metropolitan Police Department (MPD), September 1, 2022 – September 30, 2022, Finger printing services, \$2,080.

13. *(No question was provided).*
14. Please list the ways, other than MOU, in which the Office collaborated with analogous agencies in other jurisdictions, with federal agencies, or with non-governmental organizations, during Fiscal Years 2022 and 2023, to date.

As a member of the Multi-State Lottery Association (MUSL) and the North American Association of State and Provincial Lotteries (NASPL), OLG collaborates with our counterparts in other jurisdictions on games, promotions, while sharing best practices and tackling issues collectively to assist with efforts in individual jurisdictions and strengthen and improve the industry as a whole. The Executive Director for OLG serves on the MUSL Board and MUSL Powerball Marketing Committee, as well as the NASPL Internet Committee and Sports Betting Committee.

OLG's Marketing and Product teams collaborate with other lotteries to understand keys to growth and best practices. In Fiscal Year 2022, OLG conducted an instant ticket best practices session with the South Carolina Education Lottery, which is one of the top 10 performing U.S. lotteries with instant tickets. In addition, OLG has leveraged its relationship with the North Carolina Education Lottery, one of the top 10 lotteries in overall growth in the country, for best practices across marketing, communications, product development, sales and general operations.

OLG's Regulation and Oversight Division ("Division") has engaged in a formal information sharing agreement 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 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. In late February 2021, OLG was approved for a 3-year-term membership in FinCEN's Bank Secrecy Act Advisory Group (BSAAG).

In July 2023, the National Council on Program Gambling (NCPG) is, for the first time, having its annual conference in Washington, D.C. Consequently, OLG has been working closely with the NCPG on a variety of issues including presentation opportunities, OLG booth, and, overall, providing general assistance to the NCPG at the national conference.

15. Please list each contract, procurement, or lease ("contract"), executed, extended, and option years exercised by the Office during Fiscal Years 2021, 2022, and 2023, to date. For each contract, please provide the following information, where applicable:
 - a. Name of the contracting party;
 - b. Contract number;

- c. Contract type (e.g., HCA, BPA, Sole Source, sing/exempt from competition award, etc.);
- d. Nature of the contract, including the end product or service;
- e. Contract's outputs and deliverables;
 - f. Status of deliverables;
- g. Dollar amount of the contract, including amount budgeted and amount actually spent;
- h. 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. Name of OLG's contract monitor and the results of any monitoring activity; and
- n. Funding source.

Please see [Attachments E \(list of contracts\)](#) and [F \(list of procurements\)](#).

16. Please list all Requests for Proposals ("RFPs") planned or currently out for solicitation by OLG and include a brief description of each.

[OLG is considering issuing an RFP \(or RFPs\) for Lottery Gaming Systems and Services and Sports Wagering Gaming Systems and Services.](#)

17. Please provide an update on the expected timeline previously provided for the following the Mobile Vendor contract.

[The Mobile Vending Contract CFOPD-22-C-025 was awarded to M Jones Companies, LLC on 4/25/2022.](#)

18. Please attach copies of the required annual small business enterprise ("SBE") expenditure reports for OLG for Fiscal Years 2022 and 2023, to date.

- 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 in which the agency engaged 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 OLG submitted the required information for Fiscal Year 2021? Please provide a copy as an attachment.

[Please see Attachment G.](#)

19. Please provide the Committee with OLG's SBE goals for Fiscal Years 2021, 2022, and 2023.

[FY 2021 SBE goal: \\$14,741,522 --- SBE Spend: \\$15,371,041 --- 104.27% \(Exceeded Goal\)](#)

FY 2022 SBE goal: \$21,652,893 --- SBE Spend: \$18,565,835 --- **85.74%** (to be adjusted based on actual contract spend)

FY 2023 SBE goal: \$20,886,511

The FY 2022 goal and spend information is what is reported in the District Enterprise System (DES). However, OLG has identified adjustments that need to be made to the goal due to actual contract spending. In addition, there are also adjustments that need to be made to the reported expenses. OLG is confident that when these adjustments take place, we will have met or exceeded our FY 2022 goal.

20. Please provide a breakdown of the SBE contracts awarded to minority and women owned businesses by OLG in Fiscal Years 2021, 2022, and 2023, to date.

Please see Attachment H.

21. For Fiscal Years 2022 and 2023, to date, please list any purchase card spending by the Office, including the employee making each expenditure and the general purpose for each expenditure.

Please see Attachment I.

22. Please identify all electronic databases maintained by OLG, 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 access to all or part of each system.

Please see Attachment J.

23. Describe efforts by OLG over the past year to make its activities more transparent to the public.

The gaming industry's existence and success is predicated on the public's trust and confidence in its operations and activities. Therefore, OLG must continuously strive for transparency in its work to ensure the integrity of all its offerings.

OLG prides itself on being as transparent as possible with the public. OLG's website contains a wide array of information about our games, promotions, winners, where OLG's revenue goes, and provides access to financial statements from 1997 through last year. The public can also gather information on our Instant "Scratcher" prizes remaining. Daily draws can be viewed on the DC Lottery's website. Winning numbers are posted twice a day and multi-state games' numbers are posted immediately after the draws occur.

The Regulatory and Oversight division is responsible for regulating private operated gaming

operators and their suppliers, including sports wagering and electronic Games of Skill. The public can find posted on OLG's website monthly financial statements for both privately-operated sports wagering and the District-operated sports wagering platform, *GambetDC*. A list is also provided on the website that identifies all sports wagering licensees (except occupational licensees). The website includes the minimum internal control standards applicable to all sports wagering operators and management service providers.

In furtherance of transparency, OLG held public roundtables in June 2022 where public comments, verbal and written, were solicited received with respect to current rules. OLG is considering these comments in proposed rules to be published later this year.

OLG continued to partner with DSLBD to deliver capacity building seminars to encourage small, local, businesses to consider engaging in the sports wagering industry. These seminars provided local businesses opportunities to network and interact with well established businesses in the sports wagering industry.

OLG continues to advertise and promote its products to the public and looks for ways to educate our players and retailers about games and products. OLG has 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 *GambetDC* and DC *iLottery* platforms. Additionally, OLG has updated its responsible gaming program and we continue to educate the playing public about responsible game play.

24. Please list all recommendations identified by the Office of the Inspector General, DC Auditor, or other federal or local oversight entities during the previous 3 years and provide an update on actions taken to address these recommendations. If the recommendation has not yet been implemented, please explain why.

- FY 2022 – Follow-up responses to ODCA's FY 2021 Audit. – Please see Attachment K-Follow-up for complete response. *Office of the District of Columbia Auditors (ODCA)*
- FY 2021 - OLG should re-evaluate their NSF policy to ensure retailers face monetary penalties for reoccurring NSFs. – No action taken. Please see Attachment K 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 K 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 K 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 K for the complete response. - *ODCA*
- FY 2021 - OLG should establish and communicate uniform licensing requirements for prospective DC Lottery retailers. Action taken. Please see Attachment K for the complete response. - *ODCA*
- FY 2021 – Update procedures to provide comprehensive guidelines on the maintenance and monitoring of the fleet management program including well-defined regulatory compliance oversight roles and enforcement. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 – Train all access users on the Geotab system functions and reporting. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 – Conduct periodic reviews of Authorized Drivers to ensure drivers maintain compliance with requirements, including a periodic briefing of safety requirements. Action Taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 – Establish a vehicle operator checklist. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 - Secure payment for the outstanding ticket and going forward, ensure all traffic enforcement violations are paid timely by vehicle operators. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 - Implement a process for vehicles returned after hours that ensures access control and proper safeguarding of fleet keys. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 - Develop recordkeeping standards and enforce submission and collection of adequate records and supporting documentation of fleet utilization. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 - Ensure adequate monitoring of Geotab and vehicle utilization logs is maintained by Support Services and Department Heads. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 - Implement a process to periodically review and analyze vehicle records and billing statements to ensure accuracy of the costs allocated to OLG. Action taken. Please see Attachment L for the complete response. – *OIO Auditors*
- FY 2021 - OLG should comply with contract terms and the appointment of duties memo from the CO to the COTR and not approve invoices without supporting documentation for all work performed, including work by CBEs. Action taken. Please see Recommendation #9 on Attachment M for complete response. -*ODCA*

- FY 2021 - OLG should require the assigned COTR to ensure adherence to terms of the contract or appoint personnel best suited to fulfill COTR duties. Action taken. Please see Recommendation #10 on Attachment M for complete response. – ODCA
- FY 2021 – OLG should consider building out a *GambetDC* retail network to increase revenue and benefit the District as authorized by the legislation. Action taken. Please see Consideration #1 on Attachment N for complete response. – ODCA
- FY 2021 - OLG should consider granting operator licenses to additional privately sponsored sportsbooks to enhance revenue as authorized by legislation. No action taken. Please see Consideration #2 on Attachment N for complete response. – ODCA
- FY 2021 – OLG should consider increasing the 10% tax rate on GGR to enhance total revenue. No action taken. Please see Consideration #3 on Attachment N for complete response. - ODCA
- FY 2021 – OLG should consider negotiating terms to eliminate OLG’s obligation to cover the contractor’s other direct operating expenses. Action taken. Please see Consideration #4 on Attachment N for complete response. - ODCA
- FY 2021 – OLG should consider increasing payouts in order to further incentivize bettors to place bets with *GambetDC* to increase overall revenue even though it would reduce the District’s GGR margin. Action taken. OLG increased its *GambetDC* payout percentage from 80% to 90% for a one-year pilot program that commenced on February 11, 2022. Please see Consideration #5 on Attachment N for complete response. - ODCA
- FY 2021 – OLG should consider improving the *GambetDC* apps user experience and resolving technical issues experienced by users to assist in attracting additional bettors to *GambetDC*. Action taken. Please see Consideration #6 on Attachment N for complete response. – ODCA

25. Please provide a list of all studies, research papers, reports, and analyses (“reports”) that OLG prepared or contracted for in Fiscal Years 2022 and 2023, to date. Include a description and status update for each. If the report is complete, please include a link.

In Fiscal Year 2022, OLG commissioned the following research:

- Player Benchmark Study – This benchmark study is fielded every two years and is meant to gain a baseline understanding of DC Lottery players and track their game play, spending and attribute ratings on factors associated with the DC Lottery.
- Brand Study – This brand study is fielded every two years and builds upon the Player Benchmark Study. The goal of this study is to better understand the perceptions of the DC Lottery brand among players and non-players.

See attachments O and P.

26. List all awards, recognition, or accolades that OLG was awarded or nominated for in the past year.

OLG did not receive any awards in the past year.

27. Please list all settlements entered into by OLG or by the District on behalf of OLG in Fiscal Years 2022 and 2023, to date, and provide the parties' names, 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.

28. Please describe OLG's procedures for investigating allegations of sexual harassment or misconduct committed by or against its employees. List and describe any such allegations received by OLG in Fiscal Years 2022 and 2023, to date, regardless of whether those allegations were resolved.

Allegations of sexual harassment or misconduct are quickly and thoroughly investigated. If an investigation finds credible evidence that substantiates the allegation, appropriate disciplinary action is taken against the offender.

29. Please list any administrative complaints or grievances that OLG received or resolved in Fiscal Years 2022 and 2023, to date, broken down by source. For any complaints or grievances resolved in Fiscal Years 2022 and 2023, to date, describe the resolution.

None.

30. Please describe the process used by OLG to respond to complaints or grievances, and any changes to OLG policies or procedures that have resulted from complaints or grievances received.

Customer complaints and grievances are tracked by OLG's Resources Management Department. When complaints and grievances are received, they are uploaded to Zendesk and assigned by the Resources Management Department to the appropriate OLG staff person for a response. The resolution of each complaint is tracked in the Zendesk application. Please see Attachment Q.

31. Please identify any legislative requirements that OLG lacks sufficient resources to properly implement.

None.

32. Please list and describe any legislation or regulation the Office plans to introduce during the remainder of Fiscal Year 2023.

OLG does not plan to introduce any legislation or regulation during the remainder of Fiscal Year 2023.

33. Please list and describe any updates to OLG rules and regulations made in Fiscal Years 2022 and 2023, to date.

OLG adopted amendments to District Operated Sports Wagering Rules to clarify betting rules (30 DCMR ch. 20).

34. List any new games introduced by the Lottery in Fiscal Year 2022 and describe how they are performing.

OLG introduced 28 new Instant Tickets in FY 2022, which is six less game releases than FY 2021. With less foot traffic and overstock at store locations, Instant Ticket orders from our retailer partners slowed significantly. Accordingly, OLG adjusted the number of games released per month to ensure proper inventory levels. In FY 2022, Instant Ticket sales totaled \$44,071,300 million.

Instant Ticket Games Launched in FY 2022

Game Launch Month	Price Point	Game Name	FY 2022 Sales
October	\$2	Jumbo Bucks Supreme	\$348,200
October	\$10	Win Big	\$1,871,700
October	\$20	200X	\$3,704,100
November	\$1	Festive \$50s	\$220,600
November	\$2	A Wreath of Franklins	\$280,400
November	\$5	Full of \$500s-Holiday Edition	\$854,000
December	\$2	Tic Tac Multiplier	\$383,200
December	\$5	Mega Multiplier	\$1,144,800
December	\$10	X (Ten)	\$1,699,800
January	\$1	40 th Anniversary	\$334,800
January	\$5	40 th Anniversary	\$1,094,800
January	\$10	40 th Anniversary	\$1,378,500
February	\$2	Fireball 5s	\$377,200
February	\$5	Wild Numbers 10X	\$1,241,400
February	\$10	The Big \$10	\$1,432,800
March	\$3	Lucky Letter Crossword	\$315,300
April	\$1	Cash Time	\$210,400
April	\$20	\$5,000 Loaded	\$1,853,400
May	\$1	\$50 Loaded	\$254,600
May	\$2	\$100 Loaded	\$295,000
May	\$5	\$500 Loaded	\$1,002,200
May	\$10	\$1,500 Loaded	\$1,193,400
June	\$5	Hot Hot Cash	\$680,000

July	\$10	Double Your Money	\$823,200
August	\$2	Triple 333	\$186,000
August	\$5	Win It All Jackpot	\$463,400
September	\$1	District Diamonds	\$96,600
September	\$10	51 st State	\$384,000

**DC iLottery eInstant Games Launched in
FY 2022**

Game Launch Month	Price Point	Game Name	FY 2022 Sales
Wednesday, October 6, 2021	0.10 - 10.00	Cauldron of Cash	\$1,260,288.30
Wednesday, October 27, 2021	0.50 - 20.00	Autumn Cascade	\$713,864.00
Wednesday, November 17, 2021	0.05 - 25.00	Holiday Towers	\$341,086.20
Wednesday, December 8, 2021	0.20 - 20.00	Vegas Cash Drop	\$2,666,565.30
Wednesday, December 29, 2021	0.25 - 40.00	Viking Voyage	\$528,901.00
Wednesday, January 19, 2022	0.10 - 20.00	Lucky DC Keno	\$167,628.10
Thursday, February 10, 2022	0.50 - 20.00	Jungle Tumble Jackpots	\$1,147,322.00
Wednesday, March 2, 2022	0.20 - 20.00	Extreme Green	\$933,957.80
Wednesday, March 23, 2022	0.10 - 10.00	Diggin' For Dollars	\$511,308.70
Wednesday, April 13, 2022	0.10 - 20.00	Stars & Stripes	\$108,164.90
Wednesday, May 4, 2022	0.05 - 2.00	50x the Money	\$768,581.00
Wednesday, May 25, 2022	0.10 - 20.00	Super Gems	\$199,837.30
Wednesday, June 15, 2022	0.10 - 20.00	Magic Mix up	\$684,120.30
Wednesday, July 6, 2022	0.20 - 20.00	Doublin' Doubloons	\$408,916.40
Wednesday, July 27, 2022	0.20 - 20.00	Lucky Golden Multiplier	\$660,761.20
Wednesday, August 17, 2022	0.50 - 20.00	Prospector's Jackpots	\$369,328.50
Wednesday, September 7, 2022	0.10 - 10.00	Retro Multiplier	\$207,810.20
Wednesday, September 21, 2022	0.10 - 20.00	Halloween Multiplier	\$130,387.80

35. List and describe any new games planned for Fiscal Year 2023.

For FY'23, OLG is slated to launch approximately 37 instant games, including a new \$30 ticket. This will be the first \$30 ticket launched since September 2019. Additionally, we will launch a multiplier family of games in February 2023, and bring back the highly popular DC-7s instant ticket in September 2023.

FY'23 INSTANT TICKET LAUNCH PLAN

Game Launch Month	Price Point	Game Name
October	\$3	10X Bingo
October	\$5	Fab 4
October	\$20	Nothing But Cash
November	\$1	Peppermint Payout
November	\$2	Merry Money Multiplier
November	\$5	Festive \$500s
December	\$2	2023
December	\$5	Fat Wallet
December	\$10	\$50, \$100& \$500 Blowout
January	\$1	Lucky 7s
January	\$5	DC Payout
January	\$10	Premier Payout
February	\$1	5X the Cash
February	\$2	10X the Cash
February	\$5	25X the Cash
February	\$20	100X the Cash
March	\$3	Loteria
March	\$5	Did I Win?
March	\$10	DC Black
April	\$1	Sapphire 6s
April	\$2	Ruby Red 7s
April	\$5	Emerald 8s
May	\$3	Bonus Crossword
May	\$5	Wild Cash Multiplier
May	\$30	Ultimate Riches
June	\$1	\$50 Frenzy
June	\$2	\$100 Frenzy
June	\$5	\$500 Frenzy
July	\$1	Sizzling Hot Cash
July	\$5	Money to Burn
July	\$10	Red Hot Riches
August	\$5	Lady Luck
August	\$5	\$50,000 Crossword
August	\$20	\$5,000 Frenzy
September	\$2	Find the 9s
September	\$5	DC-7s
September	\$10	Fantastic 10s

Fiscal Year 2023 is set to be a promising growth year for DC Lottery’s latest gaming outlet. iLottery will launch 26 new e-Instant games in Fiscal Year 2023 and has plans to add a new e-Instant vendor, bringing an array of innovative game styles to enhance player experiences. With the addition of a new mobile application in the summer of 2023, iLottery will provide fun and excitement to players at the touch of a button.

FY 23 iLOTTERY E-INSTANT GAMES LAUNCH PLAN

Game Launch Date	Game Name
10/5/2022	Enchanted Multiplier
10/19/2022	Viva Las Jackpots
11/2/2022	Holiday Stacked Cash
11/16/2022	Merry Multiplier
11/30/2022	Walrus Winnings
12/14/2022	Icy Winnings
12/18/2022	Casino Multiplier
1/11/2022	25 Card Cash Bonus
1/25/2023	Winter Wonders
2/8/2023	Premier Payout
2/22/2023	Bloomin' Bucks
3/8/2023	It's Your Lucky Day
3/22/2023	Egyptian Mini Cluster (linked jackpot)
4/5/2023	Wild Eagle Multiplier
4/19/2023	High Card Keno
5/3/2023	Diamond Multiplier (linked jackpot)
5/17/2023	Summer Landmarks
5/31/2023	Spicy 7s
6/14/2023	Mega Cards
6/28/2023	Farming Fortunes Jackpot (single jackpot)
7/12/2023	Big Cash Catch
7/26/2023	Multiplier Mania
8/9/2023	Instant Lotto (single jackpot)
8/23/2023	Drop the Beat
9/6/2023	Cash Vaults
9/20/2023	DC Multiplier Wilds

36. List any games that were retired in Fiscal Year 2022.

OLG closed 24 instant games in Fiscal Year 2022. The games closed based on percentage sold, time in market, and remaining top prizes available.

Price Point	Game Name
\$5	Quick \$500s
\$5	Make It Rein
\$2	Holiday Magic
\$1	Snow Bank
\$5	Red Hot 5s Doubler
\$10	\$100,000 Jackpot
\$5	\$50,000 Jackpot
\$1	\$1,000 Jackpot
\$1	2 For the Money
\$5	Radio One
\$2	\$100 Win
\$1	Lucky Bucks
\$10	Blazin' Suits
\$5	Q/K of Hearts
\$20	Roaring Cash
\$5	Cash
\$1	2020
\$20	Electric Diamonds
\$2	Electric Deuces
\$2	Cash Up
\$3	Slingo
\$20	\$5,000 Frenzy
\$2	Suits
\$3	Blazing Hot Crossword

37. Please provide the Committee with an overview of the *iLottery* betting platform. In your response, please include the following information for Fiscal Years 2022 and 2023, to date:

- b. Total amount played;
- c. Total payout; and
- d. Number of wagers played.

As of December 2022, DC *iLottery* has just closed out its second full year of serving the District as its newest digital sales platform. Moving into its third fiscal year, *iLottery* continues to generate new revenue for the District by responding to the marketplace's growing demand for innovative new entertainment options and making Lottery more convenient for our technology-driven players.

Players can access iLottery from their smart phone, computer, or tablet, and once registered for an account, can play the games while physically in the District, except within some areas 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, PayPal, and Skrill. 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 OLG.

On *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 instant games we call "e-Instants". E-Instants are instant win games similar to traditional paper scratch tickets sold in retail stores, but these electronic games are strictly offered online. New e-Instant games are added bi-weekly to the *iLottery* website.

In addition to eInstant games, *iLottery* now has *Race2Riches* as its newest contributor to a plethora of draw games which also includes *Powerball*, *Mega Millions*, *Lucky for Life*, *DC3*, *DC4*, and *DC5* available on the platform.

Fiscal year 2022 proved to be a pivotal year for *iLottery* as enhanced promotional and Customer Relationship Management (CRM) capabilities were successfully implemented, creating fun ways to connect with players through amazing playing experiences and offerings. With a thorough growth plan for Fiscal Year 2023, *iLottery* will see its online platform grow even more with the addition of a new e-Instant vendor, new game functionalities, and the birth of a new digital app in the summer of 2023.

- e. Total amount played;
- f. Total payout; and
- g. Number of wagers played.

DC iLottery - FY 2023 to date (1/30/23)			
Amount Played	\$8,065,926.85	\$1,223,434.80	\$9,289,361.65
Total Payout	\$7,061,807.57	\$370,553.31	\$7,432,360.88
Number of Wagers	4,782,250	380,391	5,162,641

DC iLottery - FY 2022			
FY 2022	e-Instant	Draw	Total
Amount Played	\$19,118,574.05	\$1,923,712.70	\$21,042,286.75
Total Payout	\$16,812,153.67	\$534,998.30	\$17,347,151.97
Number of Wagers	10,513,829	725,089	11,238,918

38. Please provide a table comparing the number of establishments selling Lottery tickets over the past five fiscal years. (Peter)

As of January 27, 2023, there are 354 traditional licensed Lottery retail locations in the District.

Year	Number of Licensed Agents
FY 2023	354*
FY 2022	379
FY 2021	376
FY 2020	412
FY 2019	401
FY 2018	409

*Note: In Fiscal Year 2022 and prior, the agent count included more than 10 administrative accounts (e.g., Prize Center) used for accounting purposes. A quality check of the system of record (BOS) was performed in Fiscal Year 2023 and resulted in the removal of several retailer accounts that were closed but still listed as active in BOS. For these reasons, there was not a reduction in retailers between Fiscal Year 2022 and Fiscal Year 2023. The number of active retailers increased by about four retailers.

h. How many outlets are planned or anticipated for Fiscal Year 2023 and the next five fiscal years?

Expected Retailer Growth	
FY 2023	380
FY 2024	395
FY 2025	410
FY 2026	417
FY 2027	420
FY 2028	425

39. In response to the Committee’s questions last year about Instant Ticket sales, OLG described a strong level of increasing Instant Ticket sales at the beginning of FY2022. Did OLG find this continued through FY2022. Please provide a quarterly sales totals of Instant Tickets for FY2022-2023, to date.

OLG continued strong sales from the end of the FY’21 into the Q1 of FY’22 with the launch of our \$20 200X scratcher. However, as the fiscal year progressed, OLG experienced a decline in sales compared to the prior year due to significant inventory and the impact of economic distresses on retail traffic in the District. This was in lieu of the launch of our 40th Anniversary scratchers (Q2), Loaded Family of games (Q3), and District-themed tickets that were launched at the end of the fiscal.

FY’22	Total Sales
QTR 1	\$12,064,100

FY’22	Total Sales
QTR 2	\$10,943,600

FY’22	Total Sales
QTR 3	\$10,988,600

FY’22	Total Sales
QTR 4	\$10,075,000

Total FY’22 Sales: \$44,071,300

FY’23	Total Sales
QTR 1	\$10,420,400

40. With the return of the Lottery Sales Coordinators to the field in FY 2022, how has reintroduction of these agents OLG gone for OLG, has the agency found any issues in the reintroduction of the agents and taken steps to mitigate them?

One of the challenges the agency has had with the re-introduction of Sales Coordinators was the engagement with lottery agents and establishing key relationships with owners. To help overcome that challenge, a specific cadence (bi-weekly sales visits per retailer) was set up to allow for structured visits that allowed for specific deliverables/metrics to be met.

Additionally, to allow for a more effective and efficient servicing of retailers, territory re-organizations commenced last year for each Sales Coordinator to further assist and complement in-field sales activities and make it easier to increase the frequency of visits.

41. Describe the steps taken by OLG to monitor fraud, theft, and abuse of Instant Tickets and Scratchers.

OLG takes 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. OLG's monitoring activities include, but are not limited to, the following:

- OLG'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).
- OLG'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 OLG's Security division.
- OLG'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 OLG's telephone sales (tel-sel) operation.
- Strick compliance with regulations which require system receipt of the Instant Ticket inventory 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 OLG'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 OLG to bring them into compliance.
- OLG's billing terms were reduced to allow for quicker cash collections.
- Routine exterior rounds are conducted by OLG's contract security officers, to ensure doors are secured.
- OLG'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 OLG's Back Office System. OLG's Security division receives live notifications when validations of Instant Ticket inventory marked as stolen are attempted. OLG Security uses this information to assist the Metropolitan Police Department in apprehending suspected burglars. OLG Security also reviews the surveillance cameras at retailer locations when available and applicable to help with lottery-related investigations.
- OLG's Security division communicates with industry security personnel regularly to discuss current trends, associated risk, and proactive solutions.
- OLG's Security division provides oversight of the gaming system by issuing and monitoring system access.

42. In its responses to the Committee's questions over the past two oversight periods, OLG stated that implementation of an online application processes for retail licensing for Charitable Games had been delayed. Please provide an update on this effort.

We are currently working with OLG's communications department and vendor to develop an online application for charitable games. We expect to launch an official online application by September 30, 2023.

43. Please describe the steps taken in Fiscal Years 2022 and 2023, to date, to be more competitive with Maryland and Virginia.

The loss of in-office workers has changed the retail environment in the District where many of our valued customers are no longer commuting into the District five days a week. OLG is strategically planning and adjusting to this paradigm shift with a sharp focus on the players living within the District. OLG is continually adapting and evolving its product offering and promotions strategy to not only be more competitive with neighboring jurisdictions, but also focus on our growth products: *Scratchers*, *Fast Play*, *GambetDC*, and *iLottery*. OLG will

continue to offer its loyal player rewards and incentives to ensure core players maintain DC Lottery brand preference, as well as develop products and promotions that are only sold in the District. OLG's annual product plan aims to provide players with new and exciting product offerings, enhanced payout features, and unique player experiences. For example, OLG is launching a \$30 ticket that should be uniquely positioned within the DMV region. In addition, OLG plans to add a new third-party vendor for e-instant games on our *iLottery* platform. This would provide a variety of games not currently offered by Virginia (Maryland does not currently sell lottery online).

Lottery will continue to find new and innovative ways to differentiate itself from competing jurisdictions. *GambetDC* and *iLottery* provide current and new players with digital playing experiences that are comparable to Virginia and Maryland (sports wagering only). OLG continues to study players' motivations and buying habits, and continues to develop new games, products, promotions, partnerships, and more that will drive people to actively choose to come into the District to purchase tickets and wagers. For example, the following enhancements were made to better enhance the user experience:

- The *dclottersportsbetting.com* webpage was folded into *dclottery.com* to streamline content and improve user experience.
- A new *dclottery.com* homepage launched. This new landing page gives more opportunities to showcase promotions and products and better incorporates *iLottery/Play Now* via winning numbers cards.
- A content optimization project recently began to identify content updates needed on *dclottery.com*.
- A website redesign/refresh project is planned to boost ecommerce efforts through the addition of an *iLottery* game lobby on *dclottery.com*.
- API integrations to ensure our customers are always updated on Powerball and Mega Millions.
- Increase the amount of scratcher games to meet the demands of our devoted players who like to see more new games.
- Ensure our marketing talks to the value of playing in the District versus other states.

Sports Wagering

44. Please discuss, with specificity, initiatives implemented by OLG in Fiscal Years 2022 and 2023, to date, to improve small and local business participation, specially by minority and women owned businesses, in sports wagering in the District.

- a. In response to a similar question during last year's Performance Oversight period, OLG provided that the Office was working with DSLBD to plan an expanded capacity building program focusing on how to involve CBEs from various business sectors in sports wagering. Please provide an update on this, including a description of the program, outreach/advertising to make CBEs aware of the program, and any data available to measure success.

FY 2022 Initiatives

OLG and DSLBD have continued to conduct capacity training events focused on sports wagering licensing and recruitment. The following are activities conducted during FY 2022. Plans are currently in process for training events for FY 2023. DSLBD has the responsibility of outreach and advertising to CBEs to ensure they are aware of the training events.

Inside Track: Working with Caesar's, BetMGM, FanDuel, and Grand Central

Date: January 11, 2022

Place: Virtual.

OLG and DSLBD invited business owners to learn how to own and operate a Sportsbook and hear directly from the experts that manage Caesars, BetMGM, FanDuel, and Grand Central. The session featured the following speakers: Brian Vasile, Owner of Grand Central; Johnny Grooms, Manager of BetMGM; and David Grolman, Manager of Caesars.

Power Hour: How to Become a Class B Licensee with OLG

Date: June 22, 2022

Place: Virtual.

OLG and DSLBD invited business owners to learn more about the application process for becoming a Class B Licensee. The session featured the following speakers: Peter Alvarado, Director, OLG Regulation & Oversight Division; and Burt Foster, Audit & Compliance Officer, OLG Regulation & Oversight Division.

Inside Track: How to Do Business with FanDuel

Date: June 29, 2022

Place: Virtual.

This session helped small businesses learn how to market their goods and services to FanDuel, for work performed in the District and other states. Attendees had the opportunity to hear directly from the experts that manage

FanDuel. The session featured the following speaker: Jeff Lowich, Vice President of Retail Ops for FanDuel.

Power Hour: Managing Risks as a Class B Sports Wagering Operator

Date: August 18, 2022

Place: Virtual.

Building upon the success of the Power Hour series over the past two (2) years, DSLBD and OLG showcased a thought leadership program discussing Class B Sports Wagering operations. This session featured the following speakers: Brian Vasile, Owner of Grand Central, and Peter Alvarado, Director of OLG Regulation & Oversight Division.

Inside Track: Behind the Scenes at Caesars Sportsbook

Date: August 16, 2022

Place: Caesars Sportsbook 601 F St NW Washington, DC 20004

Caesars opened its doors privately for CBEs to tour the facility. The tour covered some key operational functions of a thriving sportsbook, such as security protocols, cash window/payouts, staffing, and a range of other pertinent areas of the gaming business. This event was an excellent opportunity for CBEs to understand better how sportsbooks operate and will hopefully build capacity in the legal sports wagering industry. The session featured the following speaker: Zachary Edwards, DC Area Manager of Caesars Sportsbook.

Inside Track: Jumping Into Sports Wagering Joint Ventures

Date: September 28, 2022

Place: Virtual.

The “Jumping Into Joint Ventures” workshop allowed attendees to hear first-hand the process of forming a Joint Venture that satisfies DSLBD rules and qualifies for significant discount on Class B application fee (i.e., \$25,000 v. \$100,000) and other related benefits. The session featured the following speakers: Dina Chanaud, Controller of 476 K LLC T/A Cloakbook DC, and Tory Key Business Development of Elys Gaming Technology.

Mentor-Protégé: Security and Surveillance

Date: Fiscal Year 2022

Place: Virtually

Caesars mentored Infinity Solutions in developing and implementing required Standing Operating Procedures to comply with OLG internal control standards for security and surveillance. These sessions feature the following mentor: Kim McAllister.

Mentor-Protégé: Supplier Diversity Mentorship

Date: Fiscal Year 2022

Place: Virtually

The program provided CBEs with support from subject matter experts at BetMGM, including business resources to enhance suppliers' leadership skills and operational efficiencies to compete in any corporate supply chain.

Outreach and advertising of Initiatives

Working with DSLBD, we use a variety of methods to promote and advertise Initiatives including the following:

- DC Business Toolkit (<https://www.dcbusiness toolkit.com/>)
- DSLBD social media
- Direct email to DSLBD mailing lists
- Advertisements on OLG and DSLBD websites
- Everbrite (indoor/outdoor signage)

Success Metrics

- Attendance at events
- Evaluations conducted after the events
- Business opportunities resulting from events (DSLBD tracks event participants through to actual business opportunities)

45. Please list all current applicants for Class B licenses, to date, and provide an update on the status of those applications.

The following is the list of all Class B license applications **submitted** and their status:

Entity	Submitted	Status	Comments
Handle 19	FY2020	Denied 1/28/21	Applicant withdrew application Feb 2021
Grand Central	FY2021	Approved	License issued 8/26/2021
476K (The Cloakroom)	FY2021	Approved	License issued 12/21/2022; Joint Venture (Cloakroom and ELYS)

Handle 19's application was denied on January 28, 2021. OLG subsequently allowed Handle 19 to withdraw their Class B application which they did so on February 19, 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. For each licensed operator listed, please provide the following information for Fiscal Years 2022 and 2023, to date:

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

Caesars Sportsbook (a)		Wagers	Handle	Payout	GGR	CBE (f)
FY2020		182,200	\$ 21,318,281	\$ 18,585,864	\$ 2,732,417	\$ 156,381.41
FY2021		1,515,101	\$ 144,285,149	\$ 123,056,956	\$ 21,228,193	\$ 1,793,076.78
FY2022		1,184,761	\$ 111,946,605	\$ 101,735,534	\$ 10,211,070	\$ 1,181,354.61
FY2023		315,847	\$ 21,886,215	\$ 18,758,756	\$ 3,127,459	\$ -
Totals		3,197,909	299,436,250	262,137,110	37,299,140	\$ 3,130,812.80
BetMGM (b)						
		Wagers	Handle	Payout	GGR	CBE
FY2021		58,572	\$ 2,602,808	\$ 2,268,073	\$ 334,735	\$ 1,320,893.83
FY2022		929,759	\$ 39,166,634	\$ 36,325,733	\$ 2,871,822	\$ 2,100,866.45
FY2023		272,602	\$ 15,898,470	\$ 14,790,723	\$ 1,107,747	\$ -
Totals		1,260,933	\$ 57,667,912	\$ 53,384,529	\$ 4,314,304	\$ 3,421,760
Grand Central (c)						
		Wagers	Handle	Payout	GGR	CBE
FY2021						\$ 7,100.00
FY2022		124,861	\$ 5,545,065	\$ 4,802,680	\$ 742,386	\$ 245,059.50
FY2023		36,196	\$ 1,408,501	\$ 1,166,621	\$ 241,881	\$ -
Totals		124,861	\$ 5,545,065	\$ 4,802,680	\$ 742,386	\$ 252,159.50
FanDuel (d)						
		Wagers	Handle	Payout	GGR	CBE
FY2021						
FY2022		33,321	\$ 3,387,704	\$ 2,837,758	\$ 549,946	\$ 923,784.00
FY2023		59,621	\$ 5,156,914	\$ 3,948,180	\$ 1,208,734	\$ -
Totals		92,942	\$ 8,544,617	\$ 6,785,938	\$ 1,758,680	\$ 923,784.00
Over Under/Cloakbook (e)						
FY2021		-	\$ -	\$ -	\$ -	\$ -
FY2022		-	\$ -	\$ -	\$ -	\$ -
FY2023		25	\$ 1,644	\$ 1,192	\$ 452	\$ -
Totals		25	1,644	1,192	452	-
All Operators						
		Wagers	Handle	Payout	GGR	CBE
FY2020		182,200	\$ 21,318,281	\$ 18,585,864	\$ 2,732,417	\$ 156,381
FY2021		1,573,673	\$ 146,887,958	\$ 125,325,029	\$ 21,562,928	\$ 3,121,071
FY2022		2,272,702	\$ 160,046,007	\$ 145,701,706	\$ 14,375,225	\$ 4,451,065
FY2023		684,291	\$ 44,351,744	\$ 38,665,471	\$ 5,686,273	\$ -
Totals		4,712,866	\$ 372,603,990	\$ 328,278,070	\$ 44,356,843	\$ 7,728,517

a) Started operations on July 31, 2020

b) Started operations on June 4, 2021

- c) Started operations on October 1, 2021
- d) Started operations on June 30, 2022
- e) Started operations on December 29, 2022
- f) Through FY2022

Fiscal year amounts are through December 2022 except for CBE amounts which are through Fiscal Year 2022 (September 30, 2022). For October 2021, BetMGM incurred a GGR loss of (\$30,921.18). As a result, BetMGM did not owe any tax revenue for the month of October 2021. For tax revenue purposes, each month is independent and any GGR loss is not carried over or applied to another month. Accordingly, the BetMGM's \$30,921.18 GGR loss is effectively treated as \$0.00 and not applied against the GGR amounts reported in November 2021 through September 2022.

47. Describe the process and timeline for reviewing sports wagering applications for each type of license.

It is OLG's responsibility to ensure sports wagering is conducted in a fair and honest manner that protects the economic welfare and interest of the District, its residents, and all others engaged in sports betting activity. Accordingly, those (entities and individuals) seeking licensure are subject to OLG's strict qualification criteria consistent with other sports wagering regulators. In addition, those licensed are subject to oversight monitoring to ensure continued compliance with the District's laws and rules governing sports wagering.

A vital component of the licensing process is determining a sports wagering license applicant's suitability as to financial strength, integrity and credibility. Each applicant and its qualifiers (Applicant's 5% or more owners and entities or individuals having control over an Applicant) must undergo a thorough background investigation to ensure they meet our high standards for good character, honesty, integrity, and financial suitability to operate a sportsbook or supply its goods and services to a sportsbook operating in the District.

The due diligence investigations for each applicant (entity) and, if applicable, its parent company covers their regulatory history in other jurisdictions, financial stability, operational plans, compliance plans, internal controls, operating history, and recent litigation, among other areas. The investigations for each qualifier including officers, directors, board members or key investors of the applicant covers, among other areas, their employment history, criminal record check, compliance with state and federal taxes, investment holdings and financial suitability.

Scope of Due Diligence:

Class A and B Operators and Management Service Providers (MSP) pose a high risk as they are providing sport wagering services directly and any failure on their part could adversely impact the public and District. For this reason, greater due diligence is applied to Operators and MSPs. As an operational partner in a sportsbook, an MSP plays an instrumental role that includes risk management. Therefore, the MSP licensee is evaluated using the same criteria imposed on an Operator applicant.

For suppliers, the risk posed by each applicant is taken into consideration in determining the appropriate amount of due diligence to be conducted. There is a wide variety of services and products offered by suppliers, and based on the risk to sports wagering, due diligence is performed commensurate with risk.

An Occupational License is required for individuals whose work duties are directly related to or involve sports wagering operated under the jurisdiction of OLG. Key personnel, such as directors, officers, and principal shareholders who have the power to exercise significant influence over decision making with respect to the applicant’s business operations are also required to be licensed.

The chart below depicts information and documentation that must be reviewed and approved by OLG prior to the issuance of any type of license.

	Class A	Class B	MSP	Supplier	Occupational
Basic Business License	X	X	X	X	
Certificate of Clean Hands	X	X	X	X	
Internal Controls vs OLG Minimal Internal Control Standards (MICS)	X	X	X		
Bond	X	X			
Reserves	X	X			
Labor Peace Agreement	X				
Test Lab Certifications	X	X	X	X	
Approved CBE Plan	X	X	X		
Financial Suitability Assessment (individual and/or entity)	X	X	X	X	X
Background Investigation (entity and/or individual qualifiers/sports book employees)	X	X	X	X	X

All license applications are submitted via OLG’s sports wagering online licensing portal. [Overview of the application review process:](#)

1. An Applicant commences a “draft” application via OLG online portal based on the required category of licensing (e.g., Class A or B Operator, Management Service Provider, Supplier, or Occupational).
2. The Applicant must complete the online licensing questionnaire and uploads supporting documentation before they are allowed to “submit” an application.
3. Once an application is “submitted” by the applicant, the licensing coordinator reviews the application for completeness.
4. A payment collection letter is sent to the applicant once all information and documents have been submitted and deemed complete and accurate by the licensing coordinator.

5. Due diligence begins once the applicant has paid the non-refundable application fee required for each license category.
6. An investigator is assigned the application and commences the due diligence process (background investigation, compliance with MICS (e.g., sports wagering system, security, surveillance, anti-money laundering program, responsible gaming program, house rules, etc.) and financial suitability assessment of the applicant (entity and/or individual)).
7. The investigator recommends approval or denial of an application to the Division Director based on the results of the due diligence.
8. A recommendation memorandum is circulated from the Division Director to OLG Chief Counsel for legal sufficiency.
9. The Executive Director ultimately issues an executive order approving or denying an application.

Approximate Timeline for Reviewing Sports Wagering Applications	
Class A and B Operator	9 to 12 months
MSP	9 to 12 months
Supplier	6 to 9 months
Occupational	Up to 2 months

- a. Describe what, if any, resources are provided to Advisory Neighborhood Commissions (ANC) and/or civic association groups when an applicant is pursuing a Class B license and seeks approval from the ANC.

No direct resources are provided to the ANC when an applicant is pursuing a Class B license, but OLG staff does make themselves available to answer questions regarding sports wagering including licensing requirements and compliance monitoring. In addition, during the past three years, OLG has also made presentations at ANC meetings (in-person and virtual).

48. Please provide an update on the Sports Wagering Regulatory & Oversight Division. Are there any revenues and expenses associated with the regulatory aspect of sports wagering? If so, please explain.

During Fiscal Year 2022, the Regulation and Oversight Division (Division) made significant updates in its internal procedures and processes to increase the efficiency in licensing and compliance oversight. To enhance transparency, the Division updated its Minimum Internal Control Standards (MICS) that detail the operational requirements for Class A, Class B and Management Service Providers. Interpretive guidance was also issued that clarifies some of the requirements for those businesses interested in becoming a Class B sports wagering operator. Lastly, OLG held a series of public roundtable meetings that provided the public

the opportunity to provide verbal and written comments on current rules. OLG is taking these comments into consideration in proposed rules anticipated to be published in the DC Register later this year.

OLG receives regulatory licensing fee revenue that is used to help offset regulatory costs. In general, the cost associated with licensing applicants exceeds the fees charged. As efficiencies are gained with experience, it is expected costs will decrease over time commensurate with fees. One exception is occupational licensing as further detailed in question #32 above.

In addition to the expenses detailed in the table below, the Division is working with the Office of Contracts to procure a central accounting system for Games of Skill and case management system for sports wagering.

Revenue	FY 2021	FY 2022	FY 2023	Total
Private Operator Licensing Fees	\$ 1,412,000.00	\$ 48,900.00	\$ 30,000.00	\$ 1,460,900.00
Payroll	FY 2021	FY 2022	FY 2023	Total
Sports Wagering Reg. & Oversight	\$ 1,248,291.17	\$ 1,342,276.32	\$ 242,344.86	\$ 2,590,567.49
Vendor	FY 2021	FY 2022	FY 2023	Total
Limbic Systems	\$ 580,770.00	\$ 417,424.99	\$ -	\$ 998,194.99
Spectrum Gaming	135,331.00	-	-	135,331.00
Gaming Laboratories, Inc (GLI)	46,375.00	127,975.14	-	174,350.14
Michael & Carroll, P.C.	29,289.38	20,030.00	-	49,319.38
Thomas Reuters	33,754.00	10,240.25	-	43,994.25
Assoc. of Certified Financial Crime Specialists	3,000.00	-	-	3,000.00
Gambling Compliance	13,050.00	-	-	13,050.00
National Council For Problem Gambling	32,750.00	-	-	32,750.00
Networking For Future, Inc.	60,694.44	-	-	60,694.44
Subtotal	\$ 935,013.82	\$ 575,670.38	\$ -	\$ 1,510,684.20
Grand Total	\$ 2,183,304.99	\$ 1,917,946.70	\$ 242,344.86	\$ 4,101,251.69
Suplus/ (Deficit)	\$ (771,304.99)	\$ (1,869,046.70)	\$ (212,344.86)	\$ (2,640,351.69)

*FY2023 (as of December 31, 2022)

49. Please provide list of all FTEs in the Sports Wagering Regulation & Oversight Division and indicate the salary and fringe for each.

Fund	Title	Salary	Fringe	Hire Date
6062001	Licensing Coordinator	68,740	15,742	vacant
6062001	Investigations & Enforcement Agent	87,344	20,002	11/21/2022
6062001	Investigation & Enforcement Officer	129,669	29,694	10/28/2019
6062001	Audit & Compliance Officer	129,669	29,694	1/6/2020
6062001	Director, Sports Wagering Regulation	179,869	41,190	1/21/2020
6062001	Responsible Gaming Program Specialist	75,127	17,204	5/11/2020
6062001	Staff Assistant	67,949	15,560	3/29/2021
6062001	Compliance Auditor	111,741	25,589	2/16/2021
6062001	Compliance Auditor	70,589	16,165	7/18/2022
6062001	Financial Auditor	90,503	20,725	vacant
6062001	Financial Investigator	95,793	21,937	vacant
TOTAL		1,106,993	253,504	

50. Regarding the Investigation and Enforcement unit of the Sports Wagering Regulation & Oversight Division, please provide the number of licenses processed and the number of investigations undertaken in Fiscal Years 2022 and 2023, to date.

Number of Licenses Processed (does not include occupational licenses, see question 32):

FY 2021: 14

FY 2022: 4

Number of Investigations:

FY 2021: 13

FY 2022: 10

51. Regarding the Audit and Compliance unit of the Sports Wagering Regulation & Oversight Division, please provide the number of audits and reviews performed in Fiscal Years 2022 and 2023, to date.

Number of audits:

Fiscal Year 2021: 1

Fiscal Year 2022: 2

Fiscal Year 2023: 0

Number of reviews and inspections:

Fiscal Year 2021: 10

Fiscal Year 2022: 21

Fiscal Year 2023: 06

During Fiscal Year 2022, OLG issued six warning letters relating to potential violations. In addition, it assessed one penalty of \$50,000 against Caesars Entertainment for accepting

wagers on prohibited sporting events.

Fiscal Year 2023 numbers are current as of January 31, 2023.

52. Please provide a copy of the current revenue projections for sports wagering in the District and explain the differences between the previous fiscal years’ projections.

The below chart demonstrates the difference in revenue between the Sports Wagering Revenue Estimates included in the District of Columbia Budget and Financial Plan released in December 2021 versus estimates released in December 2022. The increase in year-over-year Lottery-Operated revenue estimates can be directly attributed to continued program improvements, as well as heightened brand recognition of the *GambetDC* platform. The continued roll-out and expansion of retail sports betting has also impacted the estimates.

Privately Operated	FY2022	FY2023	FY2024	FY2025	FY2026
December 2021 Revenue Estimate	\$5,123	\$4,598	\$4,138	\$4,412	\$0
December 2022 Revenue Estimate	\$3,963	\$4,798	\$4,338	\$4,412	\$4,485
OLG Operated					
December 2021 Revenue Estimate	\$1,459	\$1,459	\$1,532	\$1,576	\$0
December 2022 Revenue Estimate	\$2,719	\$2,473	\$2,517	\$2,517	\$2,568

**shaded numbers are actuals for Fiscal Year 2022 (numbers in thousands)*

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 the Department of Behavioral Health. Please provide an update on the status of these programs.

As of January 2023, the Department of Behavior Health (DBH) has enlisted Danya Institute to assist with the development of the Problem Gambling prevention and recovery treatment program. DBH has also scheduled a meeting with Carnavale Consulting Firm for early February. The firm will work in tandem with the Danya Institute, external stakeholders and DBH in the development of a treatment program. DBH will also hire a Problem Gambling Specialist that will provide oversight of the program to ensure compliance and service delivery.

54. Please list each contract associated with sports wagering and provide a link for the Committee to access each. For each contract, please provide the following:

- a. Contracting party name & CBE status: Gaming Laboratories (GLI), non-CBE
- b. Brief description of service or product provided: Sports Betting Consultation
- c. Dollar amount, including amount budgeted and amount actually spent: \$250,000 budgeted, \$26,000 spent for FY 23
- d. Subcontracting status: n/a
- e. Name of OLG contract monitor. Antar Johnson

Link: <https://dc.cobblestonesystems.com/public/ContractDetails.aspx?cid=1073&wc=oplYouSJ3cTDS2kwbVIpB%2ffA%2b0axPvc3ap4nlhDSLketQG2vYsud0%2fcjO31td8drRO0rMu63b7nnwp%2bVO8bv3WJ15d8uOVwPqSPOzwtKVUY%3d>

- a. Contracting party name & CBE status: Taoti Creative, CBE
- b. Brief description of service or product provided: Advertising agency; contract spend includes lottery and sports betting.
- c. Dollar amount, including amount budgeted and amount actually spent: \$14,00,000.00 budgeted, \$1,602,721.73 spent for FY 23
- d. Subcontracting status: n/a
- e. Name of OLG contract monitor. Jayre Reaves

Link: <https://dc.cobblestonesystems.com/public/ContractDetails.aspx?cid=1255&wc=oplYouSJ3cTDS2kwbVIpB%2ffA%2b0axPvc3ap4nlhDSLket>

[QG2vYsud0%2fcjO31td8drRO0rMu63b7nnwp%2bVO8bv3WJ15d8uOVwPqSPOzwtkVUY%3d](#)

55. Please provide the Fiscal Year 2023 budget – including dollar amounts, source codes, contracts – projected or anticipated to be spent on the implementation of sports wagering.

OLG fully implemented the regulatory sports wagering program prior to FY 2022. The below costs are for ongoing operations.

Fund	Program	Cost Center	Account	Account Description	FY 2023 Budget
6062001	200132	20067	7011001	Regular Pay - Continuing FT	\$ 1,131,730
6062001	200132	20067	7014008	Fringe Benefits	259,166
6062001	200132	20067	7015001	Overtime Pay	20,000
6062001	200132	20067	7111002	Office Supplies	5,000
6062001	200132	20067	7111011	General Supplies and Materials	5,000
6062001	200132	20067	7131002	Travel - Local	5,000
6062001	200132	20067	7131003	Travel - Out of City	20,000
6062001	200132	20067	7131009	Professional Services - Contracts	60,000
6062001	200132	20067	7132001	Contractual Services - Other	2,775,000
6062001	200132	20067	7132002	IT Consulting Contracts	630,000
6062001	200132	20067	7131020	Tuition for Employee Training	5,500
6062001	200132	20067	7131024	Conference Fees	15,000
6062001	200132	20067	7131025	Membership Dues	10,000
6062001	200132	20067	7131036	IT Software Maintenance	20,000
6062001	200132	20067	7171008	Equipment & Rental (IT Hardware)	160,000
Total					\$ 5,121,396

56. According to an audit by the Office of the District of Columbia Auditor, the CBE spending on with Intralot to provide sports wagering, lottery gaming systems and related services for OLG has been less than 1% through the 3rd quarter of 2020.

- a. Please provide the following information for Fiscal Years 2020-2022
- b. Amount paid to each CBE per Fiscal Year; and.
- c. Percent Paid Toward Subcontracting Plan Amount.

CBE	Subcontracting Plan Amount	Amount Paid in FY 2020	Amount Paid in FY 2021	Amount Paid in FY 2022	% Paid Toward Subcontracting Plan Amount
VSC	\$109,650,000	\$1,165,539.35	\$574,553.40	\$7,576,988.08	8.5%
OCTANE	\$3,500,000	\$372,552.48	\$1,383,917.18	\$330,137.54	59.6%
PSC	\$3,000,000	\$439,403.00	\$136,180.00	\$290,110.00	28.9%
M JONES	\$1,250,000	\$148,231.20	\$574,553.40	\$284,693.12	81%
DSM	\$1,200,000	\$0	\$25,148.00	\$43,200.00	5.7%
SBC	\$600,000	\$119,558.05	\$225,938.92	\$213,762.06	93.2%
GMP	\$300,000	\$63,703.75	\$60,000.00	\$65,000.00	41.2%
Total	\$119,500,000	\$2,308,987.83	\$7,158,770.68	\$8,803,890.80	

See Attachment R for CBE spend information.

57. Please discuss the marketing strategy for sports wagering and include the amount budgeted for these activities for Fiscal Year 2023.

Fiscal Year 2023 Marketing Strategy:

Primary Focus:

- Increase Retail Players and Digital Registrations
- Increase First Time Deposits
- Increase Active Players

Secondary Focus:

- Promote new user experience & new product features (parlay cards, etc.)
- Heavy emphasis on the sporting events: NFL, World Cup, World Series, etc.
- Continue to shift local perceptions to a more positive sentiment of *GambetDC* by highlighting our new brand positioning and competitive odds

OLG’s strategy is focused on providing users with a convenient and easy way to bet on sports in the District. We will continue to increase the number of live betting *GambetDC* locations in the District while raising awareness of our new mobile app that is more intuitive and user-friendly. OLG repositioned *GambetDC*’s overarching brand to highlight the unique offerings we have, our convenience, and our local presence and will leverage our advertising to drive home this uniqueness with our audiences.

Given the dominance of mobile and the habits of our target audience, nontraditional channels (i.e. social media, search, streaming radio, digital video and display) are the focus. This will be supplemented at times by more traditional media such as radio and out-of-home (e.g., billboards, transit, and digital signage).

The goal of acquiring and retaining players is at the root of all marketing efforts. OLG

follows the principles of the CRM Lifecycle Management model (CRM is the measurement of multiple customer-related metrics, which, when analyzed for a period of time, indicate performance) and heavily monitor and adapt our marketing efforts accordingly. *GambetDC* offers competitive sign-up promotions in place to drive registrations and first-time deposits. Once a player becomes a registered user of *GambetDC*, they receive personalized communications to enhance their betting experience. We are constantly enhancing the product and product marketing, including promotions, to meet the market demands. Among the key points of sports wagering, it is essential to stress the important of advertising at a responsible level. *GambetDC's* level of marketing provides a good balance of profitability, responsible gaming, and increased customer acquisition. Our strategy is balanced marketing based on responsible gaming standards and growth of revenue as a result of targeted distribution and strong customer value.

This year we will run a sustained plan in which we encourage customers who utilize mobile devices to try *GambetDC*. We will also encourage our prospects who do not want to use the app and prefer retail experience to go to the stores to bet.

Marketing Mobile/Online

Programmatic Display
Search focused ad targeting
Search Google
Boosted Posts
Podcasts

Marketing In-Store

Point-of-sale advertising
Radio
15 and 30 second spots based on large sporting events

The approved advertising budget for Fiscal Year 2023 is \$1.24 Million which is slightly less than 2% of the projected Handle of \$73.5 Million estimated for *GambetDC* in Fiscal Year 2023. OLG monitors the performance of *GambetDC* throughout the year and adjusts the budget accordingly to maintain profitability.

58. Please describe Taoti Creative's scope of work; and,

Taoti Creative is the marketing and advertising agency of record for OLG and its products. Taoti Creative's scope includes advertising development, media production, media planning and buying, creative services and development, campaign reporting, printed materials and signage, digital marketing, strategic consultation and planning, message development, digital media and analysis, social media marketing services, public service announcements, research services, and retail marketing support.

59. Describe what specific services Taoti Creative rendered for the previous year and will continue to do so for the remainder of Option Year One. Specifically, indicate the past year's expenditures incurred, broken down by dollar amount and percentage of the underlying

contract per category, for

- a. Games of traditional lottery;
- b. iLottery;
- c. and Sports wagering.

Taoti Creative’s scope of work and services for the previous and option year one include: advertising development, media production, media planning and buying, creative services and development, campaign reporting, printed materials and signage, digital marketing, strategic consultation and planning, message development, digital media and analysis, social media marketing services, public service announcements, research services, and retail marketing support.

Traditional Lottery	\$ 4,316,598.35	85%
iLottery	\$ 342,145.10	7%
GambetDC (Sports Wagering)	\$ 430,117.80	8%
Total	\$ 5,088,861.25	100%

60. Please describe Octane’s scope of service with OLG.

From July 2019 to March 2022, Octane served as an Intralot subcontractor, providing marketing services to OLG for *GambetDC*. Intralot’s subcontracting plan detailed that Octane’s scope of work and services include:

- Digital marketing
- Advertising services for sports betting and online products
- CRS, SEO, DEMO, GEO mobile/channel advertising, click and capture
- Native advertising
- Multi-channel social platform outreach/capture
- Search retargeting via SEM, behavioral targeting, etc.

Beginning in July 2019, the services provided by Octane did not meet the scope of work in the subcontracting plan. OLG is available to meet with the Committee to provide more details.

61. Describe the differences between the services rendered by Octane, and any other contractor with respect to marketing and advertising services rendered on each of the Office of Lottery and Gaming’s offerings, and by Taoti Creative.

Taoti Creative is OLG’s full-service agency that provides advertising and marketing services. Taoti’s scope of work and services include advertising development, media production, media planning and buying, creative services and development, campaign reporting, printed materials and signage, digital marketing, strategic consultation and planning, message development, digital media and analysis, social media marketing services, public service announcements, research services, retail marketing support, and event support.

As previously stated, Octane’s key services provided to OLG are different from the scope of work provided in Intralot’s subcontracting plan. For the most recent portion of the relationship with Octane (2021-2022), their services were almost exclusively social media marketing services (i.e., social media posting, social media listening, social media influencer engagement media mentoring, etc.) and event support.

62. On December 13, 2022, the Office of Lottery testified during the public hearing on the “Sports Wagering and Fair Competition Amendment Act of 2022, Bill 24-1063, that GamBetDC, the OLG-operated sportsbook, transferred \$2.7 million to the District in Fiscal Year 2022. Please indicate whether the transfer accounted for the costs incurred by the District under Contract No. CFOPD-22-C-004, and if not, the difference between the transfer to the District and services rendered under No. CFOPD-22-C-004 with respect to sports wagering offerings.

The transfer number reported for sports wagering on December 13, 2022, and all other expenses, can be identified in OLG’s general ledger (G/L). The G/L captures expenses by line-item codes that delineates an expense type or category. OLG captures expenses in the G/L related to sports wagering by the program area generating a requisition that evolves into a purchase order (PO) and points to a vendor specifically providing sports wagering services. In instances where a single PO is issued to a vendor providing services for multiple activities, separate invoices provide an ad hoc way of identifying the expenses associated with a particular activity. This measure was conducted under contract CFOPD-22-C-004, and OLG believes the related expenses were factored as a result.

63. Please provide a status update of the GAMBETDC sports wagering mobile app, including the number of users who have downloaded it and how many users are projected to download it in Fiscal Year 2023. Please also include in your response the following information for Fiscal Years 2022 and 2023, to date:

- a. Total amount played;
- b. Total payout;
- c. A breakdown by iOS and Android; and
- d. Number of wagers played.

App Downloads	2022	2023YTD	2023 Projection
iOS	13,232	5,490	16,200
Android	10,101	2,253	10,800
Total App Downloads	23,333	7,743	27,000

OLG launched *GambetDC*, the digital platform that supports wagering on authorized sporting events via a citywide mobile application (app) and website, in May of 2020. As of January 30, 2023, there are 38,788 registered users.

GambetDC retail began in July of 2022 and there are currently 60 locations with 98 self-service kiosks throughout the District. As of January 30, 2023, *GambetDC* retail sales are

\$15.74 Million project to date.

Total amount played;

FY 2023: \$28,955,495 (as of January 30, 2023)
FY 2022: \$58,288,932
FY 2021: \$39,179,016

Total payout; and

FY 2023: \$ 25,726,269 (As of January 30, 2023)
FY 2022: \$50,182,141
FY 2021: \$31,956,310

Number of wagers played.

FY 2023: 906,616 (as of January 30, 2023)
FY 2022: 1,948,640
FY 2021: 1,123,981

64. Please provide a detail narrative description of how OLG handles GAMBETDC technical and performance complaints. Please also provide the following:

- a. Number of complaints received during Fiscal Years 2022 and 2023, to date; and
- b. A description of any trends identified in complaints received.

Attachment S is the Standard Operating Procedure (SOP) for handling the escalation of sports wagering complaints. Complaints are handled by Intralot’s customer service personnel. Approximately 10 complaints have been escalated to OLG between Fiscal Year 2021 and Fiscal Year 2022. The most common complaint relates to players’ misunderstanding of how to withdraw their funds.

65. With respect to GAMBETDC and iLottery platforms, please describe, in detail, 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.

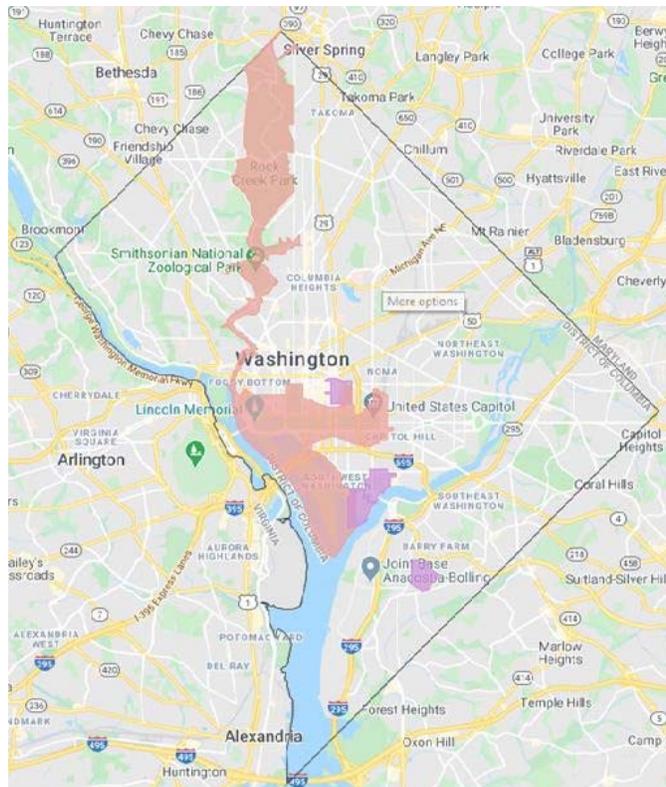
The appropriations act that established OLG and its funding source in 1982 also included language that prohibited the advertising and sale of lottery and other forms of gaming within the Federal enclave as geographically defined by the Shipstead-Luce Act. Forty years later, this prohibition is still in existence, which means that OLG 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 OLG’s sports wagering and iLottery platforms, and licensing of private sports wagering operators as well.

Essentially, OLG 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, OLG 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 and consumers, OLG, through in-app pop-up messages and multi-media marketing campaigns, must continuously communicate in “restricted from play” areas within the District. This restriction is precisely why the app or website won’t allow players to place a wager even though a player is physically within the District. The perception is that the *GambetDC* and *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 DC 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 *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. OLG receives reports from the geolocation technology provider that details information about successful and failed transactions. The excerpt below provided by the geolocation provider (GeoComply) details the number of failed transactions on each platform, and where those transactions occurred. The number of transactions failed may 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.

Since inception, GambetDC has experienced 278,661 failed transactions in the exclusionary zones. This is a strong indicator that the District is losing potential players and sales because of the current restrictions.

Impact transactions for the period						
Operator	Period	#Transactions	#Unique users	# Transactions in exclusion	# Unique users in exclusion	
GamBet DC	From May 2020 - Jan 2023	25,043,328	30,549	278,661	13,500	
Operator	Period	Exclusion zone	#Transactions	%Transactions	Unique users	%Unique users
GamBet DC	From May 2020 - Jan 2023	Audi Field	5,813	0.02%	897	2.94%
GamBet DC	From May 2020 - Jan 2023	Capital One Arena	56,059	0.22%	6,077	19.89%
GamBet DC	From May 2020 - Jan 2023	Entertainment and Sport Arena	10,105	0.04%	287	0.94%
GamBet DC	From May 2020 - Jan 2023	Nationals Park	50,620	0.20%	4,867	15.93%
GamBet DC	From May 2020 - Jan 2023	ShipsteadLuce_Act_Boundary	156,062	0.62%	10,044	32.88%
Impact transactions for the period						
Operator	Period	#Transactions	#Unique users	# Transactions in exclusion	# Unique users in exclusion	
DC iLottery	From Dec 2020 - Jan 2023	1,028,269	19,471	16,368	1,956	
Operator	Period	Exclusion zone	#Transactions	%Transactions	Unique users	%Unique users
DC iLottery	From Dec 2020 - Jan 2023	ShipsteadLuce_Act_Boundary	16,368	1.59%	1,956	10.05%

66. Please describe the marketing strategy for GAMBETDC. What are the most successful marketing strategies and how they are helping GAMBETDC grow in userbase or revenue?

GambetDC launched a rebranding campaign at the beginning of Fiscal Year 2023 to go hand in hand with the launch of the new GambetDC mobile app user interface. The advertising focuses mostly on the acquisition of new players and lapsed players.

The marketing and media consist of sustained media running year-round and a handful of spotlight campaigns, sprinkled throughout the year leading up to marquee sporting events (World Cup, Superbowl, March Madness) or key initiatives like the launch of the new mobile app. The sustained campaign includes bus wraps, digital programmatic, search, and paid social media, while the spotlight campaigns also add in radio and point-of-sale elements at *GambetDC* Retail locations.

Additionally, we run weekly promotions aimed at retaining our current players – our weekly retention rate hovers around 70%. For marquee NFL games for example, we ran weekly “No Juice” (zero margin) games where we had the best odds in the market (our competitors were around 4% margin). We have also offered deposit Bonuses up to \$1,000. The most recent week we ran that Bonus (1/10- 1/16) lead to the biggest week of sales (handle) in program history (\$2.49 million).

At the start of Fiscal Year 2023 we launched phase one of the new user interface for *GambetDC* with the native apps and self-service kiosks. Phase one included a new navigation experience for players, which made it easier for them to get to the most popular events and betting markets offered. The new user experience more closely resembles that of our rival sportsbooks that players are accustomed to here in the U.S. The new user experience also included other enhancements such as login with Biometrics.

In January 2023, *GambetDC* incorporated BetGenius as the data provider for the NFL, resulting in additional betting markets for all the NFL games. With the partnership *GambetDC* will see a decreased latency in the NFL in-play games and has gained access to official NFL advertising material and assets that we will use within our applications (NFL logo, team logos, etc.). With this agreement now we can be proud to say that *GambetDC* uses official data for all main U.S. sports via the direct or indirect agreements through our feed providers we have with all the associations (NBA, MLB, NFL, NHL).

By the end of Fiscal Year 2023, the goal is to launch phase two of the new user interface, which includes enhancements such as “rookie mode” and “same game parlays”.

Please refer to question 57 for additional information regarding *GambetDC*’s marketing plan.

67. Regarding GAMBET DC, please provide a chart showing the following information for Fiscal Years 2021, 2022, and 2023, to date:

- a. Handle (total amount wagered);
- b. Total amount paid out in winnings;
- c. Intralot’s “Other Direct Operating Expenses”;
- d. Intralot’s total expenses; and
- e. Amount transferred to the General Fund.

Fiscal Year	Handle	Payout	Contractor Fees	Other Contractor Expenses	Total Contractor Expenses	Transfer to General Fund
2023	\$ 20,517,347	\$ 18,132,819	\$ 896,088	\$ 222,815	\$ 1,118,903	\$ 696,236
2022	58,247,101	50,339,285	3,193,140	1,026,928	4,220,068	2,718,520
2021	42,223,806	34,559,733	3,278,134	7,272,969	10,551,103	-
2020	6,240,446	5,405,606	354,524	-	354,524	352,000
Total	\$ 127,228,700	\$ 108,437,443	\$ 7,721,886	\$ 8,522,712	\$ 16,244,598	\$ 3,766,756

**Notes FY 2023 - Data as of December 31, 2022
FY 2020 - Sports Wagering launched May 20, 2020*

68. Please provide a table as follows with the following information about GambetDC for Fiscal Years 2020-2022, broken down by figures for both retailer/kiosk and mobile operations:

- a. Total number of wagers;
- b. Total wager amount;
- c. Gross gaming revenue; and
- d. Total transfer to the General Fund.

FY 2020

Channel	Total Wagers	Handle	GGR	Transfer
Internet	25,047	\$ 792,839	\$ 76,647	\$ 33,102
Mobile	167,655	5,446,942	757,527	319,363
Retail	-	-	-	-
Total	192,702	\$ 6,239,781	\$ 834,174	\$ 352,465

FY 2021

Channel	Total Wagers	Handle	GGR	Transfer
Internet	96,576	\$ 2,919,980	\$ 459,574	\$ -
Mobile	1,126,477	39,179,015	7,173,524	-
Retail	3,303	124,811	30,976	-
Total	1,226,356	\$ 42,223,806	\$ 7,664,073	\$ -

FY 2022

Channel	Total Wagers	Handle	GGR	Transfer
Internet	96,158	\$ 3,157,477	\$ 446,929	\$ 147,278
Mobile	1,319,438	45,195,996	5,715,906	1,843,374
Retail	533,044	9,935,459	1,945,953	727,868
Total	1,948,640	\$ 58,288,932	\$ 8,108,788	\$ 2,718,520

FY 2023

Channel	Total Wagers	Handle	GGR	Transfer
Internet	32,950	\$ 1,042,759	\$ 69,501	\$ 16,012
Mobile	432,097	15,032,819	1,538,488	404,990
Retail	227,273	4,441,770	869,777	275,234
Total	692,320	\$ 20,517,347	\$ 2,477,766	\$ 696,236

* FY 2023 (as of December 31, 2022)

69. Please list each privately operated sports book in the District. For each, please provide the total amounts wagered, Gross Gaming Revenue, and amount of tax revenue the District received in Fiscal Years 2020, 2021, 2022, and 2023, to date.

Caesars SpoA5:E41rtsbook (a)		Handle	GGR	Tax Revenue
FY2020		\$ 21,318,281	\$ 2,732,417	\$ 273,242
FY2021		\$ 144,285,149	\$ 21,228,193	\$ 2,122,819
FY2022		\$ 101,735,534	\$ 1,021,107	\$ -
FY2023		\$ 18,758,756	\$ 312,746	\$ -
Totals		286,097,721	25,294,463	2,396,061
BetMGM (b)				
		Handle	GGR	Tax Revenue
FY2021		\$ 2,602,808	\$ 334,735	\$ 33,474
FY2022		\$ 36,325,733	\$ 287,182	\$ -
FY2023		\$ 14,790,723	\$ 110,775	\$ -
Totals		\$ 53,719,264	\$ 732,692	\$ 33,474
Grand Central (c)				
		Handle	GGR	Tax Revenue
FY2021				
FY2022		\$ 4,802,680	\$ 74,238	\$ -
FY2023		\$ 1,166,621	\$ 24,188	\$ -
Totals		\$ 4,802,680	\$ 74,238	\$ -
FanDuel (d)				
		Handle	GGR	Tax Revenue
FY2021				
FY2022		\$ 2,837,758	\$ 54,995	\$ -
FY2023		\$ 3,948,180	\$ 120,873	\$ -
Totals		\$ 6,785,938	\$ 175,868	\$ -
Over Under/Cloakbook (e)				
		Handle	GGR	Tax Revenue
FY2021		\$ -	\$ -	\$ -
FY2022		\$ -	\$ -	\$ -
FY2023		\$ 1,192	\$ 45	\$ -
Totals		1,192	45	-
All Operators				
		Handle	GGR	Tax Revenue
FY2020		\$ 21,318,281	\$ 2,732,417	\$ 273,242
FY2021		\$ 146,887,958	\$ 21,562,928	\$ 2,156,293
FY2022		\$ 145,701,706	\$ 1,437,522	\$ -
FY2023		\$ 38,665,471	\$ 568,627	\$ -
Totals		\$ 352,573,416	\$ 26,301,495	\$ 2,429,535

(a) Started operations on July 31, 2020

(b) Started operations on June 4, 2021

- (c) Started operations on October 1, 2021
- (d) Started operations on June 30, 2022
- (e) Started operations on December 29, 2022

70. Describe, in detail, how OLG monitors its contract with Intralot for sports wagering and lottery gaming services to ensure compliance with CBE requirements.

OLG monitors its contract with Intralot for compliance with the CBE requirements by requiring Intralot to submit supporting documentation with each contract invoice. The documentation required includes evidence of all work performed by the CBE subcontractors identified in the Intralot subcontracting plan. Prior to approving payment to Intralot, OLG reviews the evidence to ensure the supporting documentation supports the services outlined in Intralot's contract and the services outlined in the CBE subcontracting plan. Additionally, OLG monitors Intralot's compliance by review of the on-site work and participation in virtual meetings by the CBE subcontractors identified in the subcontracting plan.

OLG also monitors its contract with Intralot for compliance with the CBE requirements by reviewing Intralot's quarterly report on CBE subcontractor payments. OLG reviews to ensure Intralot's quarterly report states the amount paid by Intralot to the CBE and a description of the goods or services provided in accordance with the subcontracting plan.

- a. Describe the process by which invoices for the contract are approved, including the documentation required to ensure all work is performed as represented and person at OLG responsible for reviewing and approving invoices.

All Intralot invoices are sent to OLG for pre-approval before uploading to PASS. When OLG receives these invoices, they are internally sent to the appropriate internal Subject Matter Expert (SME) for review and verification that all work was completed and that the invoice has all appropriate/necessary back-up:

1. All marketing expenses are reviewed and pre-approved by OLG's Director of Marketing and Communications.
2. All gross gaming revenue invoices and credit card processing invoices are reviewed and pre-approved by OLG's Agency Fiscal Officer.
3. All sales invoices are reviewed and pre- approved by OLG's Accountant.
4. The COTR pre-approves all equipment and consumables invoices.

Once invoices are satisfactory approved by the OLG Subject Matter Expert

Intralot is advised to upload the invoices into PASS. The COTR provides final approval for all invoices in PASS. OLG's Chief Operating Officer is also the COTR and responsible for reviewing and approving all invoices in PASS.

71. With both Maryland and Virginia now having legalized sports betting, does OLG expect a difference in users of Gambet.

We expect there to be an impact. For Fiscal Year 2022 GambetDC players with Maryland addresses accounted for: 15.2% of Handle (\$8.88M), 16.9% of GGR (\$1.39M) and 21.2% of active players (2,500). It is still too early to quantify the impact, but we do expect a drop off from players with Maryland addresses for Fiscal Year 2023.

- a. Has OLG seen a drop in revenue as people have more access to sports betting across Metropolitan Washington?

GambetDC has not yet experienced a drop as handle continues to grow. Despite the launch of mobile sports betting in Maryland, *GambetDC* had its best week ever in sales in January 2023 (\$2.49M the week of 1/10 of 1/10 1/16). In fact (through January 30, 2023) *GambetDC* handle for the month of January was \$8.47M, up 37% from January 2022, and GGR was \$787K, up 5% from January 2022.

However, privately operated sports wagering has had a different experience thus far. In Virginia, licensed sports wagering via internet was launched in January 2021. In December 2021, Maryland authorized retail sports wagering and subsequently in November 2022 it authorized sports wagering via mobile and the internet. These events had a significant impact on privately operated sports wagering revenue in the District. From Fiscal Year 2021 to Fiscal Year 2022 there was a reduction in tax revenue of \$718,771 (33%). This reduction occurred despite the increase from two to four sports wagering operators between Fiscal Year 2021 and Fiscal Year 2022. In addition, while tax revenue is up slightly in the first quarter of Fiscal Year 2023 (as of December 31, 2022), privately operated sports wagering in the District saw a decline in handle resulting in approximately \$44.3 million in handle. This is a decrease in handle of \$6.8 million or 13.3% compared to the same period in Fiscal Year 2022.

72. OLG indicated it would take certain measures to improve the reviews the GamBetDC mobile app has received online, such as improving the odds and incorporating feedback from customers through a survey. Indicate the reviews of the GamBetDC app on the date of the public hearing on "Sports Wagering and Fair Competition Amendment Act of 2022", Bill 24-1063, and today.

At the start of Fiscal Year 2023 we launched phase 1 of the new UIUX for GambetDC with

the native apps and self-service kiosks. Phase 1 included a new navigation experience for players, which made it easier for them to get to the most popular events and betting markets offered. The new UIUX more closely resembles that of our rival sportsbooks that players are accustomed to here in the U.S. rather than the European model the old UIUX was modeled after. The new UIUX also included other enhancements such as login with Biometrics.

In January 2023, GambetDC incorporated BetGenius as the data provider for the NFL, resulting in additional betting markets for all the NFL games. With the partnership GambetDC expect to see a decreased latency in the NFL in-play games. GambetDC has also gained access to official NFL advertising material and assets that we will use within our applications (NFL logo, team logos, etc.). With this agreement now we can be proud to say that GambetDC uses official data for all main US sports via the direct or indirect agreements through our feed providers we have with all the associations (NBA, MLB, NFL, NHL).

By the end of FY 23, the goal is to launch phase 2 of the new UIUX. which includes enhancements such as “rookie mode” and “same game parlays”.

App Store	December 13, 2022 Rating	[Date as of responses] Rating
Apple Store	3.7	2.4 (2/2/23)
Google Store	2.6	2.5 (2/2/23)

- a. Indicate the ratings of the mobile sports wagering apps of private operators that currently operate Class A locations – Caesar’s Sportsbook, BetMGM and FanDuel - and how they compare to GamBetDC.

Unfortunately, despite the enhancements to the sportsbook’s UI and the increased in activity so far in FY 23 (handle, average wage, GGR), the ratings in the Google Play Store and the App Store remain a challenge for GambetDC. Right now, the rating is 2.4 in the App Store and 2.5 in the Google Play Store. A few factors could play into the current ratings:

- Very few overall reviews (in the Apps store there are a total of 57 reviews) meaning every review has a big impact on the rating. Our local competitors use the same app nationwide (FanDuel has 877K reviews for example). The comparison is not apples to apples. See below table for comparison in ratings from the big National Sportsbooks vs Local apps.
- Many complaints of our app in the reviews mention the geolocation and not being able to place bets where they want. This is out of our control and unique to GambetDC, private operators do not have such a significant point of confusion for players.

National Ratings	iOS	Google Play
Caesar's	4.6 (39K reviews)	4.5 (17K reviews)
FanDuel	4.8 (877K reviews)	4.7 (162K reviews)
BetMGM	4.8 (141K reviews)	4.4 (16K reviews)
DraftKings	4.8 (470k reviews)	4.6 (60k reviews)
Local Ratings	iOS	Google Play
betWay NJ	3.1 (48 reviews)	3.6 (49 reviews)
GambetDC	2.4 (57 reviews)	2.5 (127 reviews)
Unibet Sportsbook VA	2.4 (71 reviews)	4.0 (64 reviews)
Caesar's Nevada	1.8 (77 reviews)	2.6 (127 reviews)
Sportsbook Rhode Island	1.6 (68 reviews)	2.5 (24 reviews)

73. Indicate the amount of revenue that has been provided for sports gambling addition programs at the Department of Behavioral Health (DBH), as required by the underlying law.

DBH Gambling Addiction Treatment	FY 2019	FY 2020	FY 2021	FY 2022	Total
Forecasted	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000
Actual					

OLG has reached out to DBH for confirmation and is awaiting a response.

Committee Recommendations:

74. The Committee made the following policy and operating budget recommendations to the agency in its Fiscal Year 2023 Budget Report. Please provide an update on how the agency has addressed the Committee's recommendations.

- a. The Committee encourages OLG to consider options for increasing OLG-operated sports wagering revenue and competition.

In following with OLG's mission to maximize revenue for the District, increasing revenue for *GambetDC* is an ongoing focus. Many of the enhancements and marketing initiatives executed since the Fiscal Year 2023 budget report have resulted in significant growth in revenue for *GambetDC*.

For Fiscal Year 2023, OLG has implemented various strategies to increase sports wagering

revenue to the District from *GambetDC* while being socially responsible. Below is a list of some of these strategies:

Maintain Competitive Odds

- In February 2022, OLG launched a Pilot Program which adjusted the payout of the book to make the odds more attractive for players in the District. The positive results in the back half of Fiscal Year 2022 confirmed that the correct course of action for Fiscal Year 2023 was to keep the odds as competitive as possible, attract more players, generate more handle, and in turn, greater revenue. Through December 31, 2023, *GambetDC* Fiscal Year 2023 handle is up 29.5% compared to the prior year.

Launch of the new *GambetDC* user experience

- At the beginning of Fiscal Year 2023, *GambetDC* launched a brand-new user experience for players on the *GambetDC* apps (iOS & Android) and at *GambetDC* self-service kiosks at retail locations. The revamped user experience included more straightforward navigation, logging in with biometrics, and making the *GambetDC* app more like its competitors to make it more intuitive for players.

Additional *GambetDC* Retail Locations

- Since the start of Fiscal Year 2023, more local businesses continue to partner with *GambetDC*, including 7-Eleven, which joined the *GambetDC* retail network in February and will be the first corporate convenience store chain to offer sports betting in the nation.
- We are now up to 61 retail locations in the District, making it more and more convenient for players to find a *GambetDC* retailer in their vicinity.

Bonuses and Promotions

- We have continued to offer and evolve our player bonuses and weekly promotions for both retention and acquisition. These help us better compete with private operators and drive player loyalty.

A New Brand Campaign with Sustained Advertising Presence

- A new marketing and advertising brand campaign has been developed that better positions *GambetDC* in the market and highlights our new user experience.
- We have laid out a 12-month advertising plan for *GambetDC* for Fiscal Year 2023, which includes a sustained presence throughout the year with highly targeted, cost-effective media.

- b. The Committee recommends that OLG continue to improve the *GambetDC* mobile app and engage in robust efforts to improve user experience and consumer trust in the platform.

OLG has continually been enhancing its mobile app. In late October 2022, *GambetDC* launched a completely revamped user experience across both its mobile apps and self-

service kiosks. The launch of the new *GambetDC* user experience has been well received. The new *GambetDC* apps (iOS & Android) improved navigation and provided players the ability to log in with biometrics (touch or face id), so they don't have to type in their passwords every time they want to log in. In January 2023, *GambetDC* also partnered with Bet Genius for its NFL data. The new feed provides *GambetDC* access to the official NFL data and provides *GambetDC* players with additional betting markets for all NFL games. *GambetDC* now has the right to use the official NFL logo and NFL Teams Logos within the app, making it easier for players to use. Our mission is to continue to focus on our customers and provide the experience they expect and deserve.