

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING FEBRUARY 17, 2022

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

#### COMMISSION MEMBERS (BY TELEPHONE)

Robert J. D'Anton, Chair  
Marilyn Blazovsky, Vice Chair  
Ian K. Leonard, Commissioner  
Michael Kanef, Treasurer's Designee  
Gary Terwilliger, Division of Investment Designee

Marc Marseglia, Chief of Staff  
Robert E. Kelly, Deputy Attorney General  
Jamera Sirmans, Governor's Auth. Unit

#### VISITORS (BY TELEPHONE)

Adam Perlow, Northstar  
Erica Helms, Northstar  
Foster Krupa, Northstar  
Sam Fromkin, Northstar  
John Hodor, Northstar  
Kristen Connelly, Northstar  
Erin Ziegler, Northstar

#### STAFF (BY TELEPHONE)

Nikki Apeadu  
Missy Gillespie  
Jerry Guarino  
Dean Ialacci  
Shelina Islam  
Robert Kersey  
Jason Lee  
Jack Leo  
Charlene Mello  
Ellen O'Malley  
Debbie Raub  
Mary Ann Rivell  
Ryan Schaffer  
John White  
Bill Wilson

After the Pledge of Allegiance, Chair 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.

Chair D'Anton requested a motion to approve the minutes of the January 20, 2022 Commission meeting. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any comments and there being none, the motion carried.

#### DIRECTOR'S REPORT

Chief of Staff Marseglia stated that in January 2021 Lottery had a record-breaking month. A Mega Millions jackpot climbed to \$1 billion and was won on January 22. Also a Powerball jackpot of \$730 million was won on January 20, 2021.

Chief of Staff Marseglia reviewed January's results and activities. Highlights were:

All games total sales were: \$305.2 million  
Lotto games total sales were: \$58.3 million  
Daily machine games total sales were: \$86.2 million  
Scratch-Off tickets total sales were: \$160.5 million

Chief of Staff Marseglia stated that Pick-6 had sales of \$4.03 million compared to \$4.56 million the prior year, which was a decrease of 11.6%.

Chief of Staff Marseglia stated that CASH4LIFE had sales of \$4.9 million compared to \$5.8 million the prior year, which was a decrease of 14.8%.

Chief of Staff Marseglia stated that Mega Millions had sales of \$19.3 million compared to \$76.4 million the prior year, which was a decrease of 74.7%.

Chief of Staff Marseglia stated that Powerball had sales of \$30 million compared to \$51.4 million the prior year, which was a decrease of 41.6%.

Chief of Staff Marseglia stated that Pick-3 had sales of \$34.05 million compared to \$38.09 million the prior year, which was a decrease of 10.6%.

Chief of Staff Marseglia stated that Pick-4 had sales of \$21.6 million compared to \$24.8 million the prior year, which was a decrease of 13%.

Chief of Staff Marseglia stated that Jersey Cash 5 had sales of \$12.4 million compared to \$20.3 million the prior year, which was a decrease of 39%.

Chief of Staff Marseglia stated that Cash Pop had sales of \$3.5 million compared to \$3.6 million the prior year, which was a decrease of 2.5%.

Chief of Staff Marseglia stated that Quick Draw had sales of \$8.5 million compared to \$9.3 million the prior year, which was a decrease of 8.4%.

Chief of Staff Marseglia stated that Fast Play had sales of \$2.7 million compared to \$2.6 million the prior year, which was an increase of 5.4%.

Chief of Staff Marseglia stated that New Year's Eve Raffle had sales of \$3.25 million.

Chief of Staff Marseglia stated that Scratch-Offs had sales of \$160.5 million compared to \$171.3 million the prior year, which was a decrease of 6.3%.

Chief of Staff Marseglia stated that All Games had total sales of \$305.2 million compared to \$408.6 million the prior year, which was a decrease of 25.3%.

Chief of Staff Marseglia stated that we had budgeted \$307.2 million for this month and we came in just under that with \$305.2 million.

Chief of Staff Marseglia stated that fiscal year to date Pick-6 had total sales of \$33.4 million compared to \$32.1 million the prior year, which was an increase of 4%.

Chief of Staff Marseglia stated that fiscal year to date CASH4LIFE had total sales of \$34.9 million compared to \$34.8 million the prior year, which was an increase of 0.04%.

Chief of Staff Marseglia stated that fiscal year to date Mega Millions had total sales of \$95.99 million compared to \$143.61 million the prior year, which was a decrease of 33.2%. Again, that billion-dollar jackpot last January skewed things.

Chief of Staff Marseglia stated that fiscal year to date Powerball had total sales of \$158.9 million compared to \$117 million the prior year, which was an increase of 35.8%. Powerball continues to do really well with the third day.

Chief of Staff Marseglia stated that fiscal year to date Pick-3 had total sales of \$255.1 million compared to \$259.6 million the prior year, which was a decrease of 1.7%.

Chief of Staff Marseglia stated that fiscal year to date Pick-4 had total sales of \$162.7 million compared to \$169 million the prior year, which was a decrease of 3.8%.

Chief of Staff Marseglia stated that fiscal year to date Jersey Cash 5 had total sales of \$94.5 million compared to \$110.9 million the prior year, which was a decrease of 14.8%.

Chief of Staff Marseglia stated that fiscal year to date Cash Pop had total sales of \$25.5 million compared to \$18.4 million the prior year, which was an increase of 38.3%.

Chief of Staff Marseglia stated that fiscal year to date Quick Draw had total sales of \$65 million compared to \$61 million the prior year, which was an increase of 6.7%.

Chief of Staff Marseglia stated that fiscal year to date Fast Play had total sales of \$18.5 million compared to \$13.3 million the prior year, which was an increase of 38.9%.

Chief of Staff Marseglia stated that fiscal year to date All Games had total sales of \$2.14 billion compared to \$2.13 billion the prior year, which was an increase of 0.01%. Last year was a record-breaking year so we are holding steady with last year. We are also about \$60 million ahead of what we had budgeted so far for this year.

Chief of Staff Marseglia stated that the monthly contribution for the month was \$88.9 million compared to \$136.1 million the prior year, which was a decrease of 34.7%.

Chief of Staff Marseglia stated that the total contribution for the fiscal year was \$637.3 million compared to \$638.1 million the prior year, which was a decrease of 0.01%. Which is down a little more than a million dollars from last year and remains ahead of budget by approximately \$21 million.

Chief of Staff Marseglia stated that net proceeds for the fiscal year to date exceeded \$637.3 million or 29.76% of sales. Fiscal year profits from lotto games were \$131.4 million or 40.65% of sales. Fiscal year profits from daily games were \$239.6 million or 38.5% of sales. Fiscal year profits from Scratch-Offs were \$257 million or 21.5% of sales.

Chief of Staff Marseglia stated that the top three selling non-core games for January were "\$3,000,000 Platinum Club," which generated \$14.4 million in sales, "Crossword Bonanza," which generated \$9.6 million in sales and "100X The Cash," which generated \$9 million in sales.

Chief of Staff Marseglia stated that total sales for Core and Family games for the month were the Crossword core games, which generated \$31.1 million in sales, the Multiplier family of games, which generated \$17.8 million in sales and the Spectacular family of games, which generated \$14 million in sales.

Chief of Staff Marseglia stated that new games that launched on February 7 were "\$10,000 Titanium Club," "\$200,000 Copper Club," "\$500,000 Silver Club" and "\$1,000,000 Gold Club."

Chief of Staff Marseglia reviewed high tier winners throughout the state in January.

Chief of Staff Marseglia stated that all drawings for the month of January were completed with no abnormalities.

Chief of Staff Marseglia stated that all on-line game pools were closed according to procedures with no abnormalities with the exception of the New Year's Raffle. There were a few minor issues finalizing the Grand Prize Drawing that was held on January 1. We were able to work through this quickly and get everything out to the public with a slight delay. January 1 is a holiday so our call center was not available to take any complaints. We monitored the emails and social media and did not see any negative impact. 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.

Chief of Staff Marseglia stated that the Validations Unit received and sorted 4,136 mailed claims during the month of January. The number of claims received in the drop box was 324. There were 39 hand delivered claims submitted during scheduled appointments. During the month of January there were 5,451 claims totaling over \$18.1 million that were paid to winners including annuity payments.

Chief of Staff Marseglia invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow stated that with the omicron spike, the Sales and Promotions teams were pulled from the field for the first two weeks of January. Public events reconvened on January 19, and Northstar returned to full operations. Northstar conducted a Pick-4 television campaign and tier 1 campaign in January. A Scratch-Offs Division commercial launched at the beginning of February to go along with the new Precious Metals family of games.

Chief of Staff Marseglia asked if Mr. Perlow could discuss the New Year's Eve Raffle. Mr. Perlow responded that sales for the raffle totaled a little more than \$4 million. Northstar had estimated \$10 million of sales for the game, which would have been a full sell out of the raffle and sales clearly missed the mark. This was the first raffle that the New Jersey Lottery has conducted since 2007. There was a successful raffle back in 2007 and even more successful raffle with a sell out in 2006. Northstar decided to bring that back in 2021 for New Year's Eve leading into 2022. He explained that Northstar is charged with increasing profits for the New Jersey Lottery and they take that responsibility very seriously and in doing so they need to innovate and launch new things. He explained how Northstar compared New Jersey's raffle to raffles in other states. He explained Northstar's advertising decisions. Finally, Mr. Perlow stated that Northstar continues to consider whether another raffle can be conducted in future years.

Chief of Staff Marseglia asked if there were any questions.

Treasurer's Designee Kanef asked how the sales projections were reached, given the need to grow a game like this over time. Mr. Perlow responded that the projection was based on how other states were performing with the raffle. He explained that it was really the Lottery enthusiasts that ended up playing the game, and casual players did not play. Mr. Perlow acknowledged that we thought casual players would play at a higher percentage than they ended participating.

Vice Chair Blazovsky thanked Mr. Perlow for the update. She stated that what she would be particularly interested in looking at is the market place. The market place in New Jersey has changed significantly since 2006 and while there was one particularly successful raffle, there were a few that were not. Vice Chair Blazovsky stated that what was also interesting is that the sales were less than some of the instant games so does that provide any information. She added that there was a discussion when the Commission approved the rules for the raffle that the recommendation was not to have advertising because there was a concern on how this raffle would do. Could you please tell me the difference between the \$4 million that you report for sales versus the \$3.25 million that is in the monthly report? Deputy Director White responded that those are the net sales that we are reporting. Mr. Perlow was talking in terms of the gross sales. There was some discounted tickets, in the form of vouchers, to the players that every nth ticket was going to produce a \$50 voucher and that was another inducement for some of our players to play.

Mr. Perlow asked Deputy Director White if there were some sales recording for December based on the fact that there were the early bird drawings. Deputy Director White responded that all the sales were reported in the January monthly report. We did not report any sales in December because we report sales according to the draw date and the draw date was January 1.

Vice Chair Blazovsky asked how were the prizes accounted for because she did a rough add up of the prizes and it was very close to over \$2 million plus the other prizes so there were prizes that were over the \$3.25 million. With only \$4 million in total sales, where did those prizes come out of since there really was not enough money in that prize account? Mr. Perlow stated that we had the \$2 million grand prize, six \$25,000 early bird drawings, 100 \$5,000 winners and 900 \$500 winners. We also had instant cash prize vouchers of \$50. The way those were distributed was in accordance with sales, every nth ticket network wide would end up winning one of those vouchers. That is the difference between the gross amount and net amount. If you are looking at prizes distributed you would have to look at the gross amount of sales that were \$4.025 million versus \$3.25 million.

Deputy Director White stated that if you take the vouchers out, that comes to \$3.075 million.

Mr. Perlow stated that as Deputy Director White mentioned, the fixed prizes were \$3.075 million. That \$3.2 million covered those and then there were variable prizes of \$774,000. There were 15,481 vouchers of \$50 winners distributed and so the sales exceeded prize expense. Those \$50 vouchers were a way to mitigate the risk. We advertised it as the best chances ever to win \$2 million for any New Jersey Lottery game and because of the level of ticket sales, not only did we keep that promise to players, we far exceeded that promise.

Deputy Director White stated that our savvy players knew that because sales did spike the last couple days that the product was on the market.

Vice Chair Blazovsky stated that she looks forward to hearing more of your analysis in the future.

Chief of Staff Marseglia concluded the Director's report.

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

## **NEW BUSINESS**

Chief of Staff Marseglia stated that we had three items on the agenda and we have removed the second item, which was the approval of the amendments to the Pick-6 Lotto game rules. Today we are asking for the approval of one Fast Play game and amendments to the Quick Draw Multiplier game rules.

Chief of Staff Marseglia 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.

"Cash Cups" is a \$5 ticket, a top prize of \$250 or 50% of the jackpot, a prize payout of 63%, and an anticipated on-sale date of May 20, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Fast Play ticket game rules for "Cash Cups." Treasurer's Designee Kanef made the motion, which was seconded by Commissioner Leonard. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The second item under new business was the approval of the amendments to the Quick Draw Multiplier addendum game rules.

Chief of Staff Marseglia explained the amendments to the Quick Draw Multiplier addendum game rules. This is specific to the Multiplier part of Quick Draw. We want to be able to, as part of a promotion, change the 1x, 2x, 3x, 4x, 5x and 10x where you can multiply your prize. The proposed rule change will remove the 1x multiplier. The odds of drawing the 1x multiplier would be assigned to the 2x. Being able to do that promotion requires these changes to the game rules.

Chair D'Anton asked if there are any questions regarding the approval of the amendments to the Quick Draw Multiplier addendum game rules. Hearing no questions, Chair D'Anton requested a motion to approve the amendments to the Quick Draw Multiplier addendum game rules. Investment Designee Terwilliger made the motion, which was seconded by Commissioner Leonard. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

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

## **PUBLIC COMMENT**

There was no Public Comment.

## **EXECUTIVE SESSION**

There was no Executive Session.

**ADJOURNMENT**

Chair D'Anton asked for a motion to adjourn the Public meeting. Commissioner Leonard 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 February 17, 2022.

IN WITNESS WHEREOF, I hereby set my hand on

the 10<sup>th</sup> day of March, 2022.

  
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Maro J. Marseglia  
Chief of Staff