

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING MARCH 21, 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 (by phone)  
Michael Kanef, Treasurer's Designee  
Gary Terwilliger, Division of Investment Designee (by phone)

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

#### VISITORS

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

#### STAFF

Nikki Apeadu (by phone)  
Pat Coppel (by phone)  
Scott Davis  
Missy Gillespie  
Jerry Guarino (by phone)  
Dean Ialacci (by phone)  
Shelina Islam  
Robert Kersey (by phone)  
Jason Lee (by phone)  
Jack Leo (by phone)  
Charlene Mello  
Ellen O'Malley  
Joe Oleszkiewicz (by phone)  
Rick Pagnani (by phone)  
Debbie Raub  
Ryan Schaffer  
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 February 22, 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 February 22, 2024 Commission meeting. Vice Chairman Leonard made the motion to approve the minutes of the February 22, 2024 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 the Lottery had a good month in the month of February. He noted that the current jackpots are particularly strong, with the Mega Millions jackpot for Friday's drawing at \$977 million, the Powerball jackpot at \$750 million and the Pick-6 jackpot at \$28.6 million.

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

All games total sales were: \$281.8 million  
Lotto games total sales were: \$46.4 million  
Daily machine games total sales were: \$81 million  
Scratch-Off tickets total sales were: \$154.3 million

Executive Director Carey stated that Pick-6 had sales of \$9.1 million compared to \$4.9 million the prior year, which was an increase of 85.4%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.8 million compared to \$4.9 million the prior year, which was a decrease of 1.8%.

Executive Director Carey stated that Mega Millions had sales of \$16.3 million compared to \$10.6 million the prior year, which was an increase of 54%.

Executive Director Carey stated that Powerball had sales of \$16.1 million compared to \$23.3 million the prior year, which was a decrease of 31%.

Executive Director Carey stated that Pick-3 had sales of \$30.47 million compared to \$30.42 million the prior year, which was an increase of 0.02%.

Executive Director Carey stated that Pick-4 had sales of \$18.4 million compared to \$18.9 million the prior year, which was a decrease of 2.6%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$14.8 million compared to \$10.3 million the prior year, which was an increase of 43.7%.

Executive Director Carey stated that Cash Pop had sales of \$5.2 million compared to \$4.7 million the prior year, which was an increase of 9.9%.

Executive Director Carey stated that Quick Draw had sales of \$7.8 million compared to \$8.1 million the prior year, which was a decrease of 3.3%.

Executive Director Carey stated that Fast Play had sales of \$4.2 million compared to \$4.5 million the prior year, which was a decrease of 7.8%.

Executive Director Carey stated that Scratch-Off games had sales of \$154.3 million compared to \$154.5 million the prior year, which was a decrease of 0.01%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$56.9 million compared to \$41.1 million the prior year, which was an increase of 38.5%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$42 million compared to \$41.7 million the prior year, which was an increase of 0.09%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$174.1 million compared to \$237.6 million the prior year, which was a decrease of 26.7%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$263 million compared to \$248.8 million the prior year, which was an increase of 5.7%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$256.7 million compared to \$262.6 million the prior year, which was a decrease of 2.3%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$156.8 million compared to \$166.8 million the prior year, which was a decrease of 5.9%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$93 million compared to \$87.8 million the prior year, which was an increase of 5.9%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$40.7 million compared to \$37.5 million the prior year, which was an increase of 8.7%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$62.2 million compared to \$66.4 million the prior year, which was a decrease of 6.3%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$38.9 million compared to \$30.9 million the prior year, which was an increase of 25.8%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$1.24 billion compared to \$1.32 billion the prior year, which was a decrease of 6.3%. He added that he spoke to another lottery director and discussed Scratch-Off sales. Scratch-Off sales in that state were down 4% year over year. The other Director explained to Director Carey that most lotteries are seeing sales down between 4% and 8% year over year for Scratch-Offs.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$2.4 billion compared to \$2.5 billion the prior year, which was a decrease of 4.7%. Lottery is down compared to last year, but remains 0.09% over budget.

Executive Director Carey stated that the monthly contribution was \$84.6 million compared to \$84.3 million the prior year, which was a decrease of 0.04%, and represents 30.04% of sales.

Executive Director Carey stated that the contribution fiscal year to date was \$747.7 million compared to \$780.4 million the prior year, which was a decrease of 4.2%, and represents 30.78% of sales.

Executive Director Carey stated that fiscal year profits from lotto games were \$222.5 million or 41.4% of sales. Fiscal year profits from daily games were \$246.2 million or 37.9% of sales. Fiscal year profits from Scratch-Off games were \$271.9 million or 21.8% of sales.

Executive Director Carey stated that in the Finance portion of the Director's Report, a chart was deleted that outlines the holdings of annuity companies that are paying annuities. We have reviewed that with the auditors and decided that the Commissioners would be better served by getting a single report once a year based on audited numbers.

Executive Director Carey stated that there were a few high tier winners throughout the state in February. On February 5, Jersey Cash 5 had one \$407,461 winner in Union County. On February 19, Jersey Cash 5 had two \$1,203,723 winners. One winner in Burlington County and one winner in Essex County. On February 28, Powerball had one \$2,000,000 winner in Camden County.

Executive Director Carey stated that all drawings for the month of February were completed with no abnormalities.

Executive Director Carey stated that all on-line game pools were closed according to procedures with no abnormalities with the exception of the calculation of the rollover jackpot amount for the Jersey Cash 5 drawing on February 15. Use of an incorrect calculation form resulted in the jackpot amount being set as \$1,282,000.00 instead of the correct amount of \$1,504,000.00. The error was detected early the following morning and the jackpot amount was corrected in the gaming system and across all terminals and signage at retailers by 9 am. 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 discussed a technical problem that the Lottery experienced with the Pick-4 evening drawing on March 14. He explained that all of the balls did not release into the chamber before a winning number was selected resulting in an incomplete draw. A second drawing needed to be conducted, resulting in the Lottery honoring two sets of numbers. Mr. Carey also explained that since the Pick-4 drawing, on March 17, another state had problems closing out CASH4LIFE and we were not able to close that game until the morning. He noted that the preceding night, there was a pool closing issue in another state for the March 21 Powerball drawing, resulting in the drawing not taking place until 3:00 a.m. Executive Director Carey stated that the Lottery will be looking at how we conduct our draws over the next couple of months to improve those situations.

Executive Director Carey stated that the Million Dollar Replay Grand Prize drawing was held on March 15 at the Golden Nugget Hotel and Casino in Atlantic City. He thanked Adam Perlow and Sam Fromkin from Northstar and Ryan Schaffer and Ellen O'Malley from Lottery, who contributed to making it a successful event. There were over 400 people in attendance, 200 of them were players who were finalists in the

event. There were only 6 of the 15 grand prize winners in attendance this year, but the \$1,000,000 winner was in attendance.

Executive Director Carey stated that the Validations staff received and sorted 3,710 mailed claim forms during the month. The number of claims received in the drop box was 358. There were 175 claims hand delivered. Staff entered 4,006 claims into the claims payment system and edited 3,748 claims. During the month of February there were 3,441 claims paid totally \$15.4 million in winnings were paid.

Executive Director Carey stated that Lottery has fallen behind with our claims payments again. Overtime was reinstated for staff to make sure that we pay claims on a timely basis.

Executive Director Carey stated that Draft Kings acquired Jackpocket for \$750 million. The Lottery expects to have a third courier operating in New Jersey in the immediate near future.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow discussed the Quick Draw Progressive game launch. The first week had a 24% sales increase. The second week had an 11% sales increase over January and February.

Treasurer's Designee Kanef asked Mr. Perlow to give a little bit of color on what is happening nationally with the Scratch-Offs. Mr. Perlow responded that players are playing less Scratch-Offs. They continue to migrate to the higher price point tickets. He stated that the only lotteries that were seeing growth were lotteries that were offering \$50 and \$100 tickets. New Jersey does not offer tickets at those price points because we would not be able to provide high enough prizes for people to feel that it was a worthwhile investment.

Chairman D'Anton asked if the trends are declining on the lower end tickets. Are the higher priced tickets moving up with more tickets sold? Mr. Perlow responded that the lower priced point tickets, \$5 and under, have been dropping at a good rate for several years now.

Chairman D'Anton asked if other states have seen the same trend. Mr. Perlow responded yes, specifically in New Jersey. This year, we are seeing \$1 and \$2 tickets have been on the rise a little bit. This is the first year in many years that we have seen the \$1 and \$2 tickets outperform the previous year by 1 or 2%. The \$30 tickets are outperforming the previous year. One trend in New Jersey that has not been seen in other states, is that the \$10 tickets have been declining at a rapid rate, compared to other states. There are things we are doing to combat that.

Chairman D'Anton asked if players are gravitating to bigger prizes. Mr. Perlow responded that the \$20 and \$30 ticket are both doing much better than every other price point. The \$20 and \$30 tickets offer better prizes.

Chairman D'Anton asked if Northstar has a plan for Scratch-Offs. Mr. Perlow responded that Northstar is getting ready to submit our launch plan for FY25, which starts in this July.

Executive Director Carey concluded the Director's report.

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. Commissioner Kazmir 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 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 the approval of the amendments to the Quick Draw Progressive Game Rules, the amendments to the Quick Draw Progressive Multiplier Addendum game rules, the amendments to the Quick Draw Progressive Bullseye Addendum game rules and the amendments to the Quick Draw Progressive Double Bullseye Addendum game rules.

Executive Director Carey explained that there are four items that clarify the rules to the Quick Draw Progressive game rules. The Lottery wanted to make absolutely clear to players that if they play the basic game of Quick Draw as it always existed, they could also win the progressive jackpot prize and that there was no cap on winning both prizes. The second thing Lottery wanted to make clearer that the odds of winning the progressive jackpot prize are 1 in 1.38 million, the same as the odds of winning a 9 spot game.

Chairman D'Anton asked if there were any questions regarding the approval of the amendments to the Quick Draw Progressive game rules, the amendments to the Quick Draw Progressive Multiplier Addendum game rules, the amendments to the Quick Draw Progressive Bullseye Addendum game rules and the amendments to the Quick Draw Progressive Double Bullseye Addendum game rules. Hearing no questions, Chairman D'Anton requested a motion to approve the amendments to the Quick Draw Progressive game rules, the amendments to the Quick Draw Progressive Multiplier Addendum game rules, the amendments to the Quick Draw Progressive Bullseye Addendum game rules and the amendments to the Quick Draw Progressive Double Bullseye Addendum game rules. Vice Chairman Leonard made the motion to approve the amendments to the Quick Draw Progressive game rules, the amendments to the Quick Draw Progressive Multiplier Addendum game rules, the amendments to the Quick Draw Progressive Bullseye Addendum game rules and the amendments to the Quick Draw Progressive Double Bullseye Addendum game rules. Treasurer's Designee Kanef seconded the motion and all of the Commissioners voted yes. The motion carried.

The second item of new business was the approval of the amendments to the Jersey Cash 5 game rules, the amendments to the Jersey Cash 5 XTRA addendum game rules and the resolution discontinuing Jersey Cash 5 Instant Match game. There is a separate resolution for discontinuing the Jersey Cash 5 Instant Match game because the Lottery is completely removing that game and it had its own set of rules built into the game rules.

Executive Director Carey stated that players are interested in playing higher price points and jackpots. The cost of the Jersey Cash 5 game will increase. The reason for increasing the cost is overwhelmingly to drive higher jackpots in the game. Jersey Cash 5 had a great month because there were two jackpots that exceeded \$1 million. The game is winnable, it is won on average at least once or twice a week by someone in New Jersey. Players like it a lot more when the jackpots over \$1 million. Jersey Cash 5 is an all cash prize.

Executive Director Carey explained that the primary change to Jersey Cash 5 is to increase the price in order to increase jackpot sizes. In addition, for the increased price, players will also get more prizes and slightly different prizes with the Bullseye. The XTRA multiplier add on will still be available for \$1 and players will still have the opportunity to multiply second tier prizes two times, three times, four times and five times. He noted that the overall odds of the game have not changed. The prize payout will increase from the current 49.2% to 50%, so that is a slight adjustment in how the prizes are being paid out.

Chairman D'Anton asked if there were any questions regarding the amendments to the Jersey Cash 5 game rules and the amendments to the Jersey Cash 5 XTRA addendum game rules. Hearing no questions, Chairman D'Anton requested a motion to approve the amendments to the Jersey Cash 5 game rules and the amendments to the Jersey Cash 5 XTRA addendum game rules. Vice Chairman Leonard made the motion to approve the amendments to the Jersey Cash 5 game rules and the amendments to the Jersey Cash 5 XTRA addendum game rules. Treasurer's Designee Kanef seconded the motion and all of the Commissioners voted yes. The motion carried.

Chairman D'Anton asked if there were any questions regarding the approval of the resolution discontinuing the Jersey Cash 5 Instant Match game. Hearing no questions, Chairman D'Anton requested a motion to approve the resolution discontinuing the Jersey Cash 5 Instant Match game. Vice Chairman Leonard made the motion to approve the resolution discontinuing the Jersey Cash 5 Instant Match game. Treasurer's Designee Kanef seconded the motion and all of the Commissioners voted yes. The motion carried.

The third item of new business was game rules for seven Scratch-Off games.

"\$100,000 Lightning Bingo" is a \$5 ticket, a ticket quantity to be printed of 4.2 million tickets, a top prize of \$100,000, a prize payout of 64%, and an anticipated on-sale date of July 1, 2024.

"Neon Cash Party" is a \$10 ticket, a ticket quantity to be printed of 4.2 million tickets, a top prize of \$500,000, a prize payout of 66.63%, and an anticipated on-sale date of July 1, 2024.

"10X Cash Blitz®" is a \$2 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$20,000, a prize payout of 63.02%, and an anticipated on-sale date of September 3, 2024.

"20X Cash Blitz" is a \$5 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$200,000, a prize payout of 64.04%, and an anticipated on-sale date of September 3, 2024.

"50X Cash Blitz" is a \$10 ticket, a ticket quantity to be printed of 7.92 million tickets, a top prize of \$500,000, a prize payout of 66.54%, and an anticipated on-sale date of September 3, 2024.

"100X Cash Blitz" is a \$20 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$1,000,000 or the cash value of \$602,300, a prize payout of 69%, and an anticipated on-sale date of September 3, 2024.

"200X Cash Blitz" is a \$30 ticket, a ticket quantity to be printed of 8.64 million tickets, a top prize of \$4,000,000 or the cash value of \$2,409,200, a prize payout of 70.01%, and an anticipated on-sale date of August 5, 2024.

Chairman D'Anton asked if there are any questions regarding the approval of the seven Scratch-Off ticket game rules for "\$100,000 Lightning Bingo," "Neon Cash Party," "10X Cash Blitz®," "20X Cash Blitz," "50X Cash Blitz," "100X Cash Blitz" and "200X Cash Blitz." Hearing no questions, Chairman D'Anton requested a motion to approve the seven Scratch-Off ticket game rules for "\$100,000 Lightning Bingo," "Neon Cash Party," "10X Cash Blitz®," "20X Cash Blitz," "50X Cash Blitz," "100X Cash Blitz" and "200X Cash Blitz." Vice Chairman Leonard made the motion to approve the seven Scratch-Off ticket game rules. Treasurer's Designee Kanef seconded the motion and all of the Commissioners voted yes. The motion carried.

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

"Team USA" is a \$10 ticket, a top prize of \$10,000 or 100% of the jackpot, a prize payout of 65.19%, and an anticipated on-sale date of May 6, 2024.

Chairman D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules for "Team USA." Hearing no questions, Chairman D'Anton requested a motion to approve the Fast Play ticket game rules for "Team USA." Vice Chairman Leonard made the motion to approve the Fast Play ticket game rules for "Team USA." Treasurer's Designee Kanef 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.

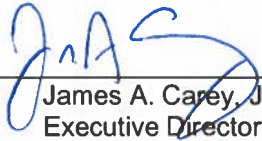
**ADJOURNMENT**

Chairman D'Anton asked for a motion to adjourn the Public meeting. Vice Chairman Leonard made the motion to adjourn. Treasurer's Designee Kanef 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 March 21, 2024.

IN WITNESS WHEREOF, I hereby set my hand on

the 11th day of April, 2024.

  
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James A. Carey, Jr.  
Executive Director