

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING, DECEMBER 17, 2009

Chairman D'Anton called the Commission meeting into session at 11:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

#### COMMISSION MEMBERS PRESENT

Robert D'Anton, Chairman  
Robert Slater, Vice Chairman  
Trina Glass, Commissioner  
Munr Kazmir, Commissioner (by phone)  
Frank Ragazzo, Commissioner  
Thomas Tucci, Commissioner  
Robert Smartt, Treasurer Designee

Steve Palmieri, Acting Executive Director  
Marc Krefetz, Dep. Attorney General  
Joseph Neal, Governor's Auth. Unit

#### STAFF

Regina Arcuri  
Lou Cleary  
Nancy Coccia  
Denise Coleman  
Duane Daniels  
Dominick DeMarco  
Yoke DiGiorgio  
Bob Kersey  
Karen Kokoll  
Foster Krupa  
Jean Lin  
Dolores Matos  
Steve Palmieri  
Mary Ann Rivell  
Margaret Square  
Nick Wiener

#### VISITORS

Joan Mueller, Brushfire

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 November 17, 2009 Commission Meeting. Vice Chairman Slater made the motion, which was seconded by Commissioner Ragazzo. Chairman D'Anton asked if there were any comments and there being none the motion carried. Commissioner Tucci abstained.

#### DIRECTOR'S REPORT

Acting Executive Director Palmieri stated that the sales for the month of November totaled \$196.4 million, which is an increase of 1.8% compared to last year's total monthly sales. He stated that the Pick 6 sales were up this month compared to last year by 5.2% which is a direct result of the advertising for Pick 6.

Acting Executive Director Palmieri stated that the daily games were highlighted by Jersey Cash 5 which had an increase of 22.1% compared to last year. He stated that Jersey Cash 5 had a jackpot of \$1.4 million in November.

Acting Executive Director Palmieri stated that the State contribution for FY 2010 was \$370.39 million which is 6.2% over our anticipated budget.

Acting Executive Director Palmieri stated that the receipts and deposits that the Finance Unit received for the month of November totaled \$209 million.

Acting Executive Director Palmieri stated that the balance in the unclaimed prize reserve account is \$5.49 million.

Acting Executive Director Palmieri stated that the current balance in the annuity investment account totaled \$530 million. He stated that there were no changes in the CCR ratings from the prior month.

Acting Executive Director Palmieri stated that the number of weekly retailer settlements as of the end of November 2009 was 6,051.

Acting Executive Director Palmieri stated that advertising to support the Holiday instant games were approved and will run through the month of December.

Acting Executive Director Palmieri stated that preparations are being made for the 20 retailer Holiday Instant Ticket radio van promotions which will be held in December.

Acting Executive Director Palmieri stated that the retailer training for the 800 new ITVM's installations throughout the state is being planned and will be completed in December and January.

Acting Executive Director Palmieri stated that the Retailer/Call Center handled 2,702 incoming calls during the month of November.

Acting Executive Director Palmieri stated that there were 138 security investigations conducted by the Security Unit and there were 51 random field inspections conducted at retailer locations.

Acting Executive Director Palmieri stated that the Public Information Office continues to work with 2010 Census officials about ways that Lottery can assist in this initiative.

Acting Executive Director Palmieri stated that approximately 80 retailer signs were generated for the sales staff that includes all retailers selling winning top-tier instant tickets and the top tier prizes for the on-line games as well.

Acting Executive Director Palmieri stated that the Drawing Unit reports that all drawings were held in accordance to established procedures and there were four opt-in drawings for the month of November.

Acting Executive Director Palmieri stated that there were several events held during the month of November where Lottery games were sold from the Lottery concession trailer.

Acting Executive Director Palmieri stated that Lottery exhibited at the NJEA convention in Atlantic City highlighting the "Where the Money Goes" campaign.

Acting Executive Director Palmieri stated that the IMS staff continues working on programming changes that will be necessary for the implementation of the new Lottery Powerball game.

Acting Executive Director Palmieri stated that the design work began that will focus on the website layout changes to incorporate the new Powerball game.

Acting Executive Director Palmieri stated that the Lottery VIP Club increased its membership in November with 1,762 new members and the total enrollment now is 165,950 active members.

Acting Executive Director Palmieri stated that the Operations Unit had 15 social security number matches between the files from the Departments of Human Services and Community Affairs and the Higher Education Student Assistance Authority and Lottery winners.

Acting Executive Director Palmieri stated that the Validation staff received and sorted 3,274 claim forms during the month of November.

Acting Executive Director Palmieri stated that all on-line game pools were closed according to procedures with no abnormalities.

Acting Executive Director Palmieri stated that the Instant Ticket Inventory Control Section updated the status on 7,869 pack returns from 20 instant games that ended.

Acting Executive Director Palmieri stated that this concludes the Director's Report for November 2009.

Chairman D'Anton asked if there were any comments on the Director's Report.

Commissioner Tucci asked about the donations and if there is any accounting done on where that money goes and if it just go into the State general fund.

Acting Executive Director Palmieri stated that there is a statement every year that details exactly where the money is going which we can give to the commission. He stated that it has not been completed for FY'09, but he does have a draft copy which could be sent to them.

Commissioner Tucci stated that he will wait for the final copy.

Chairman D'Anton requested that a copy of where the money goes for FY'08 also be sent to the Commissioners.

Commissioner Tucci asked if there was a timeframe of when all the Lottery machines will be installed at the retailer locations.

Yoke DiGiorgio stated that they should all be installed by the end of January.

Commissioner Glass asked what a "C" retailer was.

Acting Executive Director Palmieri stated that it is based on sales.

Chairman D'Anton asked about the "A", "B" and "C" retailers and how they are rated.

Deputy Director of Sales Kersey stated that it is the dollar amount.

Chairman D'Anton requested the breakdown for next month's meeting.

Vice Chairman Slater asked that in 2010 the New Jersey Department of Homeland Security interface more with Lottery with regards to the 6000 plus retailers for purposes of reviewing them.

Commissioner Glass requested that we should also run the winners names through the Office of Foreign Assets and Control.

Vice Chairman Slater stated that in last month's meeting minutes he had asked that in the future a status of the requests from previous meetings be put in the Director's Report.

Treasurer Designee Smartt stated that when this Commission meets next there will be a new Governor and a new Treasurer. He stated that there is a transition process going on now where the Transition team is being briefed about how Lottery is run and what the issues are and they will be making recommendations to the Treasurer and the Governor about policies and procedures for next year. He stated that we can pass these suggestions along but you need to know that there will be new people making these decisions.

Chairman D'Anton asked about the low sales retailers.

Deputy Director of Sales Kersey stated that the letters went out to 38 Retailers.

Chairman D'Anton suggested that the sales staff should seek out other businesses that might be interested in having lottery.

Deputy Director of Sales Kersey stated that the sales staff does that everyday.

Vice Chairman Slater stated that the cancellation of tickets should be looked at because the issue of low sales retailers may trigger the fact that a retailer may actually have been taking a lot of returns that are improper. He stated that there was statistical analysis that we created as a result of these discussions that should also be on the list for the transition team.

Acting Executive Director Palmieri stated that we do keep track of cancellations and if any one retailer has an abnormal amount we do an investigation.

Chairman D'Anton asked if there were any more comments on the Director's Report and there being none asked for a motion to approve the Director's Report. The motion was made by Commissioner Kazmir and seconded by Commissioner Glass. The motion carried.

#### NEW BUSINESS

Chairman D'Anton asked for a motion to approve the 2010 Marketing Objectives. Commissioner Tucci made the motion which was seconded by Commissioner Ragazzo. Chairman D'Anton asked if there were any comments and there being none the motion carried.

Chairman D'Anton stated that we will need to go into executive session to discuss contractual and negotiation issues related to the Powerball rules.

## UPDATE ON ISSUES RAISED AT PREVIOUS MEETINGS

Treasurer Designee Smartt stated that there was an issue raised about how retailers are selected to attend events. He stated that as the ethics officer he got involved with the Acting Director and with the Sales Director and at his suggestion, which was agreed to, that a list be prepared of the retailers who have done the best job of sales and take out the ones who have collection or security problems and go through the list and document that they have been contacted. He stated that the recommendation be made by the sales director to the director who will then sign off on it. He stated that the list should be reviewed and make sure there are no repeats. He stated that information would be available to the Commission.

After a discussion about how many tickets are provided to Lottery for the different sporting events and how they are distributed, Vice Chairman Slater requested that a plan on all the available tickets to the Lottery for this coming season, January through December of next year and lay it out for the Commission. He asked that it be mapped out, how it works and what the selection process will be and then the Commission can weigh in on it.

## PUBLIC COMMENT

There was no public comment at this meeting.

## EXECUTIVE SESSION

Deputy Attorney General Krefetz stated that it be resolved that pursuant to N.J.S.A. 10:4-13, the Lottery Commission enter into Executive Session during which the public shall be excluded to discuss matters that fall within the attorney/client privilege, matters that fall within the deliberative process privilege and security matters. He stated that as to any matter discussed in Executive Session, the subject and nature of the discussion will be timely made known to the public if and when the need for confidentiality ends. He requested that Deputy Director Daniels attend to provide expert advice to counsel concerning security matters.

Treasurer Designee Smartt requested that Foster Krupa and Yoke DiGiorgio attend to respond to questions regarding Powerball.

Commissioner Tucci made the motion to go into Executive Session which was seconded by Commissioner Ragazzo. The motion carried.

## OPEN PUBLIC MEETING ACTION

Commissioner Tucci made a motion to go back into the open public meeting which was seconded by Treasurer Designee Smartt. The motion carried.

Chairman D'Anton requested a motion to approve the Powerball game rules. Commissioner Ragazzo made the motion to approve the rules of the Powerball game subject to a final agreement between the Mega Millions Group and the MUSL group and that it is certified by the Treasury. Vice Chairman Slater seconded the motion. Chairman D'Anton asked if there were any comments and there being none the motion carried.

## ADJOURNMENT

Chairman D'Anton asked if there was any other business to be discussed in the open public meeting and there being none, asked for a motion to adjourn. Commissioner Tucci made the motion, which was seconded by Commissioner Ragazzo. 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 December 17, 2009.

IN WITNESS WHEREOF, I hereby set my hand on

the 30 day of December, 2009.



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Steven Palmieri  
Acting Executive Director