

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, FEBRUARY 21, 2013

Chairman Ragazzo called the Commission meeting into session at 10:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT

Frank Ragazzo, Chairman
Thomas Tucci, Vice Chairman
Albert Alvarez, Commissioner
Munr Kazmir, Commissioner (by phone)
Robert Slater, Commissioner
David Ridolfino, Treasurer Designee (by phone)

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Kellie Pushko, Deputy Attorney General
Kerstin Sundstrom, Gov's Auth. Unit

STAFF

Regina Arcuri
Lou Cleary
Duane Daniels
Judy Drucker
Janice Eckstein
Robert Kersey
Karen Kokoll
Foster Krupa
Jean Lin
Dolores Matos
Steve Palmieri
Mary Ann Rivell
Margaret Square

After the Pledge of Allegiance, Chairman Ragazzo 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 Ragazzo requested a motion to approve the minutes of the January 17, 2013 Commission Meeting. Commissioner Kazmir made the motion, which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger stated that the sales for the month of January totaled \$226.57 million which revealed an increase of \$13.2 million compared to January 2012 sales. She stated that year to date sales compared to FY 2012 are up 4.5% and our revenue is 3.5% higher than FY2012.

Executive Director Hedinger stated that the receipts and deposits for the month of January were \$189.5 million.

Executive Director Hedinger stated that there were 120 Electronic Fund Transfer failures during the month of January.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are over \$12 million.

Executive Director Hedinger stated that the current balances in the annuity investment accounts total \$286.6 million.

Executive Director Hedinger stated that the non-core instant game sales during January were over \$26 million. She stated that the "\$20 "Diamond Spectacular" is doing very well with \$7.2 million in sales and it is now in reprint.

Executive Director Hedinger stated that the core instant game sales during January were over \$45 million.

Executive Director Hedinger noted that the production of a new 30 second TV commercial for Instant Games was completed in January. She stated that it is going to be a continuous ad which we can run with tag lines so that we can feature whatever new games that we want to use.

Executive Director Hedinger stated that Lottery Facebook continues to be one of the most popular Facebook pages in all the State Lotteries with 74,949 likes at the end of January.

Executive Director Hedinger reported that a sweepstakes with the New Jersey Devils was launched during January, in which those wishing to enter had to be a fan of at least one NJ Lottery social media platform.

Executive Director Hedinger stated that our Mobile application has a total of approximately 96,000 downloads. She stated that mobile devices are where everybody is going, with the technology being in the palm of their hand at all times.

Executive Director Hedinger stated that there was a New Jersey Mega Millions winner in January and the winner took the \$65 million cash prize which was sold in Essex County.

Executive Director Hedinger reported that there is a new sales director at Rite Aid who wants to expand the lottery terminals and ITVM in about 50 of their larger stores. She stated that she feels there will be an expansion into those kinds of chain stores.

Executive Director Hedinger stated that the Call Center handled 2,680 incoming calls and made 578 outgoing calls during the month of January.

Executive Director Hedinger reported that there were 132 security investigations and 165 random field inspections during the month of January.

Executive Director Hedinger stated that the Licensing Unit received and processed 60 Lottery applications and there were 67 licenses issued. She stated that there are 6667 licenses issued as of January 31, 2013.

Executive Director Hedinger stated that there was a total of \$282.71 collected for the month of January through the efforts of the NJ Lottery and the Division of Taxation Joint Investigation Project. She noted that the total collected for FY'13 to date is \$30,488.91.

Executive Director Hedinger reported that all of the 1099 and W-2G forms were processed and mailed to winners and retailers. She stated that we have been making a very big effort to ensure that we have proper ID numbers for winners and retailers, so that there is no conflict between the numbers that we have on file and the numbers that the IRS has on file.

Executive Director Hedinger stated that a Press Release archive section has been created on our website that contains a record of all press releases created in 2012.

Executive Director Hedinger stated that the VIP Club increased its membership with over 4,000 new registrations during the month of January.

Executive Director Hedinger reported that the fourth and final draw of the Million Dollar Replay was held in January.

Executive Director Hedinger reported that the Validation Staff received over 4,000 claim forms during the month of January and there were 16 social security matches between our files and various agencies for arrearages.

Executive Director Hedinger noted that all drawing and pool closings were held in accordance to established procedures with no abnormalities.

Executive Director Hedinger stated that this concludes the Director's Report.

Chairman Ragazzo asked if there were any comments on the Director's Report.

There was discussion about the 1099 records that were rejected because of mismatched numbers.

Vice Chairman Tucci asked if there has been any discussion about changes with the Mega Millions game.

Executive Director Hedinger reported that the Mega Millions group is studying modifications to the game. She stated that some research has been done. She stated that the Mega Millions Directors voted to go forward with additional research on specific selected variations and that consumer research will be conducted. She stated that no later than June, the Mega Millions Directors will make a decision from the results of that research on what kind of changes or modifications to make to the game.

Chairman Ragazzo asked if there were any other comments on the Director's Report and there being none asked for a motion to approve the Director's Report. Commissioner Slater made the motion which was seconded by Commissioner Kazmir. The motion carried.

NEW BUSINESS

Executive Director Hedinger 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.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Championship Poker." Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "\$1,000,000 Las Vegas Game Show Experience." Commissioner Kazmir made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Lucky 7s Doubler." Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the Retailer Bonus Prize Payments. Commissioner Kazmir made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments.

Commissioner Slater asked about the 5% commission rate and if the retailers had been told anything about a reduction of that 5%.

Executive Director Hedinger stated that there is no reduction to the 5% commission rate and no reduction is contemplated.

Commissioner Slater stated that there is a rumor with the retailers that there is going to be a reduction. He asked if we could get the word out to the retailers that the standard commission that the retailers are receiving will not change and there will be an additional benefit with the retailer bonus prize payments.

Executive Director Hedinger stated that is the message that we are trying to send to the retailers.

Chairman Ragazzo asked if there were any other comments and there being none the motion carried.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.


ADJOURNMENT

Chairman Ragazzo asked for a motion to adjourn the meeting. Vice Chairman Tucci made the motion which was seconded by Commissioner Alvarez. 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 February 21, 2013.

IN WITNESS WHEREOF, I hereby set my hand on

the 21ST day of March, 2013.



Carole Hedinger
Executive Director