

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING MARCH 18, 2021

Chairman D'Anton called the Commission meeting into session at 10:00 a.m.

COMMISSION MEMBERS (by phone)

Robert J. D'Anton, Chairman
Marilyn Blazovsky, Vice Chair
Dini Ajmani, Treasurer's Designee
Gary Terwilliger, Division of Investment Designee

James A. Carey, Jr., Executive Director
Roza Dabaghayn, Deputy Attorney General
Rudy Rodas, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

Adam Perlow, Northstar
Erica Helms, Northstar
Foster Krupa, Northstar
Joe Cavallo, Northstar
Sam Fromkin, Northstar

STAFF (BY TELEPHONE)

Frances Edwards
Missy Gillespie
Jerry Guarino
Dean Ialacci
Robert Kersey
Jason Lee
Jack Leo
Marc Marseglia
Joe Oleszkiewicz
Ellen O'Malley
Rick Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Ryan Schaffer
Margaret Square

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.

DIRECTOR'S REPORT

Executive Director Carey stated that over the last several months, the Lottery has been working with Northstar and IGT on a conversion to our new gaming system. The gaming system is IGT's Aurora system, which is a substantial upgrade from the system that we were previously using. Lottery has been satisfied with how the conversion has gone and there were no major disruptions of service. There were some difficulties with getting some reporting forms. Lottery sales were halted for several additional hours on February 26 and sales commenced at approximately 11:00 that morning.

Executive Director Carey stated many games were slightly down in February compared to last February. February 2020 was a leap year, so there were 29 days of sales.

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

All games total sales were: \$261.5 million
Lotto games total sales were: \$27.8 million
Daily machine games total sales were: \$79.8 million
Scratch-Off tickets total sales were: \$153.8 million

Executive Director Carey stated that Pick-6 had sales of \$3.9 million compared to \$4.0 million the prior year, which was a decrease of 1.2%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.5 million compared to \$4.6 million the prior year, which was a decrease of 0.7%.

Executive Director Carey stated that Mega Millions had sales of \$9.8 million compared to \$10.6 million the prior year, which was a decrease of 7.8%.

Executive Director Carey stated that Powerball had sales of \$9.4 million compared to \$9.6 million the prior year, which was a decrease of 1.7%.

Executive Director Carey stated that Pick-3 had sales of \$32.5 million compared to \$32.8 million the prior year, which was a decrease of 0.9%.

Executive Director Carey stated that Pick-4 had sales of \$20.7 million compared to \$21.1 million the prior year, which was a decrease of 1.9%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$12.5 million compared to \$11.4 million the prior year, which was an increase of 9.9%.

Executive Director Carey stated that fiscal year to date all games had total sales of \$2.4 billion compared to \$2.1 billion the prior year, which was an increase of 10%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$292 million compared to \$268 million the prior year, which was an increase of 8.8%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$189 million compared to \$173 million the prior year, which was an increase of 9.6%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$36 million compared to \$38 million the prior year, which was a decrease of 7.2%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$39.4 million compared to \$38.8 million the prior year, which was an increase of 1.4%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$153.4 million compared to \$98.9 million the prior year, which was an increase of 55%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$126.4 million compared to \$93.6 million the prior year, which was an increase of 35%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$21.9 million compared to \$12.6 million the prior year, which was an increase of 73%. He noted that Cash Pop sales began on September 30, 2019.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$123.5 million compared to \$89 million the prior year, which was an increase of 38.8%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$15.3 million compared to \$12.5 million the prior year, which was an increase of 22.9%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$1.3 billion compared to \$1.2 billion the prior year, which was an increase of 6.2%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$2.4 billion compared to \$2.1 billion the prior year, which was an increase of 10.9%.

Executive Director Carey stated that fiscal year to date the total contribution to the State was \$711 million compared to \$629 million the prior year, which was an increase of 13%.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$710.7 million or 29.6% of sales. Fiscal year profits from lotto games were \$143.3 million or 40.3% of sales. Fiscal year profits from daily games were \$273 million or 38.4% of sales. Fiscal year profits from Scratch-Offs were \$287.5 million or 21.5% of sales.

Executive Director Carey stated that total to date FY21 net proceeds also include 30% of the current estimated forfeited prizes or \$5.7 million.

Executive Director Carey stated that the top three selling non-core games for February were “Raging Hot 7’s,” which generated \$12 million in sales, “Blazing Hot 7’s,” which generated \$8.7 million in sales and “Scorching Hot 7’s,” which generated \$8.3 million in sales.

Executive Director Carey stated that the top three selling Core and Family Games for February were the “Hot 7’s” family of games, which made up 23% of total sales, “Crossword” core games, which made up 17% of total sales and the “Riches” family of games, which made up 12% of total sales.

Executive Director Carey stated that new games launched on March 1 were “7-11-21,” “24 Karat Gold,” “Loteria Grande,” and “Cash Blast.”

Executive Director Carey stated that new games that will launch on April 5 are “Cash Climb,” “Wild 10’s” and “Super 50X.”

Executive Director Carey reviewed high tier winners throughout the state in February.

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

Executive Director Carey stated that all on-line 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 March is Problem Gambling Awareness Month. He thanked Mary Ann Rivell, Missy Gillespie and Bob Kersey who work with the Council on Compulsive Gambling of New Jersey.

Executive Director Carey stated that there were 127 total open Security cases at the end of the month. There were 86 security investigations initiated. There were 108 security investigations completed. The Licensing Unit received and processed 18 applications and there were 19 licenses issued.

Executive Director Carey stated that the Validations Department received and sorted 3,141 mailed claims during the month of February. There were 25 hand delivered claims submitted with appointments. Staff entered 3,880 claims into the claims and processing claims tracking system and edited 3,592 claims. During the month of February there were 3,726 claims totaling over \$21.3 million that were paid to winners including annuity payments.

Executive Director Carey stated that the pandemic has continued to make paying claims challenging. It is necessary for our staff to work safely and socially distanced. Claims continue to be processed slower than we would like. The Lottery is arranging to have most of the Validations staff in the office working, and properly socially distanced, in order to process claims sooner. The Lottery is aware that the time to process claims is not ideal and we are working hard to speed up that process.

Executive Director Carey stated that the Retailer/Call Center handled 3,599 incoming calls and 2,907 winner claim status calls during the month.

Executive Director Carey stated that the warehouse received 2,937 packages from UPS, FedEx and other special deliveries.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow stated that sales are going very well. He stated that the big gains in Cash Pop and Fast Play were nice to see. Research showed that players were not playing those games as much because they did not know about them. Northstar put a little bit of advertising and promotion muscle behind those games and it has proven to be quite effective. Mr. Perlow stated that we held the Million Dollar Replay Event on March 10. Erica Young led it from Northstar’s side and she was a very important part of the Million Dollar Replay Event. Mr. Perlow thanked Ms. Young, who is leaving Northstar. Mr. Perlow stated that Ms. Young was the Lottery’s draw host for several years,

and that her mother, Hela Young, was also the Lottery's draw host for many years. Mr. Perlow thanked her for all of her efforts for Northstar and the Lottery and wished her well in the next chapter of her life.

Executive Director Carey also thanked Erica Young. He thanked Ms. Young and Sam Fromkin for their work on the Million Dollar Replay event.

Executive Director Carey concluded the Director's report.

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

Vice Chair Blazovsky asked if Executive Director Carey could give a little bit more detail on the Validation numbers. In looking at the monthly report, it appears with the editing and payments that they are working off a backlog. Vice Chair Blazovsky asked what the backlog is and how long it is taking to process a claim from the time that a player mails the claim to when they get their check. Executive Director Carey stated that while he was unable to give her the specific backlog numbers, it was taking six to seven weeks for claimants to be paid. It should normally take three to four weeks. There were a few factors that are causing the backlog: Lottery stopped paying claims in December to perform end of year tax work (this happens every year); Validations staff were working on the conversion to the Aurora system; and all and staff continue to work remotely at least for part of the week. Lottery is looking at ways to improve the response time, including bringing staff back into the office, and diverting staff from other units to the Validations unit. Executive Director Carey noted that it has been difficult during the pandemic and our sales have been very good. We have to prioritize the safety of our employees. The Validations unit cannot work effectively from home and most of the staff work drawings. The Lottery needs to be very careful because we want our employees to be safe and we do not want to jeopardize our ability to conduct live drawings.

Vice Chair Blazovsky asked what kind of messaging is Lottery putting out to the winners so that they understand this issue. She stated that there were over 3,000 calls coming in on winner claims alone this month and it is up from last month. Executive Director Carey responded that we are telling players that in the pandemic, it is taking longer time to process claims and it is currently taking six to eight weeks to get paid on their claim.

Vice Chair Blazovsky stated that Lottery is now looking at a month and a half versus a month. Executive Director Carey responded that it is taking six to eight weeks and Lottery is working to improve that.

Vice Chair Blazovsky stated that for next month she would like a little better understanding of how many claims are included in that backlog. She stated that there is also an outstanding issue from last month's meeting regarding receiving a better understanding of how retailer numbers are reported. Executive Director Carey responded that he would provide that information.

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

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 Scratch-Off ticket game rules for "Bean Bag Bucks," "Emerald 8's" and "Diamond Bingo." Investment Designee Terwilliger made the motion, which was seconded by Treasurer Designee Ajmani. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

Chairman D'Anton requested a motion to approve the on-line game rules for FAST PLAY. The game rules for approval were rules for "Match 5 Doubler." Chairman D'Anton asked if there were any questions or comments on this game.

Vice Chair Blazovsky asked what is the total number of Fast Play games that are currently out in the marketplace. Mr. Perlow responded that there are 12 Fast Play games in the market. Northstar rotates games in and out to maintain 12 games in the market.

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

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

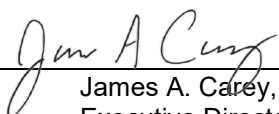
ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Investment Designee Terwilliger made the motion, which was seconded by 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 March 18, 2021.

IN WITNESS WHEREOF, I hereby set my hand on

the 21 day of April, 2021.



James A. Carey, Jr.
Executive Director