

**Security and Operations Committee Meeting  
New Mexico Lottery Authority  
December 15, 2021**

**MINUTES**

**Call to Order:** Committee Chair Sal Baragiola called the meeting to order at 11:15 a.m. and asked for a roll call. Present and constituting a quorum were: Sal Baragiola, Nina Thayer, and David Keylon.

Present from NMLA were David Barden, Carolyn Cabell, Vince Torrez, Darren Geffre, Therle Smith, and Wilma Atencio. Attending virtually was Mary Stanford with INTRALOT.

**Approve Proposed Agenda:** S. Baragiola entertained a motion. N. Thayer made a motion to approve the proposed agenda; second by D. Keylon. All ayes, no nays. Carried; 3-0.

**Public Comment:** None.

**REPORTS:**

**Security Division Presentation:** V. Torrez, Executive Vice President for Security, provided a brief overview of the Security Division and its role in Lottery operations. V. Torrez reported that the division is comprised of three commissioned peace officers: EVP for Security, Deputy Director, and Agent. The division also has an administrative assistant. Some of the primary functions of the division are conducting statutorily mandated background investigations; conducting promotional drawings, monitoring stolen tickets, verifying prizes over \$5,000, coordinating collection of child support with the State on prizes being claimed at the Lottery, adhering to MUSL rules, participating in audits, and ensuring staff and building safety.

N. Thayer asked how often Security get an alert for stolen tickets. V. Torrez responded that stolen tickets get reported approximately two or three times a week and it is important for the retailer to contact Security as soon as possible to report the ticket information.

V. Torrez provided an overview of multi-state draw game imbalances and how they are handled. D. Barden advised that the NMLA was one of the first states to move forward with alternative lockdown procedures for multi-state drawings when an imbalance occurs. D. Barden reported that there was an imbalance in another state recently that took days to resolve. When an imbalance occurs, payments to players could be delayed. There are discussions to change the process to allow low-tier prizes to be paid out immediately in such cases.

D. Keylon asked if there is a limit to what a retailer can pay out in prizes. V. Torrez responded that retailers can cash up to \$600 and anything over \$600 can either be mailed in or claimed in person at the Lottery.

S. Baragiola thanked V. Torrez for his presentation. It was informative.

**Cyber Security Presentation:** S. Baragiola commented that there have been concerns with cyber security due to the uptick in cyber security attacks and the Committee requested an update from the IT department.

D. Geffre provided an overview of the Lottery's cyber security plan. D. Geffre stated that the IT department has stepped up its cyber security policies and procedures and has enacted the "Depth in Defense Strategy" to meet this challenge. This cyber security strategy uses a series of layered, redundant defensive measures to protect sensitive data, personally identifiable information (PII), and information technology. To identify

potential cyber security risks, the Lottery contracts with RiskSense, Inc. to perform quarterly scans and an annual network penetration test and phishing campaign. IT then follows up with a remediation of vulnerability findings and educates users about cyber security per the results of the phishing campaign. The IT department has set up alerts when there is a spam/ransomware/email spoof attack inside of our organization, including monitoring and educating staff on a constant basis.

In addition, the Lottery participates in an external audit within the financial audit conducted by CliftonLarsonAllen. The audit involves risk assessment, controls, and procedures related to information technology. The recent FY 2021 audit was completed with no findings reported.

S. Baragiola asked if INTRALOT has their own risk mitigation strategies as a vendor. D. Geffre responded that they do. S. Baragiola asked whether RiskSense interacts with INTRALOT and their system. D. Geffre responded that RiskSense covers the Lottery and INTRALOT conducts their own cyber security assessment. D. Barden reported that INTRALOT participates in an audit annually and a vulnerability report is provided to the Lottery. INTRALOT uses a closed-loop system that cannot be accessed by the public.

D. Keylon asked what would happen if a ransomware attack were to occur. Both D. Geffre and D. Barden reported that our backup system is stored in the cloud and if the Lottery were to be attacked, the Lottery would restore its system using the backup through the cloud services.

**Jackpocket Update:** D. Barden reported that the Lottery provided a presentation on Jackpocket at the August Security and Operations Committee meeting and S. Baragiola requested that D. Barden provide an update at the Board meeting. D. Barden reported that the Lottery's attorney reviewed the Lottery Act and Jackpocket's interest in becoming a retailer. The attorney advised there is no licensing issue and Jackpocket can operate in New Mexico.

**Other Items:** None.

**Adjournment:** S. Baragiola made a motion to adjourn the meeting; second by N. Thayer. All ayes, no nays. Carried; 3-0. The meeting adjourned at 11:54 a.m.



S. Baragiola, Committee Chair

Date: 3/21/22