

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, OCTOBER 24, 2019

Chairman D'Anton called the Commission meeting into session at 10:00 a.m. in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT

Robert D'Anton, Chairman
Marilyn Blazovsky, Vice Chair
Gary Terwilliger, Division of Investment Designee
(by phone)
Dini Ajmani, Treasurer's Designee (by phone)

James A. Carey, Jr., Acting Executive Director
Robert E. Kelly, Deputy Attorney General
Joy Johnson, Governor's Auth. Unit

VISITORS

Adam Perlow, Northstar
Erica Helms, Northstar
Foster Krupa, Northstar
Sarah Brennan, Northstar
Joe Cavallo, Northstar
Sam Fromkin, Northstar
Digesh Patel, Mercadien
Jon Renner, MSI
Nicole Lobkowitz, PureRed
Zakary Cutler, Jackpocket
Andrew Fries, Jackpocket
Carter Vance, Jackpocket
Jeff Glazer, Jackpocket

STAFF

Regina Arcuri
Jill Dawson
Fran Edwards
Missy Gillespie
Jerry Guarino
Dean Ialacci
Robert Kersey
Kalliopi Kostis
Charlene Mello
Daniel O'Brian
Richard Pagnani
Steven Palmieri
Debbie Raub
Mary Ann Rivell
Ryan Schaffer
Margaret Square
John White

After the Pledge of Allegiance, Chairman D'Anton announced that the Lottery was in compliance with the provisions of the Open Public Meetings Act and that adequate notice of the meeting had been provided in the manner prescribed by law.

Chairman D'Anton requested a motion to approve the minutes of the September 19, 2019 Commission meeting. Vice Chair Blazovsky made the motion, which was seconded by Treasurer's Designee Ajmani. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Acting Executive Director Carey reviewed the Lottery's September results and activities. Highlights were:

All games total sales were: \$258.6 million
Lotto games total sales were: \$31.4 million
Daily machine games total sales were: \$78.1 million
Scratch Off Tickets total sales were: \$149.1 million

Acting Executive Director Carey stated that Mega Millions had sales of \$12.5 million compared to \$16.0 million the prior year, which was a decrease of 22%.

Acting Executive Director Carey stated that Powerball had sales of \$7.7 million compared to \$11.8 million the prior year, which was a decrease of 34.2%.

Acting Executive Director Carey stated that Pick-3 had sales of \$33.2 million compared to \$33 million the prior year, which was an increase of .6%.

Acting Executive Director Carey stated that Pick-4 had sales of \$21.1 million compared to \$20.8 million the prior year, which was an increase of 1.4%.

Acting Executive Director Carey stated that CASH4LIFE had sales of \$4.9 million compared to \$2.8 million the prior year, which is an increase of 73.9%.

Acting Executive Director Carey stated that scratch off tickets had sales of \$149.1 million compared to \$146.1 million the prior year, which was an increase of 2%.

Acting Executive Director Carey stated that New Jersey only games totals had actual sales of \$233 million compared to \$230 million the prior year, which was an increase of 1.5%.

Acting Executive Director Carey stated that on September 30, the New Jersey Lottery launched its new game, Cash Pop, and it had actual sales that day of \$180,000.

Acting Executive Director Carey stated that fiscal year to date Pick-6 had actual sales of \$16 million compared to \$21 million the prior year, which was a decrease of 24%.

Acting Executive Director Carey stated that fiscal year to date Mega Millions had actual sales of \$34 million compared to \$59 million the prior year, which was a decrease of 41%.

Acting Executive Director Carey stated that fiscal year to date Powerball had actual sales of \$29 million compared to \$35 million the prior year, which was a decrease of 16%.

Acting Executive Director Carey stated that fiscal year to date Jersey Cash 5 had actual sales of \$33 million compared to \$41 million the prior year, which was a decrease of 18%.

The monthly contribution to Pension Fund L was \$74.5 million compared to \$78.3 million the prior year, which was a 4.5% decrease.

The contribution to date to Pension Fund L for the fiscal year was \$228 million, which is 28.56% of sales.

Acting Executive Director Carey stated that net proceeds for the fiscal year to date are \$228.6 million or 28.5% of sales. Lotto games were \$35.9 million or 37% of sales. Daily games were \$91.6 million or 38% of sales. Instant games were \$98.4 million or 21% of sales.

Acting Executive Director Carey stated that receipts and deposits for the month of September were \$209 million.

Acting Executive Director Carey stated that the balances for all unclaimed prize reserve accounts as of September 30, 2019 were \$6.1 million.

The three top selling non-core games for September were "\$200X the Money Bonus," which generated \$18.3 million in sales, "Hit \$2,000," which generated \$8.5 million in sales and "Hit \$500," which generated \$7.6 million in sales.

Total sales for Core and Family Games for the month were more than \$79 million. The "Crossword" family of games had \$25.1 million in sales, "Hit" family of games had \$22.9 million in sales and the "Spectacular" family of games had \$9.8.2 million in sales.

Acting Executive Director Carey stated that new games launched on October 7 were "Money Multiplier," "Bingo Gold" and "Diamond Riches."

Acting Executive Director Carey stated that new games launched on November 4 were "Holiday Luck," "Holiday Lucky Times 10," "Holiday Lucky Bonus" and "Winter Wishes."

Acting Executive Director Carey stated that advertising to support the Hit family of instant games ran through the month of September. That advertising included television spots, radio commercials, billboards and digital and social media.

Acting Executive Director Carey stated that Jersey Cash 5 had a promotion where the base jackpot was increased from \$75,000 to \$100,000 for the months of August and September.

Acting Executive Director Carey stated that there were a number of high tier winners throughout the state in September. Jersey Cash 5 had a \$365,856 winner in Warren County on September 2. Jersey Cash 5 had three \$234,861 winners on September 8, two in Bergen County and one in Somerset County. Jersey Cash 5 had a winner of \$383,401 on September 14 in Monmouth County. Pick-6 had one \$9.5 million winner in Essex County on September 30. There was one scratch off winner of \$2,158,000 in Union County and one \$1,060,000 winner in Union County.

Acting Executive Director Carey stated that the VIP Club increased its membership with 3,148 new registrations during the month of September. The VIP Club now has an enrollment of 504,035 active members.

Acting Executive Director Carey stated that all drawings for the month of September were completed with no abnormalities.

Acting Executive Director Carey stated that all on-line game pools were closed according to procedures with no abnormalities.

Acting Executive Director Carey stated that the Public Information Office disseminated Lottery news in September that reached more than 10.5 million daily viewers with an estimated advertising value of approximately \$97,779.00.

Acting Executive Director Carey stated that the New Jersey Lottery submitted its Responsible Gaming Level 4 recertification application to the World Lottery Association.

Acting Executive Director Carey stated that there were 237 open investigations at the end of the month. There were 218 security investigations initiated in September. There were 184 security investigations completed. There were 251 random field inspections conducted at retailer locations.

Acting Executive Director Carey stated that the Validations department received and sorted 3,689 mailed claim forms during the month of September and an additional 391 walk-in claims. During the month of September, there were 3,757 claims totaling over \$11.2 million that were paid to winners including annuity payments.

Acting Executive Director Carey stated that there were 21 Social Security number matches between the files from the Department of Human Services, Department of Labor, Department of Community Affairs and the Division of Taxation.

Acting Executive Director Carey stated that there were 19 claims that were processed and garnished because of current and previous matches.

Acting Executive Director Carey stated that Northstar personnel count for the end of September totals 142 employees, which consists of 103 in Sales, 21 in Marketing and 18 in Administration.

Acting Executive Director Carey stated that the total number of active retailers is 7,149 compared to 7,154 at the end of August 2019. The total number of Quick Draw only retailers is 488, compared 479 at the end of August.

Acting Executive Director Carey concluded the Director's Report.

Chairman D'Anton asked if there were any questions or comments.

Vice Chair Blazovsky stated that in the Director's report, results are compared with the same month as last year. She asked if there is any benefit of looking at it from the continuum within the current fiscal year last month and the month before. Acting Executive Director Carey stated that Lottery staff meet regularly and review results based on a variety of metrics.

Vice Chair Blazovsky stated that she looks at the sales figures for this month and looks at the sales figures for the same games in previous months. Some games that were reported doing well compared to last year aren't doing as well when looked at for the last three months. Vice Chair Blazovsky asked how does that factor into decision making and looking at the games that way. Acting Executive Director Carey replied that is one of the reasons why Lottery uses the year to date results.

Chairman D'Anton asked if sports betting is affecting the Lottery play. Acting Executive Director Carey stated that it is not entirely clear and complicated because of demographic issues.

Chairman D'Anton asked how to excite younger players. Acting Executive Director Carey replied that attracting younger demographics is something all lotteries work on. Adam Perlow, Vice President and Chief Operating Officer of Northstar, added that Cash Pop may be the first game in the history of the New Jersey Lottery where the highest playership is the 18-34 year olds. Second to that are the 35-44 year olds, then it falls. It is more of a niche game but it has that excitement that is helping us to attract younger players.

Chairman D'Anton requested a motion to approve the Director's Report. Investment Designee Terwilliger made the motion which was seconded by Treasurer Designee Ajmani.

NEW BUSINESS

Acting Executive Director Carey certified that consideration for each game included, but was not limited to, intended target market, product family, seasonal factors, launch plans, overall market strategy, sales goals, prior experience, current market trends and market place demands. Additionally, as part of our overall responsible gaming initiatives, these games have been reviewed to identify any problematic elements that could present a risk to vulnerable problem gamblers.

Chairman D'Anton requested a motion to approve the instant ticket game rules for "2020 Cash Celebration," "Double Match Bonus," "\$1,000,000 Spectacular" and "Love to Win \$50's." Investment Designee Terwilliger made the motion which was seconded by Chairman D'Anton. Chairman D'Anton asked if there were any comments and there being none the motion carried.

Jackpocket representatives, Carter Vance, General Counsel, Zakary Cutler, Vice President of Product Strategy, Andrew Fries, Vice President of External Affairs, and Jeff Glazer, Senior Product Manager, gave a presentation on how their business operates and how it will work in New Jersey.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Investment Designee Terwilliger made the motion which was seconded by Chairman D'Anton. The motion carried.

I HEREBY CERTIFY that the foregoing is a true and correct copy of the minutes of the New Jersey Lottery Commission meeting held on October 24, 2019.

IN WITNESS WHEREOF, I hereby set my hand on

the 15th day of November, 2019.



James A. Carey, Jr.
Acting Executive Director