

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING, JANUARY 23, 2014

Vice 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, Vice Chairman  
Robert D'Anton, Commissioner (by phone)  
Munr Kazmir, Commissioner (by phone)  
Robert Slater, Commissioner (by phone)  
Roger Cohen, Treasurer Designee

Carole Hedinger, Executive Director  
John Custodio, Deputy Executive Director  
Roger Gibson, Deputy Attorney General  
Aimee Manocchio Nason, Deputy Attorney General

#### STAFF

Regina Arcuri  
Denise Coleman  
Duane Daniels  
Michael DeCheser  
Judy Drucker  
Janice Eckstein  
Frances Lioudis  
Rick Pagnani  
Steve Palmieri  
Debbie Raub  
Margaret Square

#### VISITORS

Sarah Brennan, Northstar  
Lou Cleary, Northstar  
John Leonardi, Brushfire  
Foster Krupa, GTECH  
Gordon Medenica, Northstar  
Bill Murray, Northstar

After the Pledge of Allegiance, Vice 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.

Vice Chairman Ragazzo requested a motion to approve the minutes of the December 19, 2013 Commission Meeting. Commissioner Kazmir made the motion, which was seconded by Commissioner Slater. Vice Chairman Ragazzo asked if there were any comments and there being none the motion carried.

#### DIRECTOR'S REPORT

Executive Director Hedinger stated that ticket sales for the month of December totaled \$273.50 million. Sales are very healthy; year to date through December we are more than \$100 million over the prior year.

Executive Director Hedinger noted that the receipts and deposits for the month of December were \$299 million.

Executive Director Hedinger reported that there were 136 Electronic Fund Transfer failures during the month of December that totaled \$424.6 thousand. The Accounts Receivable Unit settled 92% of the prior month's failures.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are over \$16.6 million.

Executive Director Hedinger reported that the current balances in the annuity investment accounts total \$231 million.

Executive Director Hedinger noted that the three top non-core instant game sales during December were "Merry Millionaire", "Season's Gold" and "Holiday Lucky Times 10." Core games made up about 44% of total instant sales with "Crossword", "Super Crossword" and "Quarter Million Crossword" contributing over \$26 million in sales. Big Money Spectacular had over \$14 million, "100,000,000 Spectacular" had over \$10 million, "Diamond Spectacular" had over \$5.7 million and "Bingo" had over \$2 million in sales.

Executive Director Hedinger reported that the new "Win For Life" family of games contributed over \$11 million in sales for the month.

Executive Director Hedinger stated that we introduced five new games during December that were previously approved.

Executive Director Hedinger noted seven new games were presented for commission rule approval and subsequent production.

Executive Director Hedinger reported that advertising supported the holiday games throughout the month of December through our usual forms of advertising.

Executive Director Hedinger noted that December was the launch of the Powerball Pro Football "Hall of Fame" promotion. Players can enter non-winning tickets into a second chance drawing to attend the Hall of Fame induction ceremonies in Ohio in May.

Executive Director Hedinger stated that we finalized development for a Powerball Power Play enhancement which started in January.

Executive Director Hedinger reported that we began planning for a \$7 Instant Match promotion which is also beginning in January.

Executive Director Hedinger noted that we now have more than 110,000 Lottery Facebook likes at the end of December.

Executive Director Hedinger stated that all drawings for December were completed with no abnormalities.

Executive Director Hedinger reported that on December 11<sup>th</sup>, Northstar had a special "Win For Life" incentive drawing for retailers who complied with certain counter displays to earn additional compensation.

Executive Director Hedinger stated that we had additional press releases due to the Mega Millions jackpot that ran through December.

Executive Director Hedinger stated that our Responsible Play Program worked with the Council of Compulsive Gambling in New Jersey to issue press releases regarding the discouraging of gifting of lottery tickets to minors at the holiday season.

Executive Director Hedinger noted that we obtained a recommendation letter from the CCGNJ to include in the World Lottery Association Level II application. It is a qualifying certificate that we receive for performing in a certain way regarding security, responsible play features and best practices, etc. If you qualify, you are certified at one of the levels and can move onto higher levels of performance recognition.

Executive Director Hedinger stated that we continue to monitor legislative activity for anything that could affect the New Jersey Lottery. We delivered our report on the Anonymity Bill to the Treasurer as requested.

Executive Director Hedinger noted that there will be numerous Speakers' Bureau Events in January.

Executive Director Hedinger reported that there were 150 security investigations and 94 random field inspections during the month of December.

Executive Director Hedinger stated that the Licensing Unit received and processed 130 applications and 115 licenses were issued. As of December 31<sup>st</sup>, there were 6,805 licenses issued.

Executive Director Hedinger reported that we collected more than \$602 for the month of December through our efforts with the Division of Taxation.

Executive Director Hedinger stated that the Operations Unit has assisted with staff moves in contemplation of giving up some of our square footage. Northstar is planning to expand and lease the space that we give up.

Executive Director Hedinger reported that final checks were issued to winners in mid-December so that prize payments are paid and issued prior to the end of the year. This enables us to process the 1099s and W2Gs.

Executive Director Hedinger stated that we are still operating our website. That will continue until Northstar completely builds a new website. Then they will take over all of those tasks. We will work jointly with them in the meantime with content and website information.

Executive Director Hedinger noted that the VIP Club increased its membership with 3,017 new registrations during the month of December and now has an enrollment of more than 268,000 active members.

Executive Director Hedinger reported that since inception of the Million Dollar Replay feature in April 2011, more than 95,000 people have registered for the New Jersey Lottery VIP club. Of those 95,000, more than 91,000 have made one or more entries into the Million Dollar Replay program.

Executive Director Hedinger stated that the January 2014 drawing had almost 1.9 million entries. This program has been very beneficial with engaging our players.

Executive Director Hedinger noted that the IMS unit reported that our website had over 4.8 million visitors. We continue to be one of the most popular websites of all the NJ State websites.

Executive Director Hedinger stated that the Validation Staff received almost 3,300 claim forms mailed in and almost 253 walk-in claim forms during the month of December. They entered almost 3,400 and more than 3,700 claims were edited. During December 1,199 claims that totaled more than \$5 million were paid.

Executive Director Hedinger reported that the Instant Ticket Inventory Control Section was updating various returned instant ticket packs from various games.

Executive Director Hedinger noted that there were 13 Social Security number matches with various Departments for arrearages. Nine claims were processed and garnished because of these current or previous matches totaling more than \$11,000. Four of the garnishments were to satisfy child support arrearages. Two were released from previous matches. Since inception in 1992, the New Jersey Lottery has collected more than \$6.7 million for these arrearages.

Executive Director Hedinger noted that the Retailer/Customer Call Center handled 2,779 incoming calls during the month of December and made 354 outgoing calls. We track all of these calls and share all of this information with Northstar as many of the people that call in are players or retailers that have the same type of issues as the callers that Northstar receives. We share this information so there are no interruptions in communications between our organizations.

Executive Director Hedinger reported that the Warehouse assisted Northstar with the December 5 event at Quick Chek. They delivered and picked up our promotional trailer at various events scheduled with retailers.

Executive Director Hedinger noted that there were five new games received in December at the GTECH warehouse.

Executive Director Hedinger stated there were no issues with our Facilities Unit other than the moves of our staff. The moves have allowed us to operate more efficiently.

Executive Director Hedinger reported that Northstar now has a total of 107 employees, 75 are in Sales, 16 are in Marketing and 16 are in other categories. They are nearly at full staff.

Executive Director Hedinger stated that the retailer count has increased by 97 since October 1<sup>st</sup>.

Executive Director Hedinger reported that Wawa installations continue. They will have all the installations completed by March 31, 2014.

Executive Director Hedinger noted that Northstar is conducting testing with Quick Chek to install Gemini full service vending machines in six locations. They will be controlled against another group of five stores that will operate with the existing vending machines to compare the performance. Quick Chek will then make a decision regarding which machine they may want to use.

Executive Director Hedinger stated that Northstar is developing several co-marketing initiatives with Quick Chek and Hess.

Executive Director Hedinger reported that sales were helped in December by the Mega Millions jackpot. However, we also contended with poor weather conditions, which impacts sales.

Executive Director Hedinger responded to Commissioner Slater's questions from the December Commission Meeting regarding our player's security on our website and the audit schedule.

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

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

Vice Chairman Ragazzo asked if there were any comments.

Vice Chairman Ragazzo noted that the Mega Millions numbers mirrored what was gained total. The percentages of the numbers are about even. We are under budget. A discussion was held on budget adjustments.

Commissioner Slater questioned the effect of casino style internet gambling on the Lottery. A discussion was held.

## **NEW BUSINESS**

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.

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

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

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

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

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

Vice Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Classic Bingo." Commissioner Kazmir made the motion which was seconded by Commissioner Slater. Vice 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**


Vice Chairman Ragazzo asked for a motion to adjourn the meeting. Commissioner Kazmir made the motion which was seconded by Commissioner Slater. The motion carried.

Vice 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 January 23, 2014.

IN WITNESS WHEREOF, I hereby set my hand on

the 20th day of February, 2014

  
Carole Hedinger  
Executive Director