

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING NOVEMBER 18, 2021

Vice Chair Blazovsky called the Commission meeting into session at 10:00 a.m.

#### COMMISSION MEMBERS (BY TELEPHONE)

Marilyn Blazovsky, Vice Chair  
Ian K. Leonard, Commissioner  
Elizabeth Maher Muoio, Treasurer  
Gary Terwilliger, Division of Investment Designee

James A. Carey, Jr., Executive Director  
Robert E. Kelly, Deputy Attorney General  
Allison Cofran, Deputy Attorney General  
Rudy Rodas, Governor's Auth. Unit

#### VISITORS (BY TELEPHONE)

Adam Perlow, Northstar  
Foster Krupa, Northstar  
Sam Fromkin, Northstar  
Erin Ziegler, Northstar

#### STAFF (BY TELEPHONE)

Missy Gillespie  
Jerry Guarino  
Dean Ialacci  
Shelina Islam  
Robert Kersey  
Kelly Laird  
Jason Lee  
Marc Marseglia  
Charlene Mello  
Ellen O'Malley  
Steve Palmieri  
Debbie Raub  
Mary Ann Rivell  
Ryan Schaffer  
John White

After the Pledge of Allegiance, Vice Chair Blazovsky 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 took roll call.

Vice Chair Blazovsky requested a motion to approve the minutes of the October 21, 2021 Commission meeting. Commissioner Leonard made the motion, which was seconded by Treasurer Maher Muoio. Vice Chair Blazovsky asked if there were any comments and there being none, the motion carried.

### DIRECTOR'S REPORT

Executive Director Carey reminded the Commissioners that under Executive Order #41, members of the governing body of each State independent authority, commission and public corporation are to complete annual training on government ethics and proper fiscal practices. The Commissioners need to complete their training in accordance with the memo dated October 25, 2021.

Executive Director Carey stated that Lottery had a very good month in October. It was highlighted by a Powerball drawing that was won in California for \$685 million on October 4. There were four days of drawings where the announced jackpot was in excess of \$500 million, which drove up Powerball sales.

Executive Director Carey reviewed October's results and activities. Highlights were:

All games total sales were: \$308 million  
Lotto games total sales were: \$48 million  
Daily machine games total sales were: \$90.8 million  
Scratch-Off tickets total sales were: \$169 million

Executive Director Carey stated that Pick-6 had sales of \$5.3 million compared to \$4.5 million the prior year, which was an increase of 18%.

Executive Director Carey stated that CASH4LIFE had sales of \$5 million compared to \$4.8 million the prior year, which was an increase of 4.5%.

Executive Director Carey stated that Mega Millions had sales of \$10.9 million compared to \$10 million the prior year, which was an increase of 9.3%.

Executive Director Carey stated that Powerball had sales of \$26.7 million compared to \$9.6 million the prior year, which was an increase of 176.9%.

Executive Director Carey stated that Pick-3 had sales of \$36 million compared to \$37 million the prior year, which was a decrease of 1.6%.

Executive Director Carey stated that Pick-4 had sales of \$23.5 million compared to \$24.4 million the prior year, which was a decrease of 3.7%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$14.7 million compared to \$13.1 million the prior year, which was an increase 11.9%.

Executive Director Carey stated that Cash Pop had sales of \$3.6 million compared to \$2.7 million the prior year, which was an increase of 33%.

Executive Director Carey stated that Quick Draw had sales of \$9.4 million compared to \$9 million the prior year, which was an increase of 4.6%.

Executive Director Carey stated that Fast Play had sales of \$3 million compared to \$1.6 million the prior year, which was an increase of 80%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$20.8 million compared to \$17.5 million the prior year, which was an increase of 18.7%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$20.3 million compared to \$19.5 million the prior year, which was an increase of 3.7%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$53.9 million compared to \$38.6 million the prior year, which was an increase of 39.7%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$86.5 million compared to \$37.8 million the prior year, which was an increase of 128.8%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$149.8 million compared to \$150.9 million the prior year, which was a decrease of 0.08%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$94.7 million compared to \$97.6 million the prior year, which was a decrease of 3%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$55.1 million compared to \$60.8 million the prior year, which was a decrease of 9.5%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$15.3 million compared to \$9.2 million the prior year, which was an increase of 66%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$37.7 million compared to \$34.4 million the prior year, which was an increase of 9.6%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$10.1 million compared to \$5.8 million the prior year, which was an increase of 74%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$683 million compared to \$676 million the prior year, which was an increase of 1%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$1.2 billion compared to \$1.1 billion the prior year, which was an increase of 6.9%.

Executive Director Carey stated that the monthly contribution for the month was \$92.4 million compared to \$81.3 million the prior year, which was an increase of 13.6%. The total contribution was 30% of sales.

Executive Director Carey stated that the total contribution for the fiscal year was \$366.6 million compared to \$329 million the prior year, which was an increase of 11.4%.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$366.6 million or 29.8% of sales. Fiscal year profits from lotto games were \$74.7 million or 41.1% of sales. Fiscal year profits from daily games were \$139.9 million or 38.5% of sales. Fiscal year profits from Scratch-Offs were \$146.5 million or 21.4% of sales.

Executive Director Carey stated that the top three selling non-core games for October were "100X The Cash," which generated \$12.8 million in sales, "Win Either \$100 or \$200," which generated \$10.8 million in sales and "50X The Cash," which generated \$8.1 million in sales.

Executive Director Carey stated that new games that launched on November 1 were "Festive \$50's," "Holiday Lucky Times 10," "Holiday Delight" and "\$50 and \$100 Blowout!" The holiday season is the biggest for Scratch-Offs. They make great gifts and he reminded players not to gift tickets to minors.

Executive Director Carey reviewed high tier winners throughout the state in October. On October 21, we had a Pick-6 winner of \$9.4 million. That ticket was sold by one of our couriers, Jackpocket.

Executive Director Carey stated that all drawings for the month of October 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 the Public Promotional Events planned for November include many events at the Prudential Center.

Executive Director Carey stated that the Validations unit received and sorted 3,680 mailed claims during the month of October. The number of claims received in the drop box was 351. There were 12 hand delivered claims submitted during scheduled appointments. During the month of October there were 4,902 claims totaling over \$24.5 million that were paid to winners including annuity payments.

Executive Director Carey discussed the delays with the payment of claims that occurred during the pandemic. He explained the steps Lottery took to decrease wait times. He stated that prior to the pandemic, it was taking four to five weeks for players to get paid. Lottery is still paying out more claims than have been received and that backlog has been dealt with appropriately.

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 the Quick Draw promotion that launched in September gives players an opportunity to win tickets to Pro Football's biggest game in February. Advertising to support Quick Draw wrapped up at the end of October and advertising for Fast Play began in November. Fast Play is doing exceptionally well from a sales standpoint and there has been a lot of excitement around that game. Also related to Quick Draw, there were three Quick Draw events with legends from the Eagles, Giants and Jets that we held in conjunction with some bars and restaurants who are Quick Draw retailers. The Sales team has been busy with the holiday games launched the beginning of November and the New Year's Raffle begins on November 22. The holiday advertising campaign will kick off the Monday after Thanksgiving.

Executive Director Carey concluded the Director's report.

Treasurer Maher Muoio announced that Michael Kanef will be assuming the role of Assistant Treasurer on November 20, and he will be responsible for overseeing the Lottery. Mr. Kanef is a veteran of the finance industry where he worked for 20 years with both Moody's Corporation and Moody's Investors Services. Prior to his joining Treasury and the Office of Public Finance in 2018, he had spent nearly a decade as Moody's Chief Regulatory Affairs and Compliance Officer. The Treasurer added that Mr. Kanef's expertise and professionalism are going to be a tremendous asset to Executive Director Carey, the team at Lottery and the Commission and help ensure the continued success of the Division.

Vice Chair Blazovsky welcomed Mr. Kanef to the Lottery.

Vice Chair Blazovsky asked if there are any questions or comments.

Vice Chair Blazovsky stated that in October there was advertising around the Multiplier family of Scratch-Off games as well as Quick Draw. Looking at the sales for this month, could Executive Director Carey comment if that advertising was worth the expenditure. In addition, how does the Lottery plan to continue a promotion event of that game so that sales do not drop off next month? Vice Chair Blazovsky added that there was a bump in sales for both Quick Draw and Multiplier as a result of advertising and was this amount what was projected in the advertising plan. She asked what the plan is to continue to have that momentum so it does not drop after we stop advertising. Executive Director Carey invited Mr. Perlow to respond.

Mr. Perlow replied that advertising expenditures have been consistent with budgeted amounts. Northstar focuses on ensuring that we meet the overall budget number at the end of the year and directionally stick with what is in the plan. He explained that media prices tend to fluctuate during the year and Northstar has to account for the variance. Mr. Perlow added that in the past two years, the Lottery's marketing spending has been below the budgeted amount because Northstar has been conservative about spending and the budget.

Regarding advertising of Scratch-Offs, the Lottery generally runs three Scratch-Off advertising campaigns in a year. Two around our family of games, which are traditionally launched in September and February and a holiday scratch campaign for the holiday season. The reason Lottery advertises around the game families is the game are available at nearly all price points, allowing Lottery to extend the spend across the entire family but also with a large impact of "brand marketing" around all Scratch-Offs

Vice Chair Blazovsky asked if there are any additional questions or comments. Vice Chair Blazovsky requested a motion to approve the Director's Report. Treasurer Maher Muoio made the motion, which was seconded by Commissioner Leonard.

## **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.

The first item of new business was game rules for one Fast Play game.

"Lucky Loot" is a \$5 ticket, a top prize of \$400 or 50% of the jackpot, a prize payout of 63%, and an anticipated on-sale date of February 18, 2022.

Vice Chair Blazovsky requested a motion to approve the Fast Play game rules for "Lucky Loot." Vice Chair Blazovsky asked if there were any questions or comments on these games. Investment Designee Terwilliger made the motion, which was seconded by Commissioner Leonard. Vice Chair Blazovsky asked if there were any questions or comments and there being none, the motion carried.

The second item under new business was the general rules governing the Million Dollar Replay Program. Executive Director Carey explained that the Million Dollar Replay Program is where players can enter

non-winning Scratch-Off tickets into another drawing to win \$1 million. The grand prize is \$1 million; there are two \$100,000 prizes, three \$50,000 prizes, four \$25,000 prizes and five \$10,000 prize. At the live drawing event, Lottery also gives away ten \$1,000 prizes for people in attendance. Each year the game rules have to be revised to account for different drawing dates and to set the annuity value. Mr. Carey added that the rules that were originally sent to the Commissioners in the agenda packet were slightly revised to correct some non-substantive but inconsistent language.

Vice Chair Blazovsky asked if there were any questions or comments.

Vice Chair Blazovsky thanked Executive Director Carey and his staff for taking a second look at these game rules, it clarified some of her questions. Vice Chair Blazovsky asked if Executive Director Carey would talk a little bit about the reference to Apple in the "How to Enter" section three, number one. Executive Director Carey responded that in the "How to Enter" subsection, there is a sentence that states "To the extent you access the Million Dollar Replay program on the Lottery mobile application through an Apple device, please be advised that the Million Dollar Replay program is not associated with, sponsored, endorsed or administered by Apple." That was a new addition to these game rules. The Lottery's app is free to download for players, but we are subject to Apple's requirements and standards for mobile apps available through Apple. One of the requirements and standards that Apple has is that when you are running sweepstakes or any sort of gambling operation, there has to be a clear statement in the rules that Apple is not part of the sweepstakes. Because you can use the New Jersey Lottery app to enter your tickets into the entry system for Million Dollar Replay, we were required by Apple to include that disclaimer.

Vice Chair Blazovsky asked if Google required that. Executive Director Carey responded that they did not require that disclaimer, this was Apple's requirement.

Vice Chair Blazovsky requested a motion to approve the general rules governing the Million Dollar Replay Program. Vice Chair Blazovsky asked if there were any additional questions or comments. Commissioner Leonard made the motion, which was seconded by Treasurer Maher Muoio. Vice Chair Blazovsky asked if there were any questions or comments and there being none, the motion carried.

The third item under new business was approval of the 2022 meeting schedule. Executive Director Carey explained that we historically conduct the meetings on the third Thursday of the month. To the extent that we would need to have some flexibility we can engage in that if there is a scheduling issue during the course of the year

Vice Chair Blazovsky asked if we had some snow issues last year. Executive Director Carey responded that we need to reschedule meetings if there is inclement weather. The pandemic created some issues with Open Public Meeting notices as well. If we are going to change something, we always talk to the Attorney General's Office to make sure that our Open Public Meetings Act requirements are being met if a meeting has to be changed because of adverse weather.

Vice Chair Blazovsky asked what kind of lead-time do you need in order to do that? Executive Director Carey responded that, if necessary, we could cancel a meeting right before it begins. Lottery does not want to do that and when we go back to live meetings we would not cancel a meeting right before it begins, we would rather get that notice out on the night before. Legally, if there is going to be a problem, we can cancel it right before. We need to get a notice out five days in advance of scheduling a public meeting. Executive Director Carey added that we had to start a meeting an hour late last year but we opened the meeting to the public, and stated that the meeting would start late.

Vice Chair Blazovsky asked if we want to change the date of one of the month's meetings, would we do that in advance and follow the prescribed Open Public Meetings Act regulations. Executive Director Carey responded that if there were a conflict that we were aware of, like the League of Municipalities, which might be a conflict with the November meeting, we would discuss that in October.

Vice Chair Blazovsky requested a motion to approve the 2022 meeting schedule. Vice Chair Blazovsky asked if there were any additional questions or comments. Investment Designee Terwilliger made the motion which was seconded by Treasurer Maher Muoio. Vice Chair Blazovsky asked if there were any comments and there being none the motion carried.

**PUBLIC COMMENT**

Roy Campbell thanked everyone at Lottery for their hard work. He stated the Lottery is not meeting its standards with paying their customers. Currently it is taking six weeks to get paid and it is sometimes taking longer than that. When players call to make an appointment, they are told that it is only open on Wednesdays and Thursdays. They are only taking high level payments and he knows a customer who had ten Pick-4 tickets totaling almost \$20,000 and he was unable to make an appointment because the money was not all on one ticket. Mr. Campbell stated that is unfair and he asked the Commissioners to look at this currently and going forward to find a way in where there can be a system in which players can be paid in a fair and timely manner. He stated that he appreciates all that Lottery does but all what Lottery does is supposed to be for the players. Players support the Lottery.

Executive Director Carey responded that Mr. Campbell raises a very good and a very fair point. Our players are our customers, we have other stakeholders in the state including the taxpayers. Everyone is paying attention to what we do. Executive Director Carey stated that it was difficult that claims payments were delayed during the pandemic and he explained the steps that Lottery has taken to speed up that time. We are going to look into what Mr. Campbell stated about the player that had ten Pick-4 tickets. He explained that players have several options for delivering winning tickets and claims to the Lottery, including mail, hand-delivery to our drop box, and making an appointment. We have generally offered the opportunity for high tier winners to make an appointment. We will also talk to our staff on how to improve that piece of customer service. We take it seriously and we are going to be looking at options during the next year to significantly improve how we handle claims. We have a couple of different ideas that we will be working closely with Northstar on.

Mr. Campbell stated that he appreciated that and he wanted to bring it to not only to Executive Director Carey’s attention but to the Commissioners’ attention, too, because that is the number one complaint from players. Mr. Campbell added that he was in the Lottery’s offices yesterday with his brother. They were able to get a quick appointment and were very happy with the service accorded to them.

Vice Chair Blazovsky stated that she wanted to address Mr. Campbell’s comment since he specifically mentioned the Commission. She would like a report on exactly some of the issues that Mr. Campbell raised. She requested that Lottery get that on the agenda for January so that the Commissioners can have a better understanding of where we are and where we need to go with this issue. Executive Director Carey responded that Lottery would provide that report.

**EXECUTIVE SESSION**

There was no Executive Session.

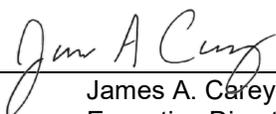
**ADJOURNMENT**

Vice Chair Blazovsky 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 November 18, 2021.

IN WITNESS WHEREOF, I hereby set my hand on

the 8th day of December, 2021.

  
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James A. Carey, Jr.  
Executive Director