

## **NEW JERSEY STATE LOTTERY COMMISSION**

### **PUBLIC MEETING JULY 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 (by phone)  
Gary Terwilliger, Division of Investment Designee

#### **VISITORS**

Joe Cavallo, Northstar (by phone)  
Kristen Connelly, Northstar (by phone)  
Sam Fromkin, Northstar  
Erica Helms, Northstar (by phone)  
Foster Krupa, Northstar  
Erin Leon, Northstar  
Adam Perlow, Northstar

#### **STAFF**

James A. Carey, Jr., Executive Director  
Marc J. Marseglia, Deputy Executive Director  
Ryan Schaffer, Deputy Director  
John White, Deputy Director  
Nikki Apeadu (by phone)  
Jennifer Chintala (by phone)  
Pat Coppel (by phone)  
Roza Dabaghyan  
Scott Davis  
Missy Gillespie  
Jerry Guarino (by phone)  
Dean Ialacci (by phone)  
Ashleigh Jones  
Robert Kersey (by phone)  
Kelly Laird  
Jason Lee (by phone)  
Jack Leo  
Ellen O'Malley  
Joe Oleszkiewicz (by phone)  
Rick Pagnani  
Debbie Raub  
Ryan Schaffer  
Samuel Kovach-Orr (by phone)  
Esther Werstler

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 June 20, 2024 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 June 20, 2024 Commission meeting. Commissioner Kazmir made the motion to approve the minutes of the June 20, 2024 Commission meeting. Investments Designee Terwilliger seconded the motion. Chairman D'Anton called for a vote and all the Commissioners voted yes. The motion carried.

#### **DIRECTOR'S REPORT**

The Executive Director discussed the Lottery's financial performance during the month of June and for Fiscal Year 2024, which closed on June 30. The Executive Director reviewed the Lottery's revenue report for the month, which is set forth below:

**REPORT OF THE EXECUTIVE DIRECTOR (UNAUDITED)  
JULY 18, 2024 (JUNE RESULTS)**

(\$ in Millions)

MONTHLY NET SALES RESULTS							
	Actual June-24	Actual June-23	\$ Chg	% Chg	FY 24 Budget June-24	% Over -Under	
Pick-6 Double Play	\$ 4.03	\$ 7.79	\$ (3.76)	-48.3%	\$ 5.23	-22.9%	
CASH4LIFE	5.08	4.98	0.10	2.0%	5.24	-3.1%	
Mega Millions	10.76	14.45	(3.69)	-25.5%	16.12	-33.3%	
Powerball	13.93	18.26	(4.33)	-23.7%	20.24	-31.2%	
<b>Lotto Games Total</b>	<b>\$ 33.80</b>	<b>\$ 45.48</b>	<b>\$ (11.68)</b>	<b>-25.7%</b>	<b>\$ 46.83</b>	<b>-27.8%</b>	
Pick-3 FIREBALL	\$ 32.69	\$ 32.80	\$ (0.11)	-0.3%	\$ 33.63	-2.8%	
Pick-4 FIREBALL	19.53	20.16	(0.63)	-3.1%	21.17	-7.7%	
Jersey Cash 5 XTRA	10.25	12.49	(2.24)	-17.9%	13.00	-21.2%	
Cash Pop	4.95	5.24	(0.29)	-5.5%	5.66	-12.5%	
Quick Draw Progressive	7.61	8.01	(0.40)	-5.0%	8.25	-7.8%	
Fast Play Progressive	3.95	5.16	(1.21)	-23.4%	4.50	-12.2%	
<b>Daily Mach. Games Total</b>	<b>\$ 78.98</b>	<b>\$ 83.86</b>	<b>\$ (4.88)</b>	<b>-5.8%</b>	<b>\$ 86.21</b>	<b>-8.4%</b>	
<b>Scratch Off Tickets</b>	<b>\$ 150.84</b>	<b>\$ 162.48</b>	<b>\$ (11.64)</b>	<b>-7.2%</b>	<b>\$ 170.42</b>	<b>-11.5%</b>	
<b>Daily Games Total</b>	<b>\$ 229.82</b>	<b>\$ 246.34</b>	<b>\$ (16.52)</b>	<b>-6.7%</b>	<b>\$ 256.63</b>	<b>-10.4%</b>	
<b>NJ Only Games</b>	<b>\$ 233.85</b>	<b>\$ 254.13</b>	<b>\$ (20.28)</b>	<b>-8.0%</b>	<b>\$ 261.86</b>	<b>-10.7%</b>	
<b>All Games Total</b>	<b>\$ 263.62</b>	<b>\$ 291.83</b>	<b>\$ (28.21)</b>	<b>-9.7%</b>	<b>\$ 303.46</b>	<b>-13.1%</b>	
FISCAL YEAR TO DATE NET SALES RESULTS							
	Actual FY 2024	Actual FY 2023	\$ Chg	% Chg	Budget FY 2024	% Over -Under	
Pick-6 Double Play	\$ 80.12	\$ 65.14	\$ 14.98	23.0%	\$ 67.98	17.9%	
CASH4LIFE	63.17	62.40	0.77	1.2%	64.40	-1.9%	
Mega Millions	258.75	293.65	(34.90)	-11.9%	209.58	23.5%	
Powerball	369.15	308.62	60.53	19.6%	244.48	51.0%	
<b>Lotto Games Total</b>	<b>\$ 771.19</b>	<b>\$ 729.81</b>	<b>\$ 41.38</b>	<b>5.7%</b>	<b>\$ 586.44</b>	<b>31.5%</b>	
Pick-3 FIREBALL	\$ 389.28	\$ 398.10	\$ (8.82)	-2.2%	\$ 397.50	-2.1%	
Pick-4 FIREBALL	236.23	250.81	(14.58)	-5.8%	253.90	-7.0%	
Jersey Cash 5 XTRA	139.34	137.19	2.15	1.6%	157.40	-11.5%	
Cash Pop	61.32	58.61	2.71	4.6%	58.70	4.5%	
Quick Draw Progressive	96.03	101.09	(5.06)	-5.0%	100.10	-4.1%	
Fast Play Progressive	57.56	49.13	8.43	17.2%	52.27	10.1%	
<b>Daily Mach. Games Total</b>	<b>\$ 979.76</b>	<b>\$ 994.93</b>	<b>\$ (15.17)</b>	<b>-1.5%</b>	<b>\$ 1,019.87</b>	<b>-3.9%</b>	
<b>Scratch Off Tickets</b>	<b>\$ 1,881.18</b>	<b>\$ 2,002.21</b>	<b>\$ (121.03)</b>	<b>-6.0%</b>	<b>\$ 2,049.30</b>	<b>-8.2%</b>	
<b>Daily Games Total</b>	<b>\$ 2,860.94</b>	<b>\$ 2,997.14</b>	<b>\$ (136.20)</b>	<b>-4.5%</b>	<b>\$ 3,069.17</b>	<b>-6.8%</b>	
<b>NJ Only Games</b>	<b>\$ 2,941.06</b>	<b>\$ 3,062.28</b>	<b>\$ (121.22)</b>	<b>-4.0%</b>	<b>\$ 3,137.15</b>	<b>-6.3%</b>	
<b>All Games Total</b>	<b>\$ 3,632.12</b>	<b>\$ 3,726.95</b>	<b>\$ (94.83)</b>	<b>-2.5%</b>	<b>\$ 3,655.60</b>	<b>-0.6%</b>	
MONTHLY PENSION FUND L CONTRIBUTION							
	Actual June-24	Actual June-23	\$ Chg	% Chg	Budget June-24	% Over -Under	
Monthly Contribution	\$ 77.22	\$ 87.06	\$ (9.84)	-11.3%	\$ 89.93	-14.1%	
% of Sales	29.29%	29.83%			29.63%		
FISCAL YEAR TO DATE CONTRIBUTION							
	Actual FY 2024	Actual FY 2023	\$ Chg	% Chg	Budget FY 2024	% Over -Under	
Total Contribution	\$ 1,115.55	\$ 1,128.11	\$ (12.56)	-1.1%	\$ 1,083.34	3.0%	
% of Sales	30.71%	30.27%			29.64%		
<b>Avg. Jackpots</b>	<b>June-24</b>	<b>June-23</b>			<b>FY 2024</b>	<b>FY 2023</b>	
Jersey Cash 5 (k)	\$288.9	\$378.4			\$343.8	\$320.3	
Pick 6 (m)	\$2.4	\$13.0			\$10.6	\$5.1	
Mega Millions (m)	\$125.4	\$281.4			\$328.3	\$276.2	
Powerball (m)	\$113.7	\$355.4			\$368.1	\$241.8	

Executive Director Carey stated that June was particularly exciting for the New Jersey Lottery. On June 11, the Lottery sold a \$221 million Powerball ticket at Preet Food Mart in Lindenwold. Executive Director Carey added that the player has already claimed the ticket.

Executive Director Carey added that the \$1 billion winner from March has not come in to collect their prize.

Executive Director Carey first reviewed the results for the fiscal year that closed on June 30, 2024. He noted that the results were preliminary and are finalized during the annual financial audit process. He stated that the Lottery had a very successful year. It was the fourth highest year ever in Lottery history for sales, and the second highest year ever for our profit. Powerball and Mega Millions both had very good years. Executive Director Carey noted that Pick-6 sales were up 23% compared to FY23, and was one of the real success stories of the last fiscal year.

Executive Director Carey stated that Scratch-Off sales were a bit more concerning and were down compared to FY23. Executive Director Carey stated that Pick-3 and Pick-4 sales for the year were also down.

Net Proceeds for the Fiscal Year to date exceeded \$1.1 billion or 30.8% of sales. Executive Director Carey stated that fiscal year profits from lotto games were \$319 million or 41.3% of sales. Fiscal year profits from daily games were \$370 million or 37.7% of sales. Fiscal year profits from Scratch-Off games were \$414.6 million or 22% of sales.

Turning to the prior month's sales, Executive Director Carey stated that June was not a great month for the Lottery, and noted that there were no large jackpots in June, and that there were much larger jackpots during June of 2023.

Executive Director Carey stated that the top three selling non-core games for June were "It's a Jersey Thing," which generated \$9.7 million in sales, "\$50,000,000 Explosion," which generated \$7.3 million in sales and "\$50,000 Loaded," which generated \$7.1 million in sales.

Executive Director Carey stated that there were a few high tier winners throughout the state in June. On June 10, Powerball had one \$221,000,000 winner in Camden County. On June 13, Pick-6 had one \$3,000,000 winner in Burlington County. On June 14, Mega Millions had one \$1,000,000 winner in Bergen County. On June 17, Powerball had one \$1,000,000 winner in Essex County. On June 19, Jersey Cash 5 had one \$972,775 winner in Camden County. On June 29, Powerball had one \$1,000,000 winner in Monmouth County.

Executive Director Carey stated that all drawings for the month of June were completed with no abnormalities, with the exception of the Pick-3 drawing on June 18, 2024. The June 18 drawing was not delayed, but the Pick-3 machine needed to be replaced after pretesting revealed that the screw in the first chamber broke and would not allow the balls to drop. The Pick-3 machine was replaced with the backup machine, tested and the drawing occurred at the regularly scheduled time. The Pick-3 machine was serviced by Smartplay the following day.

Executive Director Carey stated that all on-line game pools were closed according to procedures, with the exception of the CASH4LIFE drawing on the evening of June 21, 2024. The drawing occurred on time without any issues, but the CASH4LIFE results were delayed for three hours due to another state having technical difficulties with their system.

Executive Director Carey stated that all Powerball and Mega Millions Drawings were verified and processed with no abnormalities. The Internal Control System 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 3,537 mailed claim forms during the month. The number of claims received in the drop box was 314. There were 152 claims hand delivered. Staff entered 4,293 claims into the claims payment system and edited 4,029 claims. During the month of June there were 4,271 claims paid totaling \$14.4 million in winnings were paid.

Executive Director Carey stated that there are four approved Couriers operating in New Jersey. Jackpocket, Lotto.com, Jackpot and The Lotter. We have four Couriers selling Lottery tickets on the internet.

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 "It's a Jersey Thing" ticket that launched in June did exceptionally well. Mr. Perlow added that Walmart sales have been growing really well since we deployed there a few years ago. Executive Director Carey added that the Lottery industry as a whole made a very significant effort to create self-service terminals that met Walmart's standards.

Chairman D'Anton asked if the machines sell draw game, or just sell Scratch-Offs. Executive Director Carey that the machines sell draw games and Scratch-Offs.

Executive Director Carey concluded the Director's report. He asked if there were any questions.

Chairman D'Anton asked how much business the Couriers make. Executive Director Carey responded that they do significant amounts of sales, but specific sales data is proprietary information and not public.

Chairman D'Anton asked how much Couriers charge consumers to use the services. Ryan Schaffer, Deputy Director of Compliance, responded that all the Couriers have different prices, which are advertised on their websites.

Chairman D'Anton asked how many Couriers the Lottery has now. Executive Director Carey responded that we have four.

Chairman D'Anton asked if there were any restrictions on the number of Couriers that could be authorized to operate by the Lottery. Executive Director Carey responded that there was no limit.

Chairman D'Anton asked who handles the compliance. Executive Director Carey responded that the Lottery handles the compliance and works with the Division of Gaming Enforcement, and Lottery's financial Auditors, Mercadien, PC, which performs cyber audits of the Couriers.

Commissioner Kazmir asked how much is the unclaimed prizes that we have yearly. Executive Director Carey asked John White, Deputy Director of Finance to respond. Mr. White responded that the amount of unclaimed prizes for FY23 was about \$43 million.

Commissioner Kazmir asked what the Security open case age report is. Executive Director Carey responded that we have an aging report to determine how long it is taking to resolve Security cases.

Commissioner Kazmir asked if what types of matters are investigated by Security. Executive Director Carey responded that, without identifying specific matters under current investigation, investigation can involve a retailer engaging in criminal activity, or discounting, or sales to underage persons.

Commissioner Kazmir said out of 6,777 retailers, how many of them fail when Lottery collects money owed to the Lottery. Executive Director Carey responded that Lottery sweeps retailer accounts for money due to the Lottery every week. In June, 6,800 retailers were swept once a week and there were 65 total failed sweeps.

Commissioner Kazmir asked how Lottery collects on the 65 that failed. Executive Director Carey responded that Lottery staff call the retailers and meet with them and typically resolve about 90% of the fails within a month.

Commissioner Kazmir asked if players are using cash. Executive Director Carey responded yes.

Commissioner Kazmir asked how cash spent at a retailer is ultimately delivered to the Lottery. Executive Director Carey responded that that cash goes into a retailers cash register, and then to a Lottery specific bank account. At the end of the week, Lottery totals the sales and credits due to a retailer and sends each retailer an invoice for the money due to Lottery. The retailers deposit the money due Lottery in their bank account on Wednesday night and we sweep it on Friday.

Commissioner Kazmir asked why retailers fail to make a payment. Executive Director Carey responded that 90% of the fails are a simple mistake that is resolved immediately. There are a small amount of retailers every year that do not pay us the money that they owe us and we have to engage in broader collections actions.

Commissioner Kazmir asked where most retailers fail. Executive Director Carey responded that failures are fairly spread across the state and there is no geographical element to it.

Chairman D'Anton asked if there is any bad debt at the end of the year and what does the Lottery do with that bad debt. He also asked if the Lottery takes their terminal away. Executive Director Carey responded that Lottery does terminate retailers for failure to pay and takes their machines away. He added that Lottery has some bad debt at the end of every year. There are strict rules issued by the State on how to collect debt. At a certain point, debt collection efforts have to be transferred over to the Division of Revenue and Enterprise Services (DORES). DORES is a Division within Treasury which is responsible for collecting debt for the State.

Executive Director Carey added that we also have a bonding fee that we charge to every retailer to make up for bad debt.

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

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

There was no public comment on agenda items.

#### **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 approval of the amendments to the CASH POP game rules.

Executive Director Carey explained that as a growth opportunity for CASH POP, the proposed change is the addition of a \$20 wager to supplement the current \$1, \$2, \$5 and \$10 wagers. This will make proportional changes to the prize structure of the game. We are not eliminating a \$1 price point so if players can still play at the lower levels. It slightly increases the overall payout of the game.

Chairman D'Anton asked if there are any questions regarding the approval of the amendments to the CASH POP game rules. Hearing no questions, Chairman D'Anton requested a motion to approve the amendments to the CASH POP game rules. Commissioner Kazmir made the motion to approve the amendments to the CASH POP game rules. Vice Chairman Leonard seconded the motion and all the Commissioners voted yes. The motion carried.

The second item of new business was game rules for four Scratch-Off games.

**SCRATCH-OFF GAMES SUMMARY**

Instant Game	Price Point	Ticket Quantity	Top Prize	Prize Payout	On-Sale Date
FAT WALLET	\$5	5.28 million	\$200,000	62.50%	15-Nov-24
MILLIONAIRE MAKER	\$25	5.4 million	\$2,000,000*	69.49%	2-Dec-24
POCKET CHANGE	\$1	8.4 million	\$500	60.00%	6-Jan-25
JERSEY GIANT WINNINGS (FINAL GAME NAME TBD)	\$5	4.2 million	\$200,000	64.00%	6-Jan-25
*Annuity with cash value of \$1,204,300					

Executive Director Carey asked Mr. Perlow to discuss the “Jersey Giant Winnings” Scratch-Off game. Mr. Perlow stated that this is an exciting ticket. Lottery has an exciting partnership coming up with Shaquille O’Neill. He will be featured on the “Jersey Giant Winnings” ticket and we will be leveraging that with a full Tier 1 advertising campaign.

Chairman D’Anton asked if there are any questions regarding the approval of the Scratch-Off ticket game rules for “Fat Wallet,” “Millionaire Maker,” “Pocket Change,” and “Jersey Giant Winnings.” Hearing no questions, Chairman D’Anton requested a motion to approve the Scratch-Off ticket game rules for “Fat Wallet,” “Millionaire Maker,” “Pocket Change,” and “Jersey Giant Winnings.” Commissioner Kazmir made the motion to approve the Scratch-Off ticket game rules. Investment’s Designee Terwilliger seconded the motion and all of the Commissioners voted yes. The motion carried.

The third item of new business was the election of Officers. Executive Director Carey took a roll call vote.

Executive Director Carey asked for a nomination for Chairman of the Lottery Commission. Vice Chair Leonard nominated Robert D’Anton. Vice Chairman Leonard made the motion, which was seconded by Commissioner Kazmir. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

Ian Leonard	Yes
Munr Kazmir	Yes
Gary Terwilliger	Yes
Michael Kanef	Yes

Executive Director Carey stated that the motion carried and 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. Chairman D’Anton nominated Ian Leonard. Chairman D’Anton made the motion, which was seconded by Commissioner Kazmir. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

Robert D’Anton	Yes
Munr Kazmir	Yes
Gary Terwilliger	Yes
Michael Kanef	Yes

Executive Director Carey stated that the motion carried and Ian Leonard has been elected Vice Chairman of the New Jersey Lottery Commission.

Executive Director Carey congratulated the Commissioners.

**PUBLIC COMMENT**

There was no public comment.

**EXECUTIVE SESSION**

There was no Executive Session.

**ADJOURNMENT**

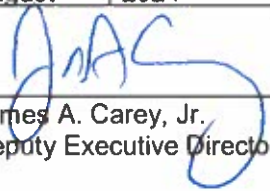
Chairman D'Anton asked for a motion to adjourn the Public meeting. Vice Chairman Leonard made the motion to adjourn. Commissioner Kazmir seconded the motion and all the Commissioners voted yes. The motion carried.

I HEREBY CERTIFY that the foregoing is a true and correct copy of the minutes of the New Jersey Lottery Commission meeting held on July 18, 2024.

IN WITNESS WHEREOF, I hereby set my hand on

the \_\_\_\_\_ 15th \_\_\_\_\_ day of

\_\_\_\_\_  
August , 2024 .

  
\_\_\_\_\_  
James A. Carey, Jr.  
Deputy Executive Director