

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING MARCH 19, 2020 (AMENDED)

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

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  
Craig Ambrose, Governor's Auth. Unit (by phone)

#### VISITORS (BY TELEPHONE)

Adam Perlow, Northstar  
Erica Helms, Northstar  
Foster Krupa, Northstar  
Sam Fromkin, Northstar  
Peter Sullivan, Jackpocket  
Zakary Cutler, Jackpocket  
Andrew Fries, Jackpocket  
Carter Vance, Jackpocket

#### STAFF (BY TELEPHONE)

Regina Arcuri  
Fran Edwards  
Jerry Guarino  
Robert Kersey  
Jason Lee  
Daniel O'Brien  
Rick Pagnani  
Steve Palmieri  
Debbie Raub  
Mary Ann Rivell  
Ryan Schaffer  
Margaret Square  
John White

After the Pledge of Allegiance, 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.

Executive Director Carey requested a motion to approve the minutes of the February 20, 2020 Commission meeting. Executive Director Carey stated there was a typographical error on page two of the minutes, and those minutes will be amended. Chairman D'Anton made the motion, which was seconded by Investment Designee Terwilliger. Executive Director Carey asked if there were any comments and there being none, the motion carried.

#### DIRECTOR'S REPORT

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

All games total sales were: \$265.5 million  
Lotto games total sales were: \$28.9 million  
Daily machine games total sales were: \$78.9 million  
Scratch-Off Tickets total sales were: \$157.7 million

Executive Director Carey stated that Pick-6 had sales of \$4 million compared to \$4.4 million the prior year, which was a decrease of 9.2%.

Executive Director Carey stated that Mega Millions had sales of \$10.6 million compared to \$12.3 million the prior year, which was a decrease of 13.5%.

Executive Director Carey stated that Powerball had sales of \$9.6 million compared to \$14.3 million the prior year, which was a decrease of 32.9%.

Executive Director Carey stated that Pick-3 had sales of \$32.8 million compared to \$31.7 million the prior year, which was an increase of 3.3%.

Executive Director Carey stated that Pick-4 had sales of \$21.1 million compared to \$19.9 million the prior year, which was an increase of 6.3%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$11.4 million compared to \$12.6 million the prior year, which was a decrease of 9.9%.

Executive Director Carey stated that New Jersey only games had sales of \$240.6 million compared to \$228.3 the prior year, which was an increase of 5.4%.

Executive Director Carey stated that fiscal year to date Lotto games had sales of \$270.2 million compared to \$434.7 million the prior year, which was a decrease of 37.8%.

Executive Director Carey stated that fiscal year to date Scratch-Offs had sales of \$1.25 billion compared to \$1.22 billion the prior year, which was an increase of 2.6%.

Executive Director Carey stated that fiscal year to date New Jersey only games had sales of \$1.932 billion compared to \$1.922 billion the prior year, which was an increase of 0.4%.

Executive Director Carey stated that fiscal year to date all games had total sales of \$2.1 billion compared to \$2.3 billion the prior year, which was a decrease of 5.9%.

Executive Director Carey stated that the monthly Pension Fund contribution was \$76.3 million, compared to \$74.6 the prior year, which is an increase of 2.3%.

The contribution to date to Pension Fund L for the fiscal year was \$629.5 million compared to \$697.6 million the prior year, which was a decrease of 9.8%.

Executive Director Carey stated that net proceeds for the fiscal year to date were \$629.53 million or 29.10% of sales. Lotto games were \$112.7 million or 39.8% of sales. Daily games were \$241 million or 38.4% of sales. Instant games were \$268.6 million or 21.4% of sales.

Executive Director Carey stated that total to date FY20 proceeds also include 30% of the current estimated forfeited prizes or \$7.1 million.

Executive Director Carey stated that the top three selling non-core games for February were "200X the Money Bonus," which generated \$14.9 million in sales, "\$100X the Money Bonus," which generated \$10.9 million in sales and "\$50X the Money Bonus," which generated \$9.3 million in sales.

Executive Director Carey stated that new games to be launched on April 6 are "Money Madness," "High Card Poker" and "\$3,000,000 Mega Bucks." The New Jersey Lottery is in discussion with Northstar on how to handle the April game launches due to the COVID-19 crisis.

Executive Director Carey stated that there were a few high tier winners throughout the state in February. On February 3, Jersey Cash 5 had two \$334,728 winners. On February 11, New Jersey had the \$202 million Mega Millions jackpot winner. On February 24, Jersey Cash 5 had two \$475,863 winners. There was one scratch-off winner of \$1,000,000 in Sussex County.

Executive Director Carey stated that on March 6 the New Jersey Lottery held the Million Dollar Replay Event. It was a huge success and the \$1,000,000 winner was present. The staff at the New Jersey Lottery and Northstar did a tremendous job in preparing for the event.

Executive Director Carey stated that all drawings for February 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 the New Jersey Lottery held a press conference on February 12 at the Middlesex County Quick Stop in Edison, which sold the \$202 million Mega Millions jackpot ticket. On February 28 the New Jersey Lottery announced a multi-year sponsorship of the New Jersey Lottery Festival of Ballooning.

Executive Director Carey stated that there were many Public Promotional events completed in February. There were many events planned for March but Northstar has pulled its Promotions team from the field due to COVID-19.

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

Vice Chair Blazovsky asked why sales have decreased by \$22 million since last month. Deputy Director of Finance, John White, stated that he would send a response to the Commissioners with a specific answer.

Treasurer's Designee Ajmani asked if the scratch-off game "Super 50" was launched and, if so, how are sales. Executive Director Carey responded the "Super 50" scratch-off ticket launched on March 2. For the first two weeks of March, it generated almost \$20 million in sales. The third week it generated \$7.9 million in sales, which was 18.7% of total sales for scratch-off tickets.

Vice Chair Blazovsky asked that during the current crisis, could the Commissioners look at reporting the sales from the previous month to see what is happening and have that in the Director's Report. Executive Director Carey responded that monthly sales might not be the best metric; it might be a better metric to look at daily sales. The weekly report from Northstar states total sales week over week were down 5.7%.

Vice Chair Blazovsky asked if next month's monthly report could have an update on where the technology upgrade is going. Executive Director Carey responded that an update will be included in next month's Director's Report.

Treasurer's Designee Ajmani asked if Northstar has the capability to know which retailer stores are open and which are closed. Adam Perlow, Vice President and Chief Operating Officer of Northstar, responded that they do not know, but Northstar can look at which retailers have zero sales, which would indicate that they are likely closed. Northstar will produce that information and will share it with New Jersey Lottery staff.

Treasurer's Designee Ajmani stated that it should be figured out how many stores are closed. Ms. Ajmani would like to see out of the stores that are open, how have their weekly sales fluctuated since the crisis started. Executive Director Carey responded that the Lottery looks at sales every day. There are always retailers with zero sales, but Lottery staff will look to see if there is a market increase in that zero number.

Treasurer's Designee Ajmani asked if the Commissioners could get sales information on a more regular basis. Executive Director Carey responded that Lottery will share the weekly report with the Commissioners.

Executive Director Carey concluded the Director's Report.

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

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

## **NEW BUSINESS**

Executive Director Carey gave a brief update to the Commission on the New Jersey Lottery's Continuity of Operations Plan (COOP) with the current COVID-19 crisis. The COVID-19 crisis is a fluid situation and it is unknown how this will develop over time. The Lottery plans to continue to sell tickets with reduced staff in the office. The State is not shutting down, so the Lottery is not shutting down. The New Jersey Lottery must continue generating revenue to the State. Equally important is that there is a network of 7,000 retailers and Lottery generates revenue for those retailers. Most of Lottery's core operations can be completed from home with remote access. The Lottery's front desk will be closed as of March 20. The New Jersey Lottery holds drawings 365 days a year and has a very dedicated, professional staff. The Lottery drawings cannot be done remotely and staff cannot be reduced. In addition, the Lottery's Warehouse and Validations unit cannot work remotely.

Treasurer's Designee Ajmani stated that a retailer's commission could mean keeping an employee on the payroll. Everyone is trying not to lay off a worker. If a small payment from the Lottery allows a retailer to keep a person employed, that is the support that the economy needs. Ms. Ajmani stated that she will try to keep Lottery as an essential service and stay open.

Executive Director Carey asked Deputy Director of Finance, John White, to explain the instant ticket settlement process and what relief the Lottery can give retailers. Deputy Director White stated most retailers are on a 30 or 60-day settlement plan. System messaging was put out to those retailers that their packs will now settle in 60 days. This should mitigate the number of EFT failures for those retailers. Executive Director Carey stated that Lottery will monitor the EFT fails and possibly extend it again, if necessary. The Lottery does not want to put good retailers under additional pressure. The EFT sweep is done every Thursday, which can be done remotely.

Executive Director Carey asked Adam Perlow, Vice President and Chief Operating Officer of Northstar, to address any COOP issues. Mr. Perlow stated that they are doing their best to keep up with the guidance from the Governor, the CDC and the Federal government. Northstar has canceled all public events. Like Lottery, most of Northstar's staff are working remotely. Northstar's instant ticket warehouse staff, sales warehouse staff, the telesales team for instant tickets cannot work from home. Northstar is still shipping out instant tickets and there are no plans to discontinue that function. The Field Services Technicians are working on down calls only as new installations have been suspended. The sales team is working from home and they communicate daily with retailers. They are focusing on customer service now, rather than sales.

Executive Director Carey stated this is a very fluid situation. As things come up, plans are going to change. The goal is to have fewer people in the office and the field but to keep selling tickets. The planning has to account for the fact that things can get much worse.

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

Vice Chair Blazovsky asked how Security inspections will be handled during the crisis. Executive Director Carey responded that most of the Lottery's staff are working from home. If a jackpot ticket is sold or an investigation needs to take place, a Security Investigator will go out to the retailer. The staff has been instructed on what precautions they need to take when they go out into the public. The State, and the New Jersey Lottery, are still open and doing business.

Vice Chair Blazovsky stated that she understands that retailers are on a regular quantity, especially with new scratch-off game releases; will those general distributions be adjusted with stores that may be closed or that cannot afford to take any more tickets. Executive Director Carey responded that this is one of the reasons the Lottery adjusted the EFT schedule. The Lottery and Northstar are discussing that the April launches not take place to protect retailers. Northstar's Lottery Sales Representatives have been given talking points to remind retailers that they are financially responsible for opened scratch-off packs.

Executive Director Carey requested a motion to approve the "Notice of Rule Waiver/Modification/Suspension Pursuant to Executive Order No.103 (Murphy)." Chairman D'Anton made the motion, which was seconded by Vice Chair Blazovsky. Executive Director Carey stated that the Notice and Board action would permit the Board to suspend the requirement of N.J.A.C. 17:20-7.12 that players must file claims for winning tickets within one year of the game draw date, and give players an additional 30 days to file winning ticket claims. The action was being requested in connection with the Division of Lottery's plan to temporarily close its front desk, which receives walk-in claims, in response to the current state of emergency. Executive Director Carey asked if there were any questions and there being none the motion carried.

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.

Executive Director Carey requested a motion to approve the instant ticket game rules for "Lucky Stars," "Loteria Grande," "Fast Cash," "\$10,000 Ballooning Bucks," "CA\$H" and "\$3,000,000 Ultimate Riches." Chairman D'Anton made the motion, which was seconded by Investment Designee Terwilliger. Executive Director Carey asked if there were any comments and there being none the motion carried.

Executive Director Carey introduced a package of changes to the rules governing Pick-3, Pick-4, Jersey Cash 5 and 5 Card Cash, changing evening draw times from 7:58 p.m. to 10:58 p.m. The changes in draw times will be effective June 29, 2020.

Executive Director Carey requested a motion to approve the official game rules governing Pick-3. Chairman D'Anton made the motion, which was seconded by Investment Designee Terwilliger. Executive Director Carey asked if there were any comments and there being none the motion carried.

Executive Director Carey requested a motion to approve the official game rules governing Pick-4. Chairman D'Anton made the motion, which was seconded by Vice Chair Blazovsky. Executive Director Carey asked if there were any comments and there being none the motion carried.

Executive Director Carey requested a motion to approve the official game rules governing Jersey Cash 5. Chairman D'Anton made the motion, which was seconded by Investment Designee Terwilliger. Executive Director Carey asked if there were any comments and there being none the motion carried.

Executive Director Carey requested a motion to approve the official game rules governing 5 Card Cash. Chairman D'Anton made the motion, which was seconded by Investment Designee Terwilliger. Executive Director Carey asked if there were any comments and there being none the motion carried.

## **PUBLIC COMMENT**

Peter Sullivan, Chief Executive Officer of Jackpocket, thanked the Commission for allowing him to speak during such difficult times. He stated that Jackpocket is the only officially registered Courier Service in the state. Their mobile app offers the ability for people to play the Mega Millions, Powerball, Pick-6 and CASH4LIFE games from the comfort of their homes. Since launching, their number one request to date is to offer the daily games, which includes Pick-3, Pick-4 and the Jersey Cash 5 games. Mr. Sullivan stated that the regulations were written in a way that allow the Director only to authorize games that are non-cancellable. Jackpocket is requesting the Commission add one additional sentence to the existing Pick-3, Pick-4 and Jersey Cash 5 game rules that make those games non-cancellable if ordered through a Courier. Jackpocket would be able to launch those games today if given permission.

Executive Director Carey stated that the New Jersey Lottery would take what Jackpocket has said into consideration.

**EXECUTIVE SESSION**

There was no Executive Session.

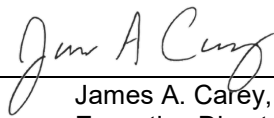
**ADJOURNMENT**

Executive Director Carey asked for a motion to adjourn the Public meeting. Chairman D'Anton 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 March 19, 2020.

IN WITNESS WHEREOF, I hereby set my hand on

the 23 day of April, 2020.

  
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James A. Carey, Jr.  
Executive Director