

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING, MARCH 22, 2016

Chairman Ragazzo called the Commission meeting into session at 10:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

#### COMMISSION MEMBERS PRESENT

Frank Ragazzo, Chairman  
Patrick Toscano, Vice Chairman  
Robert Slater, Commissioner (by phone)  
Tom Neff, Treasurer Designee (by phone)

Carole Hedinger, Executive Director  
John Custodio, Deputy Executive Director  
Christin Deacon, Deputy Attorney General  
Christopher Howard, Governor's Auth. Unit

#### VISITORS

Russ Knapp, Northstar  
William Murray, Northstar  
Sam Fromkin, Northstar  
Foster Krupa, Northstar  
Sarah Brennan, Northstar  
Bryce Rudolph, Widewaters 360  
Chris Havard, Ferrara  
Nicole Lobkowitz, Ferrara

#### STAFF

Regina Arcuri  
Joyce Brown  
Denise Coleman  
Duane Daniels  
Michael DeCheser  
Judy Drucker  
Frances Edwards  
Karen Kokoll  
Megan Mazzoni  
Richard Pagnani  
Steve Palmieri  
Debbie Raub  
Mary Ann Rivell  
Margaret Square  
John White  
Melissa Williams

After the Pledge of Allegiance, Chairman Ragazzo 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 Ragazzo requested a motion to approve the minutes of the February 23, 2016 Commission Meeting. Vice Chairman Toscano made the motion, which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

#### DIRECTOR'S REPORT

Executive Director Hedinger stated that February was a good month for sales. We are ahead by 9% in the amount of contribution so far this year. Sales are continuing to grow and we are on target for where we should be.

Executive Director Hedinger reported that our profit from lotto games this year is \$151 million, or about 40% of our profit. The profit from daily games is about \$240 million, or 39%, which is usually what we see in those games. The profit from instant games is about 20%. We are on track for the required 30% minimum contribution.

Executive Director Hedinger stated that receipts and deposits for the month were \$245 million.

Executive Director Hedinger noted that there were 94 electronic fund transfer (EFT) failures totaling \$305 thousand. The Accounts Receivables Unit settled or closed 79% of EFT failures from February.

Executive Director Hedinger reported that the cumulative outstanding accounts receivable balance was \$3.63 million. Our bad debt reserve is \$2.9 million.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts for February were over \$15 million.

Executive Director Hedinger noted that the balances in the annuity investment accounts total over \$165 million.

Executive Director Hedinger stated that the three top selling non-core games for February were "\$5,000,000 Cash Extravaganza," "All Cash Millions" and "100x The Cash." Those are \$20 and \$30 games and are selling very well.

Executive Director Hedinger noted that the total sales for the Core and Family Games for the month were almost \$92 million, which represents 59% of instant sales.

Executive Director Hedinger stated that we introduced four new instant games in February and they made up over \$15 million of sales, which is about 10% of total sales.

Executive Director Hedinger reported that we had instant game advertising activities for the "Multiplier Family." That was supported with TV, Radio commercials and Billboards.

Executive Director Hedinger noted that as far as online activities were concerned, compared to last year, sales were up over 5% for Pick-3 and nearly 7% for Pick-4 in February. Those games are very difficult to lift and we make a concentrated effort to promote those games. They are the big profit makers for us.

Executive Director Hedinger stated that we had some halo effect due to the large Powerball jackpot. We saw that following that jackpot hit, sales for draws grew faster than they had before. Powerball sales, because of that jackpot, are up 77% compared to the previous year. They are still not up to the levels that they were before January 2014 when the multi-state game sales began the decline.

Executive Director Hedinger reported that we introduced a new Fast Play game in February called "Lottery Pong." There are fourteen Fast Play games available at the end of the month.

Executive Director Hedinger reported that our social media continues to be very active. We have over 117,000 likes on Facebook page.

Executive Director Hedinger stated the biggest fan reaction to a Facebook post in February was a Pick-3 winner's post that we shared and that single post has to-date reached over 40,000 people.

Executive Director Hedinger noted that we now have over 7,000 Twitter followers. Our Instagram followers are growing with over 900 followers. Social media continues to be a focus for reaching out to our customers.

Executive Director Hedinger stated our website had almost 1.2 million visitors for the month. The average users per day was over 109,000. Nearly 17% of those were new visitors.

Executive Director Hedinger reported that our VIP Club had substantial growth this month with almost 5,000 new registrations. We now have an enrollment of more than 348,654 active members.

Executive Director Hedinger stated since the inception of the Million Dollar Replay game, over 177,000 people have registered.

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

Executive Director Hedinger stated that all of our pools were closed according to procedures with no abnormalities.

Executive Director Hedinger reported that there were a large number of media and public relations activities that took place during the month. We concentrated on promoting the Million Dollar Replay event that was held on February 12. That was a very successful event. We had over 100 finalists in attendance with their guests and they were all very excited to have a chance to win one of those 15 top prizes.

Executive Director Hedinger noted that there were a large number of press releases issued during the month.

Executive Director Hedinger noted that we continue to monitor any proposed legislation that might affect the Lottery. We closed out the legislative bill files from the previous session and started files for the new session.

Executive Director Hedinger reported that we are actively engaged in the Responsible Play Program, as always. Next month we will report on the joint press conference that we had with the Council on Compulsive Gambling of New Jersey to promote responsible play.

Executive Director Hedinger stated that we continue to work with Northstar on our World Lottery Association Level 4 application. Deputy Executive Director John Custodio will give an update on the activities that are ongoing for that application. The Commissioners will be asked to take part in some of the research that we are doing.

Executive Director Hedinger stated that there were a great number of Speaker's Bureau and Public Promotional Events that were held in February.

Executive Director Hedinger noted that there were 203 security investigations initiated during the month.

Executive Director Hedinger reported that 130 random field inspections were conducted.

Executive Director Hedinger stated that the Licensing staff received and processed 87 applications and 64 licenses were issued.

Executive Director Hedinger noted that there are 7,757 licenses issued at the end of February.

Executive Director Hedinger reported that we collected a total of \$23,398.06 for this Fiscal Year through our efforts with the Division of Taxation.

Executive Director Hedinger stated that in the IMS unit, the new uninterruptible power supply (UPS) was successfully installed and all systems were tested. The UPS is extremely important for us to have in case of power failures.

Executive Director Hedinger reported that the IMS staff has continued to provide services to the entire Lottery organization for reports or technological modifications that are needed or requested.

Executive Director Hedinger noted that the Validation staff received and sorted almost 5,000 claim forms during the month of February with an additional 388 walk-in claims. They entered 6,269 claims into the system and 6,448 were edited. During the month, 6,328 claims totaling over \$23 million were paid to winners, including annuity payments.

Executive Director Hedinger stated that there were 65 Social Security number matches in February. Thirty-six claims were processed and garnished because of current and previous matches. Fourteen claims were released from previous matches.

Executive Director Hedinger reported that since inception in 1992, the New Jersey Lottery has collected \$7,471,915.48 for various set off programs.

Executive Director Hedinger noted that the Retailer/Call Center Services Unit handled 4,736 incoming calls during the month. They made 83 outgoing calls to retailers. They handled 246 requests for assistance with instant ticket pack status changes. They handled 2,195 winner claim status calls during the month, with 326 of these calls answered at the front desk.

Executive Director Hedinger stated that the Warehouse staff continues to process game ends. The August and November 2014 game ends have been audited and approved for destruction.

Executive Director Hedinger reported that the Facilities unit continues to provide maintenance here and at the Business Continuity site. They also completed the set up and break down of the Million Dollar Replay event at the Trenton War Memorial.

Executive Director Hedinger asked Deputy Executive Director John Custodio to provide information on the responsible gaming initiatives for our level 4 World Lottery Association application.

Deputy Executive Director Custodio explained the process of obtaining level 4 certification from the World Lottery Association and informed the Commissioners that they will be asked to take part in a responsible gaming survey.

Executive Director Hedinger stated that the application will be submitted in November.

Executive Director Hedinger reported that this concludes the Director's Report.

Chairman Ragazzo asked if there were any questions or comments.

Chairman Ragazzo stated that underage gambling is a crisis on some level with the many ways kids can place bets. It is something that we need to stay on top of and he appreciates the Lottery's effort.

Chairman Ragazzo stated that we are still 10% ahead of last year in all games, our contributions to the state, at this point, is still 9.2% ahead of last year and our budget is 2.1% ahead.

Chairman Ragazzo stated that the Million Dollar Replay Drawing was a wonderful event and encouraged all the Commissioners to attend the drawing in the future. He complimented the staff on putting together such a great event.

Chairman Ragazzo requested a motion to approve the Director's Report. Vice Chairman Toscano made the motion which was seconded by Commissioner Slater.

## **NEW BUSINESS**

Chairman Ragazzo requested a motion to approve the game rules for "5 Card Cash." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Executive Director Hedinger 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.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Tic Tac Toe." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "\$100,000 Winning Streak." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Cash Blast." Commissioner Slater expressed his concerns over the prize payout of the game, unclaimed prize money and the 30% contribution amount to the state and a conversation was held. Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the two on-line game rules for "FAST PLAY." The games for approval are: "Dollar Throwdown" and "Honeycomb." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

**PUBLIC COMMENT**

There was no public comment.

**EXECUTIVE SESSION**

There was no Executive Session.

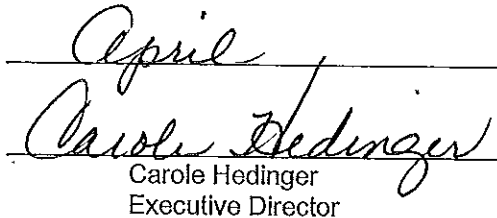
**ADJOURNMENT**

Chairman Ragazzo adjourned the meeting.

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 22, 2016.

IN WITNESS WHEREOF, I hereby set my hand on

the 26<sup>th</sup> day of April, 2016.

  
Carole Hedinger  
Executive Director