

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, NOVEMBER 20, 2018

Acting Executive Director Carey 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 (by phone)
Patrick Toscano, Vice Chairman (by phone)
Gary Terwilliger, Division of Investment Designee
(by phone)
Dini Ajmani, Treasurer's Designee

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

VISITORS

Foster Krupa, Northstar
Sam Fromkin, Northstar
Sarah Brennan, Northstar
Nicole Lobkowitz, PureRed

STAFF

Regina Arcuri
Fran Edwards
Dean Ialacci
Ronald Kinder
Charlene Mello
Prerna Mukhija
Richard Pagnani
Steve Palmieri
Debbie Raub
Margaret Square
John White
Melissa Williams

After the Pledge of Allegiance, Acting Executive Director Carey 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.

Acting Executive Director Carey requested a motion to approve the minutes of the October 23, 2018 Commission meeting. Vice Chairman Toscano made the motion, which was seconded by Treasurer's Designee Ajmani. Acting Executive Director Carey asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Acting Executive Director Carey stated that total ticket sales for the month of October totaled \$395 million. A comparison to last year's total monthly sales for all products revealed an increase of \$141.73 million or 55% over last year's results. The results in October were driven by the large jackpots in Mega Millions, Powerball and Pick-6.

Acting Executive Director Carey reported that Pick-6 actual sales in the month of October were \$10.10 million. That was an increase of 133% compared to October 2017. The Pick-6 jackpot was \$26.7 million with a cash value of \$18.4 million. It was the seventh largest jackpot for Pick-6 since 2001, the fifth largest since 2000 and the largest since 2004.

Acting Executive Director Carey noted that Mega Millions actual sales in the month of October were \$100.14 million. That was an increase of 1158% compared to October 2017 when the actual sales were \$7.96 million.

Acting Executive Director Carey stated that actual sales in October for Powerball were \$50.15 million, which was a 332% increase over actual sales in October 2017. The Powerball jackpot was the fourth largest Powerball jackpot in history at \$750 million.

Acting Executive Director Carey noted that Pick-3, Pick-4 and Jersey Cash 5 sales were down slightly month to month compared to October 2017.

Acting Executive Director Carey reported that Lottery introduced Quick Draw Bullseye to its entire network of 7,000 retailers. Sales were \$12.42 million in October, which was a 300% increase compared to October 2017 and it was also 20% over the budgeted amount.

Acting Executive Director Carey discussed Fiscal Year to date results and stated that Pick-6 had \$31.84 million in sales, which was an increase of 30% compared to FY18. Mega Millions had \$159.58 million in sales, which was an increase of 200%. Powerball had \$85 million in sales, which was a decrease of 14.5% compared to FY18. Acting Executive Director Carey, explained that in August 2017, Powerball had its \$750 million jackpot, which pushed sales.

Acting Executive Director Carey noted that daily games total sales were \$931.91 million for the fiscal year to date, which was 2.8% higher compared to FY18 and all games total sales were \$1.221 billion, which was 11% higher as compared to FY18.

Acting Executive Director Carey reported that the monthly contribution to the pension fund in October was \$136.15 million, which was 67% over the budgeted amount \$81.35 million. The total contribution to the pension fund this year was \$381.2 million, which was 14.2% over FY18 and 18.9% over budget.

Treasurer's Designee Ajmani asked how the 82% increase in the contribution to the State for the month of October compares to other big months in the past. Deputy Director White stated that it was a record. In January 2016 when Powerball had the \$1.6 billion jackpot, the contribution was approximately \$110 million.

Acting Executive Director Carey noted that Fiscal Year to date profit from lotto games was \$121.9 million or 42.07% of net sales of \$289.77 million. The profit from daily games except instant games was \$124 million or 38.70% of net sales of \$321.66 million. The profit from instant games was \$131.2 million or 21.50% of net sales of \$610 million. Total to date FY19 contributions, including 30% of the current estimated forfeited prizes, were 31.87% of sales.

Acting Executive Director Carey stated that receipts and deposits for the month of October were \$452.5 million.

Acting Executive Director Carey reported that there were 122 electronic fund transfer (EFT) failures totaling \$514 thousand or 0.11% of total receipts and deposits for the month. The Accounts Receivable Unit settled or closed 86% of EFT failures from September.

Acting Executive Director Carey noted that the cumulative outstanding accounts receivable balance as of October 31 was \$4 million. The total amount of bad debt reserve was \$3 million.

Acting Executive Director Carey stated that the balances for all unclaimed prize reserve accounts as of October 30, 2018 totaled \$8.2 million.

Acting Executive Director Carey reported that the current balance in the annuity investment accounts totaled \$126.4 million. The last remaining annuity payments by Delaware Life were disbursed this past month.

Turning to scratch off games, Acting Executive Director Carey noted that the three top selling non-core games for October were "\$5,000,000 Lucky 7's," which generated \$15.4 million in sales, "\$2,000,000 Lucky 7's," which generated \$7.9 million in sales and "\$1,000,000 Lucky 7's," which generated \$7.2 million in sales.

Acting Executive Director Carey stated that total sales for Core and Family Games for the month were more than \$94 million. The "Lucky 7's" family of games had \$38.3 million in sales and the "Crossword" family of games had \$26.3 million in sales.

Acting Executive Director Carey noted that five new games were introduced in October.

Acting Executive Director Carey reported that on October 1st, the full network of over 7,000 retailers began selling Quick Draw.

Acting Executive Director Carey noted that the Jersey Collect 'N Win monthly second chance promotion for draw game tickets continued. Fifteen grand prize winners have each won \$50,000. Over 40,000 players are registered for the promotion.

Acting Executive Director Carey stated that there were a number of high tier winners throughout the state in October. There were 30 winners in New Jersey of \$50,000 or more. There were four \$1,000,000 winners in the Mega Millions drawings during the month. There was one in Morris County, one in Monmouth County, one in Camden County and one in Gloucester County. There were four \$1,000,000 winners in the Powerball drawings for the month. There was one in Morris County, one in Ocean County and two in Burlington County. On October 29th the CASH4LIFE drawing had a grand prize winner of \$1,000 a Week for Life in Middlesex County.

Acting Executive Director Carey reported that Lottery's Facebook page now has 126,217 likes. Through October 2018, the highest organic Facebook post engagement was the October 19th post about the \$1 billion Mega Millions jackpot. That post reached over 90,000 people and received over 1,900 likes. The highest paid Facebook post engagement was the October 18th post about Quick Draw. That post has reached over 172,000 people, including 25,000 video views and 101 likes.

Acting Executive Director Carey stated that at the end of October the Lottery had 10,892 Twitter followers.

Acting Executive Director Carey reported that the Lottery had 5,451 Instagram followers at the end of October.

Acting Executive Director Carey noted that the Lottery responded to 298 email requests and inquiries from VIP Club members and users. The website had 1,946,527 users during the month of October. The one day average number of users was 121,000 and 20% of our visitors last month were new.

Acting Executive Director Carey reported that the VIP Club increased its membership with 9,185 new registrations during the month of October. The VIP Club now has an enrollment of 495,268 active members. The Million Dollar Replay game has recorded over 73 million entries since its inception.

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

Acting Executive Director Carey stated that all on-line 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.

Acting Executive Director Carey reported that the Public Information Office disseminated Lottery news in October that reached more than more than 24 million daily viewers with an estimated advertising value of approximately \$228,000.

Acting Executive Director Carey noted that the Public Information Office issued a number of press releases in October.

Acting Executive Director Carey stated that the Lottery continued to work with the National Council and CCGNJ staffs on the Holiday Gifting Campaign. The press conference was held on November 29th to discuss our annual campaign to remind consumers not to gift lottery tickets to children.

Acting Executive Director Carey reported that there were four Speaker's Bureau Events completed in October.

Acting Executive Director Carey noted that the Lottery and Northstar had a number of Public Promotional Events completed in October. The Lottery had a significant presence at the Prudential Center in Newark. The Lottery also had a presence at the Ocean County Columbus Day Parade and Italian Festival in Seaside Heights.

Acting Executive Director Carey stated that there were 180 security investigations initiated during the month. There were 207 random field inspections conducted at retailer locations.

Acting Executive Director Carey reported that the Licensing unit received, processed and approved 88 applications. There were 84 licenses issued.

Acting Executive Director Carey stated that due to the efforts of the NJ Lottery/Division of Taxation Joint Investigation Project, there was a total of \$2,493.95 collected for the month of October. For FY19 to date, the Lottery has collected over \$16,000.

Acting Executive Director Carey noted that the IMS Department has developed a new application that will allow Collections to import, export and view files being exchanged in connection with the SOIL Collections unit.

Acting Executive Director Carey noted that the Validations staff received and sorted over 4,299 mailed claim forms during October and processed an additional 388 walk-in claims. Staff entered 4,582 claims into our tracking system and also edited 4,645. During the month of October there were 4,810 claims totaling \$16,886,448.41 that were paid to winners including annuity payments.

Acting Executive Director Carey stated that there were 26 Social Security number matches. Matches identified possible child support arrearages and overpayments for public assistance. There was one student loan default.

Acting Executive Director Carey reported that the Retailer/Call Center Services Unit handled 7,069 incoming calls during the month. They also handled 2,685 winner claim status calls.

Acting Executive Director Carey stated Northstar's personnel count at the end of October was 142 employees, consisting of 102 in Sales, 23 in Marketing and 17 in Administration. Total number of active retailers is 7,139, up from 6,378 on October 1, 2013. All of the active retailers are now selling Quick Draw and there are 421 Quick Draw only retailers. Northstar launched its 11th ASA computer lab at Lincoln Elementary School in North Bergen. Northstar's sales team continued to focus on recruiting new Quick Draw retailers, driving Quick Draw sales higher by focusing on building weekly sales average, continuing to run Quick Draw promotions and continuing to support the statewide launch of Quick Draw and the new add on game Bullseye. There were also Grand Openings held at QuickChek in Avenel, Wawa in Cinnaminson and QuickChek in North Plainfield.

Acting Executive Director Carey concluded the Director's Report.

Acting Executive Director Carey asked if there were any questions or comments.

There were no questions or comments about the Director's Report.

NEW BUSINESS

Acting Executive Director Carey introduced seven new instant games.

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.

Acting Executive Director Carey requested a motion to approve the instant ticket game rules for "Quick 50s," "\$8,000,000 Copper Payout," "\$18,000,000 Silver Payout," "\$52,000,000 Gold Payout," "\$90,000,000 Platinum Payout," "Super Money Multiplier" and "Lucky Times 50." Vice Chairman Toscano made the motion which was seconded by Treasurer's Designee Ajmani. Acting Executive Director Carey asked if there were any comments and there being none the motion carried.

Acting Executive Director Carey requested a motion to approve the revised game rules governing the Million Dollar Replay Program. Vice Chairman Toscano made the motion which was seconded by Treasurer's Designee Ajmani. Acting Executive Director Carey asked if there were any comments and there being none the motion carried.

Acting Executive Director Carey requested a motion to approve the 2019 meeting schedule. Vice Chairman Toscano made the motion which was seconded by Investment Designee Terwilliger. Acting Executive Director Carey asked if there were any comments and there being none the motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Acting Executive Director Carey asked for a motion to adjourn the Public meeting. Vice Chairman Toscano made the motion which was seconded by Treasurer's Designee Ajmani. 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 November 20, 2018.

IN WITNESS WHEREOF, I hereby set my hand on

the 29th day of January, 2019.



James A. Carey, Jr.
Acting Executive Director