

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING JUNE 18, 2020

Executive Director Carey called the Commission meeting into session at 11:00 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)  
Sirfaraz Piracha, 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 (by phone)  
Craig Ambrose, Governor's Auth. Unit (by phone)

#### VISITORS (BY TELEPHONE)

Adam Perlow, Northstar  
Erica Helms, Northstar  
Foster Krupa, Northstar  
Sam Fromkin, Northstar  
Kristen Connelly, Northstar

#### STAFF (BY TELEPHONE)

Fran Edwards  
Missy Gillespie  
Jerry Guarino  
Dean Ialacci  
Robert Kersey  
Kalli Kostis  
Jason Lee  
Daniel O'Brien  
Joe Oleszkiewicz  
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 May 21, 2020 Commission meeting. Investment Designee Terwilliger made the motion, which was seconded by Treasurer Designee Piracha. 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 May results and activities. Highlights were:

All games total sales were: \$283.9 million  
Lotto games total sales were: \$31.9 million  
Daily machine games total sales were: \$86.2 million  
Scratch-Off Tickets total sales were: \$165.7 million

Reviewing May 2020 sales compared to May 2019 sales, Executive Director Carey stated that Pick-6 had sales of \$3.4 million compared to \$4.4 million the prior year, which was a decrease of 22.9%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.5 million compared to \$3.1 million the prior year, which was an increase of 45.8%.

Executive Director Carey stated that Mega Millions had sales of \$15.4 million compared to \$23.7 million the prior year, which was a decrease of 34%.

Executive Director Carey stated that Powerball had sales of \$8.4 million compared to \$17 million the prior year, which was a decrease of 50%.

Executive Director Carey stated that Pick-3 had sales of \$38 million compared to \$35.9 million the prior year, which was an increase of 6.6%.

Executive Director Carey stated that Pick-4 had sales of \$23.8 million compared to \$22.4 million the prior year, which was an increase of 6%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$13.9 million compared to \$11.6 million the prior year, which was an increase of 19%.

Executive Director Carey stated that Quick Draw had sales of \$7 million compared to \$12 million the prior year, which was a decrease of 39%.

Executive Director Carey thanked the staff of the New Jersey Lottery, who have continued to work in these difficult times. Much of the staff is working from home, which can be very challenging. There are staff members that have to come in, particularly the Draw staff. Executive Director Carey also thanked the Lottery's sales and marketing partner at Northstar and their staff that have continue to work from home. The Lottery had a good month in very trying circumstances and could not have done it without the work of the employees at the New Jersey Lottery and Northstar.

Executive Director Carey stated that fiscal year to date all games had total sales of \$2.9 billion compared to \$3.2 billion the prior year, which was a decrease of 8%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$50 million compared to \$72 million the prior year, which was a decrease of 30%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$51 million compared to \$34 million the prior year, which was an increase of 50%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$131 million compared to \$267 million the prior year, which was a decrease of 50%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$118 million compared to \$222 million the prior year, which was a decrease of 46.9%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$370 million compared to \$376.5 million the prior year, which was a decrease of 1.7%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$237.2 million compared to \$237.8 million the prior year, which was a decrease of 0.2%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$122 million compared to \$140 million the prior year, which was a decrease of 12.6%.

Executive Director Carey stated that fiscal year to date scratch off tickets had total sales of \$1.711 billion compared to \$1.713 billion the prior year, which was a decrease of 0.1%.

Executive Director Carey stated that the monthly Pension Fund L contribution was \$83 million compared to \$87.5 million the prior year, which was a decrease of 5.1%.

Executive Director Carey stated that the total contribution for the fiscal year to date was \$851.7 million compared to \$974.5 million the prior year, which was a decrease of 12.6%.

Executive Director Carey stated that net proceeds for the fiscal year to date were \$851.7 million or 29.05% of sales. Lotto games were \$145.6 million or 39.3% of sales. Daily games were \$329.9 million or 38.7% of sales. Scratch-off games were \$368.5 million or 21.5% of sales.

Executive Director Carey stated that total to date FY20 proceeds also include 30% of the current estimated forfeited prizes, or \$8.8 million.

Executive Director Carey stated that receipts and deposits for the month of May were \$267.9 million.

Executive Director Carey stated there were 158 electronic fund transfer (EFT) failures totaling \$497,412 or 0.19% of total receipts and deposits for the month. The Accounts Receivable Unit settled or closed 79% of EFT failures from March. Due to the COVID-19 crisis, Field Account Adjusters did not physically visit retailers during the month of May.

Executive Director Carey asked John White, Deputy Director of Finance, to address the EFT transfers. Deputy Director White stated that the last few weeks of May and the first few weeks of June, not only did the EFT failures plateau, but also they returned to pre COVID-19 levels.

Executive Director Carey stated that the top three selling non-core games for May were "\$3,000,000 Mega Bucks," which generated \$12.9 million in sales, "\$200X the Money Bonus," which generated \$11 million in sales and "Super 50," which generated \$9.9 million in sales.

Executive Director Carey stated that the three new games launched in May were "Money Madness," "High Card Poker" and "\$3,000,000 Mega Bucks."

Executive Director Carey stated that new games launched on June 1 were "Quick \$100s," "Loteria," "Sapphire/Emerald/Ruby Mine 20X" and "Fast Cash."

Executive Director Carey stated that new games to be launched on July 6 are "Pocket Change," "Lucky Stars," "Loteria" and "\$3,000,000 Ultimate Riches."

Executive Director Carey stated that there were many high tier winners throughout the state in May. On May 22, Jersey Cash 5 had two winners of \$533,092, one in Camden County and one in Passaic County. On May 25, Jersey Cash 5 had three winners of \$102,119, one in Somerset County, one in Union County and one in Hudson County. On May 30, Jersey Cash 5 had one winner of \$345,595 in Bergen County.

Executive Director Carey stated that the NJ Lottery VIP Club increased its membership with 3,936 new registrations during the month of May.

Executive Director Carey stated that all drawings for May 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 that with the retirement of former Draw Manager Regina Arcuri, Shelina Islam from the Finance unit is the new Draw Manager.

Executive Director Carey stated that there were no Public Promotional events held in May due to COVID-19. The pandemic continues to affect our outward-facing programs at the Lottery. The Promotions team from Northstar has not been out in the field since late March. The Lottery continues to work with the Governor's Office and the Treasurer's Office on when, and under what circumstances, the Lottery's front desk can reopen. The Lottery is working diligently to create an environment in which employees and players can safely come in to claim tickets or conduct other business. Even as our front desk has been closed, players can still mail claims in to our claims office. The Validations unit has continued to be open and we continue to pay claims. Any claims under \$599.50 can be cashed at Lottery retailers.

Executive Director Carey stated that there were 274 total open security cases at the end of the month. As of May 1, there were 413 disables due to COVID-19. During the month there were 45 new disabled retailers and 107 retailers that were re-enabled. As of May 31, 2020, 351 retailers remain disabled due to COVID-19. There was a significant amount of machines disabled at the start of the pandemic and the machines are being re-enabled.

Executive Director Carey stated that the IMS unit spent significant effort in May on setting staff up for remote access. A majority of staff have GoToMyPC remote access, which allows fully remote access to their

desktop computer. The other staff have access to their emails and computers through Office 365. A small number of employees need to come in because certain work and certain functions cannot be performed at home.

Executive Director Carey stated that 30 webcams have been ordered for office desktops with an estimated arrival dated of mid-June. This is in preparation for maintaining social distancing when staff return to the office. The Lottery has been using Microsoft Teams for meetings and will continue using Microsoft teams when the office reopens.

Executive Director Carey stated that the Validations staff sorted 3,344 mailed claim forms during the month. There were no walk-in claim forms due to the COVID-19 emergency and the closure of the Lottery's lobby on March 20. During the month of May there were 4,199 claims totaling \$8.6 million that were paid to winners including annuity payments.

Executive Director Carey stated that the Validations unit has been particularly challenged by this pandemic. For security reasons, we have to be very careful with how we handle winning tickets. Deputy Director of Operations, Margaret Square, Nikki Apeadu and all the members of the Validations unit have done an outstanding job, under difficult circumstances, to make sure that players continue to receive payment in a reasonable amount of time.

Executive Director Carey stated that the Call Center handled 3,303 incoming calls during the month. The Call Center has been working from home during the pandemic. The Call Center has done an outstanding job and they have been professional and polite with our players. Executive Director Carey thanked them for their hard work.

Executive Director Carey stated that the Warehouse received 498 packages from UPS and FedEx.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to comment on Northstar's operations. Mr. Perlow stated that the Promotions and Sales teams are returning to the field. Northstar had a Sales team pilot program where ten Sales Reps were in the field to confirm that they could work safely with retailers and the public. Mr. Perlow stated that it went well and by June 22, the entire Sales and Promotions teams will be back out into the field. Northstar's Promotions teams has had the opportunity to set up tables outside of retail locations to engage with players. Most promotions will center on Quick Draw, as Quick Draw sales have been deeply impacted by restaurants and social spaces being closed. Northstar is reminding players that that game can be played at traditional retailers as well as social spaces. Northstar's other employees are still primarily working from home, with a few exceptions.

Executive Director Carey stated that starting on June 29, 2020, the New Jersey Lottery evening drawings for the daily games are moving from 7:57 p.m. to 10:57 p.m. The change will affect Pick-3, Pick-4, Jersey Cash 5 and Pick-6. The move will be more in line with the multi-state games. The games will not overlap and this gives players more time and opportunity to get their tickets for their favorite games.

Executive Director Carey stated on June 29, 2020, the Lottery's television contract with WPHL 17 in Philadelphia and WPIX 11 in New York is ending. The New Jersey Lottery is going to be moving to broadcasting the drawings on the internet only, through Livestream and Facebook. This will give players an opportunity that to watch drawings when they have time. There is an increasing number of players shifting towards digital platforms. The Lottery performed drawings in this manner in the past and in 2011 we began airing drawings on television again. A number of other lotteries do not televise drawings including California, Texas, Massachusetts and Virginia. Lottery will look at it short-term and evaluate its success.

Executive Director Carey stated that also beginning on June 29, 2020, the starting jackpots for Jersey Cash 5 will increase from an estimated \$75,000 to a guaranteed \$100,000. Currently players choose five numbers from 1 to 43 and if they pick all five, they win the jackpot. The game pool and matrix has changed and now they will be selecting five numbers from 1 to 45 for a chance at a new and higher jackpot pool. The change is going to generate more jackpots and more excitement for the game.

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

Vice Chair Blazovsky asked if the Lottery was planning on any internal re-engineering effort to capitalize on the benefit of the new gaming system. Vice Chair Blazovsky specifically asked if the Lottery was working on a mobile validations process or any other kind of process to cut down on the paper that currently exists with filing claims and to be more customer friendly for our winners.

Executive Director Carey stated that the New Jersey Lottery is working with Northstar and IGT to upgrade our system. This was negotiated as part of the original contract with Northstar during the prior Administration. The Aurora system that IGT is working on implementing has a variety of capacities that can that make it state-of-the-art. There are things that we can adapt to and add with little effort as the system is built up and developed. The Aurora system itself has the capacity to create a player wallet and those are longer-term conversations that we will have on how to implement those changes. IGT's first phase is to roll out the terminals that will go to all of our retailers and give them state-of-the-art equipment, rolling out new signage that gives the retailers state-of-the-art advertising marketing capacity and rolling out new self-service terminals to locations. As we move into the phase where the gaming system is upgraded, we will focus on putting that system into place with our existing claims and payments systems. We will have the opportunity to take advantage of some of the bells and whistles that come with the Aurora system.

Executive Director Carey concluded the Director's Report.

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

## **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.

Executive Director Carey requested a motion to approve the instant ticket game rules for "Money Bag Multiplier," "Cash Lines Bingo," "\$100,000 Bingo Tripler," "Money Stash" and "Super Tic Tac Toe Bonus." Chairman D'Anton made the motion, which was seconded by Vice Chair Blazovsky. Executive Director Carey asked if there were any questions or comments.

Vice Chair Blazovsky asked if Commission is approving two games six months in advance because of COVID-19? Vice Chair Blazovsky asked if these games were looked at to make sure that they will be relevant in six months. Vice Chair Blazovsky stated that at the last meeting we approved some games because they had indicated that there was some issues with printing.

Executive Director Carey stated that we are working in an extraordinarily challenging environment and reservations for printing orders are at a premium. There are only two printing companies that the Lottery uses, IGT and Scientific Games. Scientific Games has two printing facilities and IGT has one. It is difficult to get reservations to make sure that you get an opportunity to print your tickets. There is also a concern that what happens in the fall is unknown. Executive Director Carey stated that COVID-19 is going to be with us for a long time and it is possible that there could be problems anywhere in the supply chain that could be alarming and could disrupt sales. The opportunity is here now to order tickets and we can limit the downside from disruptions in the economy that may happen in the future. Executive Director Carey stated in terms of relevance, there are some games that are more generic than others, and then there are games that are themed, like the holiday games. The holiday themed games are coming up in November. Getting Commission approval in advance, particularly in this environment, is a good process to make sure that we avoid logistical challenges in the future. The Lottery has all the working papers and everything has been reviewed.

Vice Chair Blazovsky asked when the Commission would be approving holiday games. Mr. Perlow responded that the holiday games will be on the agenda for July. 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 rules to include anonymity provisions to the game rules governing "Pick-3," "Pick-4," "Pick-6," "5 Card Cash," "CASH4LIFE," "Mega Millions," "Powerball," "Quick Draw," "Cash Pop" and "Instant games." Executive Director Carey stated that Senate Bill S-2267, directed the Lottery Commission to provide by regulation that lottery winners may remain anonymous indefinitely. After it was signed into law by Governor Murphy on January 21, 2020, the Lottery has been offering all players who win lottery prizes over \$600 the right to remain anonymous. Many players have selected that right and we always want to operate within the spirit of the law and not just the letter of the law. All of the game rules have provisions that required winners to be subject to publicity at the Director's discretion and to participate in a press conference. We have changed the game rules for all those games. The Lottery is also working to change our claim forms to reflect the players can be anonymous. If the Lottery publicizes a win and uses the name of a player, we will obtain a signed release form from the player. The Lottery is also working on updating our regulations to reflect the anonymity legislation. Adopting new or revised regulations is a more time consuming and complicated task under the Administrative Procedures Act and Lottery hopes to have rule proposals in the near future.

Executive Director Carey reviewed the rules and noted where there were changes. Executive Director Carey stated that there are no changes to the "Jersey Cash 5" game rules because this language was added to the "Jersey Cash 5" rules in February. Chairman D'Anton made the motion which was seconded by Vice Chair Blazovsky. Executive Director Carey asked if there were any comments.

Vice Chair Blazovsky asked that since the Lottery has not changed the Administrative Code yet, are there going to be any legal issues or confusion in the marketplace. Vice Chair Blazovsky asked when will the Lottery change the Administrative Code?

Executive Director Carey stated that there should not be any confusion because the law that was approved by the legislature and signed by Governor Murphy takes precedence. As soon as that law passed, the Lottery started treating winners as anonymous. The Lottery has been acting very appropriately and in accordance with the law. Adopting new Regulations is complicated and takes time. We are working on finalizing revisions to the Lottery's regulations.

Executive Director Carey asked if there were any additional comments. There being none, the motion carried.

Executive Director Carey stated that the election of officers will take place and asked for a nomination for Chairman of the Lottery Commission. Treasurer Designee Piracha nominated Robert D'Anton, which was seconded by Vice Chair Blazovsky. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

|                   |     |
|-------------------|-----|
| Robert D'Anton    | Yes |
| Marilyn Blazovsky | Yes |
| Gary Terwilliger  | Yes |
| Sirfaraz Piracha  | Yes |

Executive Director Carey stated that the motion carried and stated that Robert D'Anton has been elected Chairman of the New Jersey Lottery Commission.

Executive Director Carey asked for a nomination for Vice Chairman of the Lottery Commission. Treasurer Designee Piracha nominated Marilyn Blazovsky, which was seconded by Chairman D'Anton. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

|                   |     |
|-------------------|-----|
| Robert D'Anton    | Yes |
| Marilyn Blazovsky | Yes |
| Gary Terwilliger  | Yes |
| Sirfaraz Piracha  | Yes |

Executive Director Carey stated that the motion carried and Marilyn Blazovsky has been elected Vice Chair of the New Jersey Lottery Commission.

Executive Director Carey congratulated the Commissioners. He stated that he looks forward to working with them again this year.

Executive Director Carey announced that Dan O'Brien, Deputy Director of Security, is retiring at the end of June. Executive Director Carey stated that it was a pleasure to spend the last two years working with Mr. O'Brien. Security Investigator Joseph Oleszkiewicz will be the Acting Deputy Director for Security while we conduct a search for a new Deputy Director of Security.

Executive Director Carey invited Dan O'Brien to say a few words.

Mr. O'Brien thanked Executive Director Carey for his kind words. He also thanked Assistant Treasurer Dini Ajmani and John White for giving him the opportunity to work at Lottery. He stated that he was grateful, it was a great learning experience and he was happy to contribute. Mr. O'Brien thanked the Commissioners and wished everyone well.

**PUBLIC COMMENT**

There was no Public Comment.

**EXECUTIVE SESSION**

There was no Executive Session.

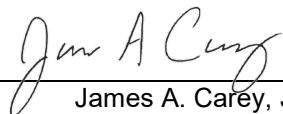
**ADJOURNMENT**

Executive Director Carey 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 June 18, 2020.

IN WITNESS WHEREOF, I hereby set my hand on

the 22nd day of July, 2020.

  
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James A. Carey, Jr.  
Executive Director