

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING AUGUST 20, 2020

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

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

James A. Carey, Jr., Executive Director  
Robert E. Kelly, Deputy Attorney General (by phone)  
Craig Ambrose, Governor's Auth. Unit (by phone)

#### VISITORS (BY TELEPHONE)

Adam Perlow, Northstar  
Erica Helms, Northstar  
Foster Krupa, Northstar  
Sam Fromkin, Northstar  
Kristen Connelly, Northstar

#### STAFF (BY TELEPHONE)

Fran Edwards  
Missy Gillespie  
Jerry Guarino  
Dean Ialacci  
Robert Kersey  
Kalli Kostis  
Jason Lee  
Charlene Mello  
Joe Oleszkiewicz  
Rick Pagnani  
Steve 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 July 30, 2020 Commission meeting. Investment Designee Terwilliger made the motion, which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

#### DIRECTOR'S REPORT

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

All games total sales were: \$294.7 million  
Lotto games total sales were: \$29.7 million  
Daily machine games total sales were: \$89 million  
Scratch-Off Tickets total sales were: \$176 million

Executive Director Carey stated that Pick-6 had sales of \$4.7 million compared to \$4.8 million the prior year, which was a decrease of 2.5%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.9 million, which is almost exactly the same as last year. Last year CASH4LIFE switched to daily drawings and the Lottery and generated strong sales in FY20.

Executive Director Carey stated that Mega Millions had sales of \$10.5 million compared to \$11.7 million the prior year, which was a decrease of 10%. On July 24, Mega Millions had a \$124 million winning ticket sold in Bayonne, Hudson County.

Executive Director Carey stated that Powerball had sales of \$9.4 million compared to \$11 million the prior year, which was a decrease of 14%.

Executive Director Carey stated that Pick-3 had sales of \$39 million compared to \$34 million the prior year, which was an increase of 14%.

Executive Director Carey stated that Pick-4 had sales of \$25 million compared to \$21 million the prior year, which was an increase of 16%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$12.9 million compared to \$10.8 million the prior year, which was an increase of 19%. There have been very positive sales results since the change to the game's matrix and starting jackpot. Sales for the prior day were over \$1 million.

Executive Director Carey stated that Quick Draw had sales of \$8.5 million compared to \$10.7 million the prior year, which was a decrease of 20%.

Executive Director Carey stated that Fast Play had sales of \$1.38 million compared to \$1.35 million the prior year, which was an increase of 2.2%.

Executive Director Carey stated that Scratch-Offs had sales of \$176 million compared to \$157 million the prior year, which was an increase of 12%. Executive Director Carey stated that the Scratch-Offs' numbers are something that you expect to see during our holiday sales, which are typically the best time for Scratch-Offs sales.

Executive Director Carey commented that there was no need to review year to date results because we are in the first month of the fiscal year.

Executive Director Carey stated that net proceeds for the month exceeded \$83 million or 28.27% of sales. Profits from lotto games were \$10.5 million or 33.23% of sales. Profits from daily games were \$34.4 million dollars or 39.4% of sales. Profits from Scratch-Offs were \$38 million dollars or 21.6% of sales.

Executive Director Carey stated that receipts and deposits for the month of July were \$313.8 million. For the month there were 68 Electronic Fund Transfer (EFT) failures totaling \$214,000 or 0.07% of total receipts and deposits. The Accounts Receivable unit settled or closed 88% of EFT failures from June.

Executive Director Carey stated that the top three selling non-core games for July were "\$3,000,000 Ultimate Riches," which generated \$13.3 million in sales, "\$3,000,000 Mega Bucks," which generated \$11.8 million in sales and "100X the Money Bonus," which generated \$8.8 million in sales.

Executive Director Carey stated that the top three selling Core and Family Games for July were the "Crossword" core games, which made up 18% of total sales, the "Multiplier" family games, which made up 16% of total sales and the "Spectacular" family of games, which made up 7% of total sales.

Executive Director Carey stated that the four new games launched on August 3 were "Double Match," "Full of \$500s," "\$500,000 Fortune" and "Crossword Bonanza."

Executive Director Carey stated that there were many high tier winners throughout the state in July. On July 24, New Jersey had the Mega Millions jackpot winner of \$124 million in Hudson County. We had a great press release and received great coverage. On July 4, Powerball had a \$1,000,000 second tier winner in Ocean County. On July 8, Jersey Cash 5 had one \$736,000 winner in Bergen County. On July 14, the Jersey Cash 5 jackpot was over \$700,000, which was split by two players who won \$385,000 each in Middlesex County. There was one Scratch-Offs winner of \$1,000,000 in Union County and two \$500,000 winners including one from Ocean County.

Executive Director Carey stated that all drawings for July were completed with no abnormalities.

Executive Director Carey stated that all online game pools were closed according to procedures with no abnormalities. All Powerball and Mega Millions Drawings were verified and processed with no abnormalities. The Internal Control System (ICS) was processed for each drawing without any imbalances. All appropriate winning number information was broadcast correctly to all media contacts. All in-house staff received appropriate information via email.

Executive Director Carey stated that Northstar continues to hold public promotional events with retailers. The Promotions team is out there to support our retailers and doing it in a way that is both safe and supportive of our retailers and players.

Executive Director Carey stated that during the month of July the Validations staff sorted and received 4,736 mailed claim forms. There were no walk-in claim forms due to the COVID-19 emergency and the closure of the Lottery's lobby. The Lottery now has a Drop Box located outside of the lobby for players who do not want to mail in their claim form. Lottery received 234 walk-in claims in the Drop Box during the month of July. Players do not have any contact with our staff. Claim forms placed in the Drop Box are collected every two hours and this is something to help the players a little bit. The Validations staff entered 4,342 claims into our claims and payments tracking system and edited 4,400. During the month of July, there were 3,650 claims totaling \$12.9 million that were paid to winners including annuity payments.

Executive Director Carey stated that between the need to work safely and socially distance people during the COVID-19 emergency, Lottery reached a point where it was taking longer to pay claims. Pre COVID-19 it was taking three to four weeks to pay claims. By late July it was taking six to eight weeks to pay claims. The Validations unit was mostly working from home and a smaller group was coming into the office to maintain social distancing. Lottery worked with Treasury's Human Resources and Health and Safety staff to make sure that the Validations work area was set up in a way that was safe and as prudent as possible. The full Validations team was brought into the office the last week of July to start playing claims. We also assigned several people on our staff, who are not normally part of the Validations unit, to work on the claims. In addition, during the period that closed on August 5, we received 806 claims and we paid 1,400 claims. During the week that closed on August 12, we received 1,000 claims and we paid out 1,832 claims. Executive Director Carey stated that he is very proud of the work that the Validations unit, Margaret Square, Deputy Director of Operations, and Nikki Roberts Apeadu, Validations Supervisor, have done. It has been a very difficult environment. They have worked very hard to get our players paid on a timely and reasonable basis and they have done great work. At this point, we are very close to being caught up on our claims payments and players are not waiting as long as they had been. This has been a challenge for the Lottery this year and we have worked hard to do the best we can for our players. We also want to make sure that not only are our players safe, but the staff at the Division of Lottery are safe.

Executive Director Carey stated that the Retailer/Customer Call Center handled 2,700 phone calls during the month. The Call Center is able to work from home very well. That is a testament to Margaret Square, Deputy Director of Operations, Eileen Sadlik, Call Center Supervisor, and Rick Pagnani, Deputy Director of IMS, who were able to get it set up so that the Call Center staff could work from home.

Executive Director Carey stated that the Lottery is working with the State and the Department of Treasury to put a plan in place for reopening the lobby in a way that is safe for our employees and our players. The Lottery hopes to have an update on reopening soon.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow responded that Northstar's field staff is visiting retailers at the same level as they did pre COVID-19. They are generally back to normal with the exception of public events, which have been cancelled. Those events have been replaced with retailer promotions that are conducted outside in a safe manner to support our retailers and our players.

Executive Director Carey concluded the Director's report.

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

Vice Chair Blazovsky thanked Executive Director Carey for providing an update on the claims backlog. She is glad to see that additional staff were added to help with that. Vice Chair Blazovsky asked what the backlog still looks like and is Lottery still isolating mail in the warehouse. She also asked if the recent issues with the Post Office will affect claim delays coming in. Executive Director Carey responded that the backlog right now is about four to five weeks. Normally it would take about three to four weeks, so the Lottery is nearly caught up on the backlog. The warehouse continues to isolate the mail. Incoming mail is sprayed and isolated for at least a day after it is received and before it is opened. Staff is also opening mail in a separate area in the building to be more cautious. Executive Director Carey stated that he was not aware of problems mailing claims. Executive Director Carey stated that the Lottery will work with players. The deadline to file claims is still being extended and when Lottery reopens, we will wrap up that extension program.

Vice Chair Blazovsky stated that she looks forward to getting that number of actual claims that are still backlogged. Vice Chair Blazovsky asked with regard to Jersey Cash 5, how many jackpots were underfunded. Executive Director Carey asked John White, Deputy Director of Finance, to respond. Mr. White responded that only the first draw was underfunded at \$78,000 and the guaranteed jackpot was \$100,000. Mr. White added that there is a reserve built into the prize structure.

Vice Chair Blazovsky stated that it appears that the Northstar Promotions team is doing a great job getting out there. Vice Chair Blazovsky asked if there is a certain number of promotions that Northstar does a month and how do they decide where to go. Mr. Perlow responded that he will get back to Vice Chair Blazovsky on the number per month. On average Northstar has been doing two or three events a day at different retailers but they are going to be accelerating that based on their success. In terms of where the Promotions team goes, Northstar is currently working to support the platinum retailers, which are the top tier retailers. Northstar is also promoting Quick Draw in traditional retailers since Quick Draw is shut down in social spaces due to indoor dining and bars being closed. Northstar is also identifying the highest tier traditional retailers that have the lowest Quick Draw performance.

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

Chairman D'Anton requested a motion to approve the Director's Report. Vice Chair Blazovsky made the motion, which was seconded by Treasurer's Designee Ajmani.

## **NEW BUSINESS**

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 "Roses & Riches." Investment Designee Terwilliger made the motion, which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

Executive Director Carey introduced game rules for four new FAST PLAY games and stated that in order to increase interest in FAST PLAY new games will be rolling out on a monthly basis. The new games will be introduced on November 20, 2020.

Chairman D'Anton requested a motion to approve game rules for four new FAST PLAY games. The game rules for approval were "Touchdown Dollars," "Bullseye Bucks," "Merry Money Match" and "Winfall." Chairman D'Anton asked if there were any questions or comments on these four games.

Vice Chair Blazovsky asked if the current gaming system can handle this. She noticed that the Connecticut Lottery had some issues with their terminals printing Fast Play tickets. Vice Chair Blazovsky stated that she knows that we are working with an aged gaming system and does not know how the new system corresponds with the release date of November 20. Executive Director Carey responded that he was unaware of the Connecticut Lottery's problems with FAST PLAY and will reach out to their Director. Executive Director Carey stated that there will not be an issue with the gaming system. Even though the gaming system is old for New Jersey, another state in the last few years had that system installed as a new install in their state. The Lottery will have a lot of consumer acceptance testing and appropriate testing in the fall as the new gaming system is integrated with our current system. FAST PLAY is an important part of our plan this year and we want to make sure that there are no issues.

Executive Director Carey asked Mr. Perlow if he would like to add anything with regard to the gaming system. Mr. Perlow responded that the ES system that we currently use in New Jersey, which will be replaced early next year, was recently implemented in an extremely large state in the United States less than three years ago. Mr. Perlow stated that he was also unaware of the problems in Connecticut. FAST PLAY games are on a rotational basis and there are only a certain number of games in the market at any given time. Northstar does not anticipate any problems with the current gaming system.

Vice Chair Blazovsky stated that she is glad to see that there is a football themed game for approval. Vice Chair Blazovsky asked if there is any advertising or cross promotions that are going to be associated with these game releases. She stated that it seems like there is a little bump up when games are released. Vice Chair Blazovsky stated that she noticed in July when we released the three games that sales bumped up a little bit. She asked if there is any way we can add advertising and/or cross promotions to bolster the revenues coming out of FAST PLAY. Executive Director Carey asked Mr. Perlow to respond. Mr. Perlow stated that Northstar has a FAST PLAY advertising campaign that begins at the end of October to correspond with this game launch. There will be television and advertising around this and they will also have monthly point of sale material that goes out. It is a FAST PLAY campaign, not a game specific campaign.

Chairman D'Anton asked for a motion to approve the four FAST PLAY game rules. Investment Designee Terwilliger made the motion which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

## **PUBLIC COMMENT**

Craig Ambrose, Associate Counsel at the Governor's Authorities Unit, confirmed that he was listening to the entire meeting. Mr. Ambrose asked for the minutes to reflect that he participated in the meeting.

Joseph Grillo stated that he sent a claim form to the New Jersey Lottery on June 29 and has not received a check. Mr. Grillo stated that he understands that the Lottery is catching up on the delay but asked for an idea of how much longer it will take. Executive Director Carey asked Mr. Grillo to call the Director's Office following the meeting and someone in our office will follow up with him regarding the status of his claim.

Roy Campbell stated that many retailers have been asking players who play Pick-3 and Pick-4 to fill out the play slip. That has been very problematic primarily because the play slip, unlike other states, is difficult to fill it out because of the unique way that the Lottery pays out claims over \$600. Mr. Campbell asked if the Lottery has looked at the Pick-3 and Pick-4 play slips recently. Executive Director Carey stated that the Lottery has not looked at the play slips recently. Executive Director Carey asked Mr. Campbell to call the Director's Office and someone will discuss with him the play slips in more detail and hear his suggestion since Mr. Campbell's question is detailed and technical.

Mr. Campbell stated that some of retailers have signs up saying that you cannot play unless you use a play slip. Mr. Campbell stated that he has seen people get into bitter arguments in some of our black community neighborhoods over this. Mr. Campbell asked if this is a policy that they can enforce and if this is part of Lottery's policy? Executive Director Carey stated that that is not a policy. Generally, a player should have the option to do it. Executive Director Carey stated that all of our retailers have been more cautious with how they do things in the COVID-19 pandemic environment.

Mr. Perlow asked if he could make a quick comment as well. Mr. Perlow stated that Mr. Campbell might want to look at the "Play It Again" feature. If you have a Pick-3 or Pick-4 ticket of the bet type that you would like to play again, the retailer can just scan that ticket and reproduce a ticket for the next draw. Your existing ticket would be used as a play slip, which may help solve your problem.

Kathy Nolan said thank you for the wonderful experience of playing the Lottery for 50 years. Ms. Nolan asked if the Lottery is going to bring back "5 Card Cash." Executive Director Carey thanked Ms. Nolan. Executive Director Carey stated that "5 Card Cash" started out very strong and sales tailed off. At the Commission meeting last month, the Commissioners voted to terminate "5 Card Cash." Even though there are players who enjoyed playing it, it was one of Lottery's lowest selling games and it was felt that it ran its course. There is a FAST PLAY game that has a "5 Card Cash" theme. It will not be the same game with the same odds but it has some of the same theming. Any cumulative jackpot that remained in "5 Card Cash," which was about \$10,000, will be migrated over to FAST PLAY's cumulative jackpot.

Ms. Nolan thanked the New Jersey Lottery and Northstar for Collect & Win and for the new Lottery machines in the Wawas. Ms. Nolan asked if the Lottery is pre-taped. She noticed that the same number that came out one night came out the night before. Executive Director Carey stated that it is not pre-taped. When players watch a live drawing on Livestream or Facebook that is a live drawing. The Lottery does tape the drawing so that people can watch them later. The Lottery has an auditor on site for all of drawings and we have a number of safety and anti-fraud measures to prevent people from tampering with or manipulating our games.

#### **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 Vice Chair Blazovsky. 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 August 20, 2020.

IN WITNESS WHEREOF, I hereby set my hand on

the 9th day of September, 2020.

  
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James A. Carey, Jr.  
Executive Director