

**NEW JERSEY STATE LOTTERY COMMISSION**

**PUBLIC MEETING, NOVEMBER 18, 2008**

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 L. Glass, Commissioner  
Munr Kazmir, Commissioner  
James McGuire, Commissioner  
Robert Smartt, Treasurer Designee

William Jourdain, Acting Executive Director  
Marc Krefetz, Dep. Attorney General

**VISITORS**

Kathy Steepy, Office of Management & Budget

**STAFF**

Regina Arcuri  
Marilyn Blazovsky  
Lou Cleary  
Denise Coleman  
Dominick DeMarco  
Yoke DiGiorgio  
Robert Kersey  
Karen Kokoll  
Foster Krupa  
Dolores Matos  
Steve Palmieri  
Mary Ann Rivell  
Margaret Square  
Nick Wiener

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 October 16, 2008 Commission Meeting. Commissioner McGuire made the motion, which was seconded by Commissioner Kazmir. Chairman D'Anton asked if there were any comments and there being none the motion carried.

**DIRECTOR'S REPORT**

Acting Executive Director Jourdain stated that the sales for the month of October totaled \$196.8 million, which is a decrease of \$8.6 million compared to last year's total monthly sales.

Acting Executive Director Jourdain stated that the Pick-6 Lotto game had an increase of 4.6% and that Mega Millions had a decrease of 3.6%. He stated that Pick 4 had an increase of 5.3% which is due to the "Red Ball Double Up" promotion. He stated that the Jersey Cash 5 had a decrease of 22.6% because we did not have the same value of rollovers that we experienced last year.

Acting Executive Director Jourdain stated that the instant game sales had a decrease of 5%. He stated that last year we had introduced the new \$20 Instant ticket game which gave us a spike in instant sales last year. He stated that we are 0.8% ahead of our budgeted target for instant games.

Acting Executive Director Jourdain stated that we are 3.7% under our budgeted target for FY'09.

Acting Executive Director Jourdain stated that we are behind 5.9% for the month for the State contribution for FY'09.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of October totaled \$189 million.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$19.2 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$613 million.

Acting Executive Director Jourdain stated that the "Red Ball Double Up" promotion took place during the second half of October. He stated that the Marketing Unit continues the planning and preparations for the Jersey Jackpot Raffle game which will begin in December. He stated that the "Red Ball Double Up" drawing recently concluded and there were seven (7) hits during the promotional period resulting in approximately \$1.7 million in additional prize awards.

Acting Executive Director Jourdain stated that the point of sale materials and media plan for the "Jersey Jackpot Raffle" were approved. He stated that the television and radio advertising ran throughout October in support of the Pick 4 "Red Ball Double Up."

Acting Executive Director Jourdain stated that the Sales unit reports that the Red Ball promotion was a success at the retailer locations and there were six (6) radio van promotions in Camden, Newark, Cherry Hill, Princeton and Lawrenceville.

Acting Executive Director Jourdain stated that the license renewals are underway and that we have started the process of completing the renewals on all the "B" retailers this year.

Acting Executive Director Jourdain stated that he and Marketing Manager Krupa made a presentation on the Jersey Jackpot Raffle product and the five new Holiday Instant games to the entire sales force in Wayne and Lawrenceville.

Acting Executive Director Jourdain state that the retailer training has started in the Quick Chek stores and all of the sales people will participate in the training at all 112 Quick Chek stores.

Acting Executive Director Jourdain stated that the Retailer/Customer Call Center handled 2,009 incoming calls during the month of October.

Acting Executive Director Jourdain stated that there were 110 security investigations conducted by the Security Unit.

Acting Executive Director Jourdain stated that there were five (5) random field inspections conducted at retailer locations. He stated that the reason for the rollback of the random field inspections is due to Deputy Director Ryan's medical leave and the shortage of staff. He stated that we have been concentrating on many of the in-house inquiries and investigations.

Acting Executive Director Jourdain stated that there are 6,162 retailer licenses issued as of October 31, 2008.

Acting Executive Director Jourdain stated that there were three (3) Speakers' Bureau events conducted during the month of October by the Public Information Office.

Acting Executive Director Jourdain stated that the Public Information Office have also designed and created various New Jersey Lottery publications, including print and computer-based elements to support the upcoming Jersey Jackpot Raffle.

Acting Executive Director Jourdain stated that Lottery staff attended the 125<sup>th</sup> Anniversary of the Marie Katzenbach School for the Deaf, which is one of the Lottery's beneficiaries.

Acting Executive Director Jourdain stated that we have been working with concerned parties within Treasury regarding A-3178, which pertains to top tier prizes in instant games. He stated that a meeting was held with the legislator who sponsored this bill. He stated that we are in the process of working through the legislative liaison office in Treasury and the Governor's Office to address some of the legislators concerns.

Acting Executive Director Jourdain stated that Lottery staff participated in a conference call with the Council on Compulsive Gambling to discuss preliminary plans for a 2009 Problem Gambling Awareness Week joint event.

Acting Executive Director Jourdain stated that all drawings were held in accordance to established procedures. He stated that the Drawing Unit coordinated and conducted the "New Member VIP Drawing" which was held on October 15, 2008. He stated that there were 16 winners and the prizes won were Jet Football Tickets.

He stated that the Drawing Unit also conducted seven (7) Opt-In drawings for the month of October.

Acting Executive Director Jourdain stated that there were various special events during the month of October.

Acting Executive Director Jourdain stated that the IMS staff has completed the third quarter SOIL debt processing file which was sent to OIT for an update. He stated that this puts Lottery on a list of collectors of outstanding bad debts of any taxpayer.

Acting Executive Director Jourdain stated that the Lottery VIP club has 145,729 active members.

Acting Executive Director Jourdain stated that the Operations Unit had 30 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 Jourdain stated that the Validation staff received and sorted over 4,200 claims during the month of October.

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

Acting Executive Director Jourdain stated that the Instant Ticket Inventory Control Section updated the status on 11,426 pack returns from the 28 instant games that ended.

Acting Executive Director Jourdain stated that the administrative rules for Lottery, N.J.A.C.17:20 rule readoption with amendments and N.J.A.C. 17:43 rule readoption are scheduled to appear in the November 3, 2008 edition of the New Jersey Register. He stated that press releases and the Lottery and Treasury websites will advise the public of these readoption and changes as well as the opportunity for public comment.

Acting Executive Director Jourdain stated that this concludes the Director's Report.

Vice Chairman Slater stated that if we are 6.7% behind last year's state contribution and not withstanding the fact that we are on target on a down scaled budget, he stated that the costs are higher and the revenues are less to the State Treasurer. He stated that we need to do more business and he feels that the only way that this can be accomplished is by "advertising."

Chairman D'Anton stated that he understands that there is discussion about cutting the Lottery's advertising budget.

Acting Executive Director Jourdain stated that we have been given a directive to look deeper into our budget as part of the Department to see what we can eliminate.

Vice Chairman Slater suggested that our advertising agency prepare a short and to the point memorandum that states that this is what we need to do and what they feel the results would be and here is why.

Chairman D'Anton stated that someone needs to make a very strong argument as to why we need a \$25 million advertising budget.

Acting Executive Director Jourdain stated that the directive has been to cut where you feel you can afford cuts. He stated that he is defending our product awareness and major sponsorships. He stated that the directive that we received is that every dollar counts.

Chairman D'Anton stated that it needs to be demonstrated that cutting the advertising budget is not going to save any money and that it will cost the state money because it will cost sales. He stated that this is the argument that has to be made.

Vice Chairman Slater stated that he feels that it needs to be an outside, independent expert who can make this argument.

Acting Executive Director Jourdain stated that he does agree with the Commissioners, but to go out and hire someone requires an expenditure and therefore he does not feel that we would get the authorization to hire someone from the outside.

Treasurer Designee Smartt stated that Acting Executive Director Jourdain has aggressively made this case. He stated that he will go back to the Treasurer and state that the Commission is very concerned.

There was discussion about the EFT Failures with the Lottery retailers and a suggestion was made about establishing an escrow account with each new agent and that we hold back a certain amount of the agent's commission until that amount reaches \$10,000.

Chairman D'Anton asked if there were any other 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 McGuire. The motion carried.

### **NEW BUSINESS**

Chairman D'Anton asked for a motion to approve the instant ticket game rules for "Double Blackjack," "Money Bag Slingo" and "Clovers & Cash Tripler." Commissioner Kazmir made the motion, which was seconded by Vice Chairman Slater. Chairman D'Anton asked if there were any comments and there being none the motion carried.

### **MISCELLANEOUS**

Acting Executive Director Jourdain gave each of the Commissioners a copy of the story boards for the holiday commercials and the promotion for the Jersey Jackpot Raffle which are currently in production.

### **PUBLIC COMMENT**

There was no public comment at this meeting.

### **EXECUTIVE SESSION**

Deputy Attorney General Krefetz proposed that it be resolved that pursuant to New Jersey Statute 10:4-13, the Lottery Commission enter into Executive Session during which the public shall be excluded to discuss any matters falling into the Attorney/Client privilege and matters pertaining to Lottery security. He stated that 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.

Commissioner Kazmir made the motion to go into Executive Session which was seconded by Commissioner McGuire.

### **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 Kazmir made the motion, which was seconded by Commissioner McGuire. 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 November 18, 2008.

IN WITNESS WHEREOF, I hereby set my hand on

the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

---

William T. Jourdain  
Acting Executive Director