

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING JANUARY 18, 2024

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

#### COMMISSION MEMBERS

Robert D'Anton, Chairman  
Ian Leonard, Vice Chairman  
Munr Kazmir, Commissioner  
Michael Kanef, Treasurer's Designee  
Gary Terwilliger, Division of Investment Designee  
(by phone)

James A. Carey, Jr., Executive Director  
Robert E. Kelly, Deputy Attorney General (by  
phone)  
Roza Dabaghyan, Deputy Attorney General  
Samuel Kovach-Orr, Governor's Auth. Unit

#### VISITORS

Adam Perlow, Northstar  
Kristen Connelly, Northstar  
Sam Fromkin, Northstar  
Foster Krupa, Northstar (by phone)  
Erin Leon, Northstar (by phone)  
Joe Cavallo, Northstar (by phone)  
Adrienne Haas, PureRed

#### STAFF

Nikki Apeadu (by phone)  
Pat Coppel (by phone)  
Missy Gillespie (by phone)  
Jerry Guarino (by phone)  
Dean Ialacci (by phone)  
Shelina Islam  
Robert Kersey (by phone)  
Jason Lee (by phone)  
Charlene Mello  
Ellen O'Malley  
Rick Pagnani (by phone)  
Steve Palmieri (by phone)  
Debbie Raub  
Ryan Schaffer  
Esther Werstler (by phone)  
John White

Executive Director Carey took roll call.

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.

Chairman D'Anton requested a motion to approve the minutes of the December 21, 2023 Commission meeting. Chairman D'Anton asked if there are any questions or comments. Hearing no questions, Chairman D'Anton requested a motion to approve the minutes of the December 21, 2023 Commission meeting. Vice Chairman Leonard made the motion to approve the minutes of the December 21, 2023 Commission meeting. Commissioner Kazmir seconded the motion. Chairman D'Anton called for a vote and all the Commissioners voted yes. The motion carried.

#### DIRECTOR'S REPORT

Executive Director Carey stated that December was a good month for the New Jersey Lottery. Sales were driven by a Powerball jackpot of \$810 million that was won in Michigan on January 1.

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

All games total sales were: \$318 million  
Lotto games total sales were: \$58.1 million  
Daily machine games total sales were: \$82.2 million  
Scratch-Off tickets total sales were: \$177.6 million

Executive Director Carey stated that Pick-6 had sales of \$6.3 million compared to \$4.5 million the prior year, which was an increase of 40%. The Pick-6 jackpot is currently \$16 million.

Executive Director Carey stated that CASH4LIFE had sales of \$5.2 million compared to \$5.1 million the prior year, which was an increase of 2.1%.

Executive Director Carey stated that Mega Millions had sales of \$11.8 million compared to \$28 million the prior year, which was a decrease of 57.7%. Last December Mega Millions had a \$1.3 billion jackpot that was won in January 2023.

Executive Director Carey stated that Powerball had sales of \$34.6 million compared to \$14.9 million the prior year, which was an increase of 131.3%.

Executive Director Carey stated that Pick-3 had sales of \$33 million compared to \$32 million the prior year, which was an increase of 3.1%.

Executive Director Carey stated that Pick-4 had sales of \$20.7 million compared to \$20.5 million the prior year, which was an increase of 1%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$11.5 million compared to \$8.5 million the prior year, which was an increase of 34%.

Executive Director Carey stated that Cash Pop had sales of \$5.2 million compared to \$5 million the prior year, which was an increase of 5.2%.

Executive Director Carey stated that Quick Draw had sales of \$7.7 million compared to \$8.5 million the prior year, which was a decrease of 9.1%.

Executive Director Carey stated that Fast Play had sales of \$3.9 million compared to \$3.7 million the prior year, which was an increase of 5.8%.

Executive Director Carey stated that Scratch-Off games had sales of \$177.6 million compared to \$181 million the prior year, which was a decrease of 1.9%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$39.6 million compared to \$30.7 million the prior year, which was an increase of 29.1%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$32 million compared to \$31.1 million the prior year, which was an increase of 2.9%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$143.9 million compared to \$166.6 million the prior year, which was a decrease of 13.6%, but 37% over budget.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$228.2 million compared to \$194.4 million the prior year, which was an increase of 17.4%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$194.3 million compared to \$199.8 million the prior year, which was a decrease of 2.8%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$119 million compared to \$127.6 million the prior year, which was a decrease of 6.7%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$64.6 million compared to \$68 million the prior year, which was a decrease of 5%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$30.4 million compared to \$27.5 million the prior year, which was an increase of 10.8%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$46.8 million compared to \$50.6 million the prior year, which was a decrease of 7.6%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$30.3 million compared to \$21.9 million the prior year, which was an increase of 38.6%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$941.3 million compared to \$1 billion the prior year, which was a decrease of 6.7%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$1.8 billion compared to \$1.9 billion the prior year, which was a decrease of 2.9%.

Chairman D'Anton asked what the total sales were last year. Executive Director Carey responded that total sales were \$3.7 billion. Chairman D'Anton asked if the Lottery was on track to complete its fiscal year 2023 financial audit. Executive Director Carey responded that the Division was finalizing the financial audit report and expected to release the report in the coming weeks.

Chairman D'Anton asked why Pick-6 was successful compared to the prior year. Executive Director Carey responded that Pick-6 was changed in fiscal year 2022 by increasing the price, improving the odds, and adding a multiplier feature to lower tier prizes, and the Lottery continues to see the benefits.

Treasurer's Designee Kanef stated that the Lottery continues to be very dependent on big jackpots from Powerball and Mega Millions.

Executive Director Carey stated that the monthly contribution was \$95.8 million compared to \$95.2 million the prior year, which was a decrease of .07%, and represents 30.14% of sales.

Executive Director Carey stated that net proceeds for the fiscal year to date are \$579.1 million and represents 30.96% of sales.

Executive Director Carey stated that fiscal year profits from lotto games were \$184.8 million or 41.6% of sales. Fiscal year profits from daily games were \$182 million or 37.4% of sales. Fiscal year profits from Scratch-Off games were \$206.1 million or 21.9% of sales.

Executive Director Carey stated that total to date FY24 proceeds also include 30% of the current estimated forfeited prizes or \$6.2 million.

Executive Director Carey stated that the top three selling non-core games for December were "\$50,000 Loaded," which generated \$10.3 million in sales, "Winter Winnings," which generated \$9.6 million in sales and "Peppermint Payout X20," which generated \$8 million in sales.

Executive Director Carey stated that there were a few high tier winners throughout the state in December. On December 13, Powerball had one \$1,000,000 had winner sold by Jackpocket. On December 16, Powerball had one \$1,000,000 winner sold in Ocean County. On December 30, Powerball had six \$50,000 winners sold in Burlington, Cumberland, Monmouth, Middlesex and Union Counties.

Executive Director Carey stated that all drawings for the month of December 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 Validations staff received and sorted 3,190 mailed claim forms during the month. The number of claims received in the drop box was 259. There were 221 claims hand delivered. Staff entered 5,591 claims into the claims payment system and edited 6,048 claims. During the month of December there were 5,080 claims paid totaling \$14.6 million in winnings were paid.

Executive Director Carey stated that during the months of November and December the Lottery had extra resources devoted to our Validations Unit. Staff worked overtime and the Lottery has caught up with the backlog of paying claims. It is currently taking four to six weeks to pay a claim, which includes not only the Lottery's processing time, but also mailing times and the production of checks.

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 December was the Lottery's best month of the fiscal year. The seven days leading up to Christmas were our second best seven day period in the history of the Lottery. "9's in a Line," which was launched in December, became the bestselling \$5 ticket in the history of the New Jersey Lottery. He noted that there are now four \$30 tickets offered by the

Lottery. He noted that the Pick-3 and Pick-4 "Straight Back Bonus" promotion did extraordinarily well. We are looking to bring back that promotion in the fourth quarter of the fiscal year because players and retailers responded really well to that promotion, and it seems to have turned around the trend of Pick-3 and Pick-4 sales.

Executive Director Carey concluded the Director's report.

Chairman D'Anton asked if there are any questions or comments regarding the Director's report.

Chairman D'Anton asked several questions about the annuity investment accounts. Executive Director Carey and Deputy Director White responded to the questions. The cash value of the annuity investment accounts is \$87 million, with the money invested in cash, United States Treasury bonds, and insurance company annuities.

Chairman D'Anton asked Mr. Perlow about Northstar's plan for Scratch-Offs. Mr. Perlow responded that in terms of Scratch-Offs, the Lottery's strategy depends on the guardrails we have around payout. The prize payouts on New Jersey Lottery Scratch-Offs is not always competitive compared to other states. New Jersey \$30 tickets payout at 70%, and in Pennsylvania, \$30 tickets pay out at 77%. Northstar's plan, with the guardrails in place, is to add entertainment value to Scratch-offs. Northstar plans to offer more variation in terms of play style, more variation in terms of value propositions in terms of what is the top prize versus what are the prizes redeemable at retail.

Chairman D'Anton asked if there are any additional questions or comments regarding the Director's report. Hearing no additional questions, Chairman D'Anton requested a motion to approve the Director's report. Vice Chairman Leonard made the motion to approve the Director's report. Treasurer's Designee Kanef seconded the motion and all the Commissioners voted yes. The motion carried.

#### **PUBLIC COMMENT ON AGENDA ITEMS**

There was no public comment.

#### **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.

"Garden State Bingo" is a \$10 ticket, a top prize of \$500 or 100% of the jackpot, a prize payout of 65.3%, and an anticipated on-sale date of March 4, 2024.

Chairman D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules for "Garden State Bingo." Hearing no questions, Chairman D'Anton requested a motion to approve the Fast Play ticket game rules for "Garden State Bingo." Vice Chairman Leonard made the motion to approve the Fast Play ticket game rules for "Garden State Bingo." Commissioner Kazmir seconded the motion and all of the Commissioners voted yes. 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. Vice Chairman Leonard made the motion to adjourn. Commissioner Kazmir seconded the motion and all the Commissioners voted yes. 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 January 18, 2024.

IN WITNESS WHEREOF, I hereby set my hand on

the 7th day of February, 2024.

  
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James A. Carey, Jr.  
Executive Director