

# Massachusetts State Lottery Commission Meeting

## *Executive Director's Report*

Delivered by Paul R. Sternburg

May 28, 2013



# Lottery Sales Update

- Sales for the month of April were \$9 million ahead of last year due largely to an uptick in Instant Ticket sales.
- The prize payout in April 2013 was 75.8 percent as compared to 75.2 percent for April of 2012. This 0.6 percent increase in payout caused our overall net profit to drop to \$61.9 million behind last year's record-setting pace.
- Our overall prize payout for the first 10 months of the fiscal year is 73.1 percent. This is a 1.8 percent higher prize payout than last year for the same timeframe. The prize payout of 73.2 percent is 0.5 percent higher than the Lottery's record-high payout percentage of 72.6 percent reached in fiscal year 2008.
- The two games that experienced sales increases in April 2013 were Instant Tickets, which were up \$9 million; and KENO, which was up \$2 million.
- Games experiencing sales declines for the month were Mega Millions, which was down \$1 million due to lower jackpot offerings this year; the Numbers Game, which was down \$1 million dollars due to continued cannibalization from Mass Cash; and Lucky for Life, which was down \$2 million as compared to last April.

# April 2013 Instant Ticket Release Sales Update



## VIP Platinum

Price Point: \$1

4 Week Sales: \$2,220,256



## Triple Winning 7s

Price Point: \$2

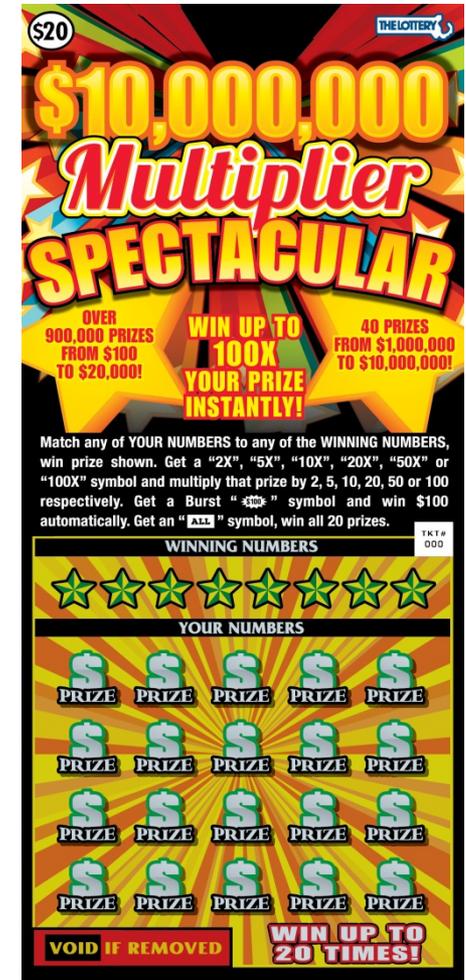
4 Week Sales: \$7,410,256



## \$1,000,000 Lucky Numbers

Price Point: \$5

4 Week Sales: \$15,427,530



## \$10,000,000 Multiplier Spectacular

Price Point: \$20

4 Week Sales: \$31,393,240



# Cadillac Riches Internet Bonus Drawing/Dealership Event: June 1



## Cadillac Riches

Price Point: \$5

6 Week Sales: \$22,885,090

## **2<sup>nd</sup> Chance**

## Internet Bonus Drawing

Entry Period: April 9 -May 7

Total Entries Earned: 248,013

On Saturday, June 1, ten Lottery players selected via an Internet-entry Second Chance Bonus Drawing will convene at a Woburn Cadillac dealership for an event at which one lucky contestant will win a 2013 Cadillac CTS Premium Coupe and \$500 cash.

The event and prizes to be awarded are a component of the Lottery's \$5 "Cadillac Riches" instant ticket's Second Chance Drawing Program. In addition to the Internet Bonus Drawing, there will be five second chance drawings throughout the life of the game that offer players who enter their non-winning tickets with chances to win Cadillac vehicles and Cadillac-branded merchandise prizes.

# June 2013 Instant Ticket Release (June 11)



## \$12,000 Jackpot

Price Point: \$1

Top Prize: \$12,000



## \$1,000,000 Jackpot

Price Point: \$5

Top Prize: \$1,000,000



## \$100,000 Jackpot

Price Point: \$2

Top Prize: \$100,000

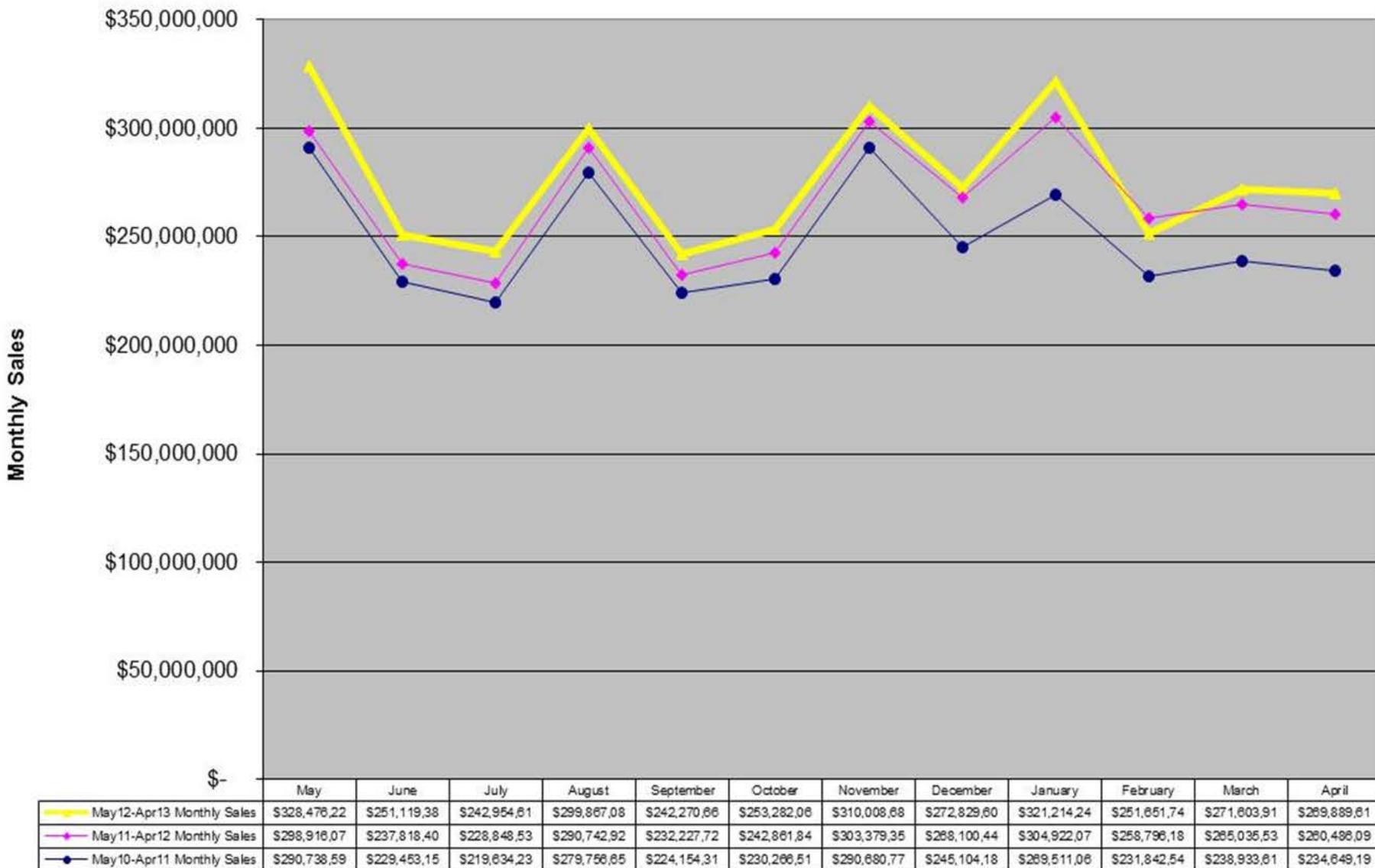


## \$4,000,000 Jackpot

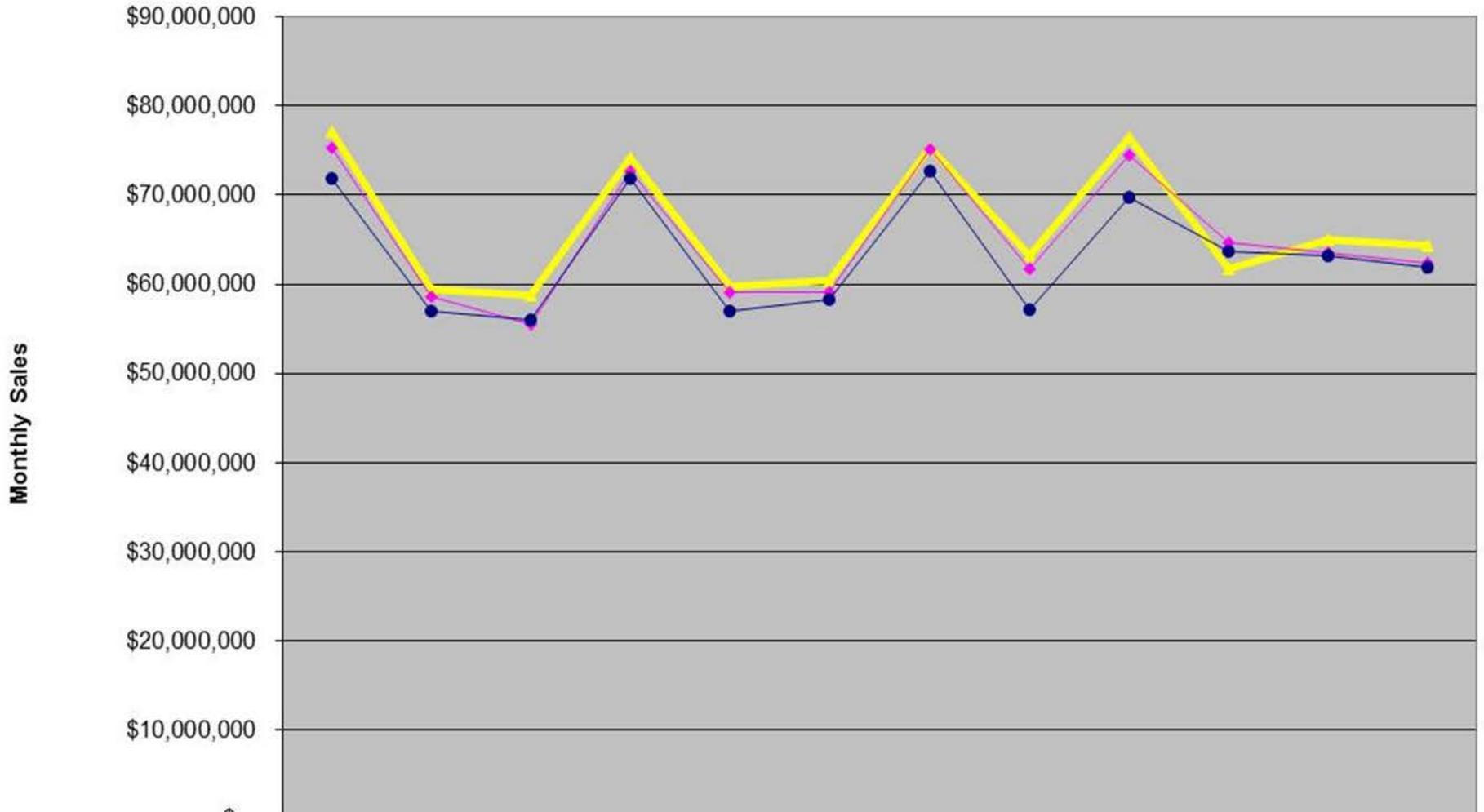
Price Point: \$10

Top Prize: \$4,000,000

## Instant Game Monthly Sales May 10 thru April 13



## KENO Game Monthly Sales May 10 thru April 13

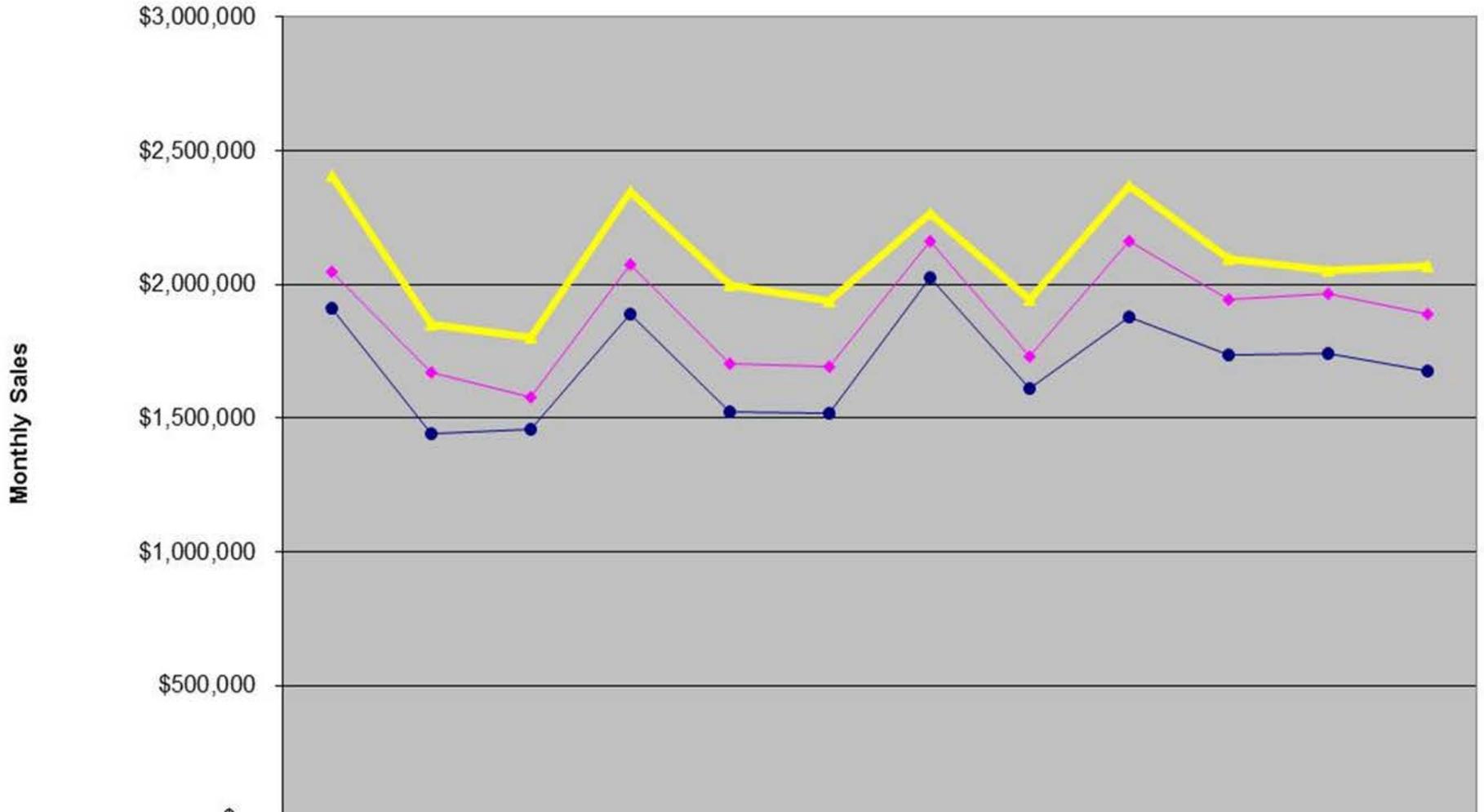


	May	June	July	August	September	October	November	December	January	February	March	April
May 12-Apr 13 Monthly Sales	\$77,066,745	\$59,496,498	\$58,834,238	\$74,168,553	\$59,776,650	\$60,406,576	\$75,360,152	\$63,209,606	\$76,453,588	\$61,657,662	\$65,033,276	\$64,280,486
May 11-Apr 12 Monthly Sales	\$75,374,599	\$58,609,862	\$55,511,595	\$72,637,541	\$59,167,172	\$59,077,681	\$75,178,823	\$61,681,424	\$74,466,681	\$64,684,172	\$63,579,007	\$62,438,549
May 10-Apr 11 Monthly Sales	\$71,815,309	\$56,906,312	\$56,082,403	\$71,819,357	\$56,939,601	\$58,222,815	\$72,659,946	\$57,173,914	\$69,753,994	\$63,723,343	\$63,268,022	\$61,946,220



Month Ending

## Race Game Monthly Sales May 10 thru April 13



	May	June	July	August	September	October	November	December	January	February	March	April
May12-Apr13 Monthly Sales	\$2,406,140	\$1,847,873	\$1,802,060	\$2,345,349	\$1,999,691	\$1,938,989	\$2,263,830	\$1,941,072	\$2,370,591	\$2,096,591	\$2,049,646	\$2,067,527
May11-Apr12 Monthly Sales	\$2,045,327	\$1,671,117	\$1,578,823	\$2,072,760	\$1,704,618	\$1,693,344	\$2,160,773	\$1,733,166	\$2,162,232	\$1,941,576	\$1,966,920	\$1,889,649
May10-Apr11 Monthly Sales	\$1,908,279	\$1,439,126	\$1,458,654	\$1,890,989	\$1,520,639	\$1,517,425	\$2,026,063	\$1,608,235	\$1,878,607	\$1,736,019	\$1,744,067	\$1,676,092

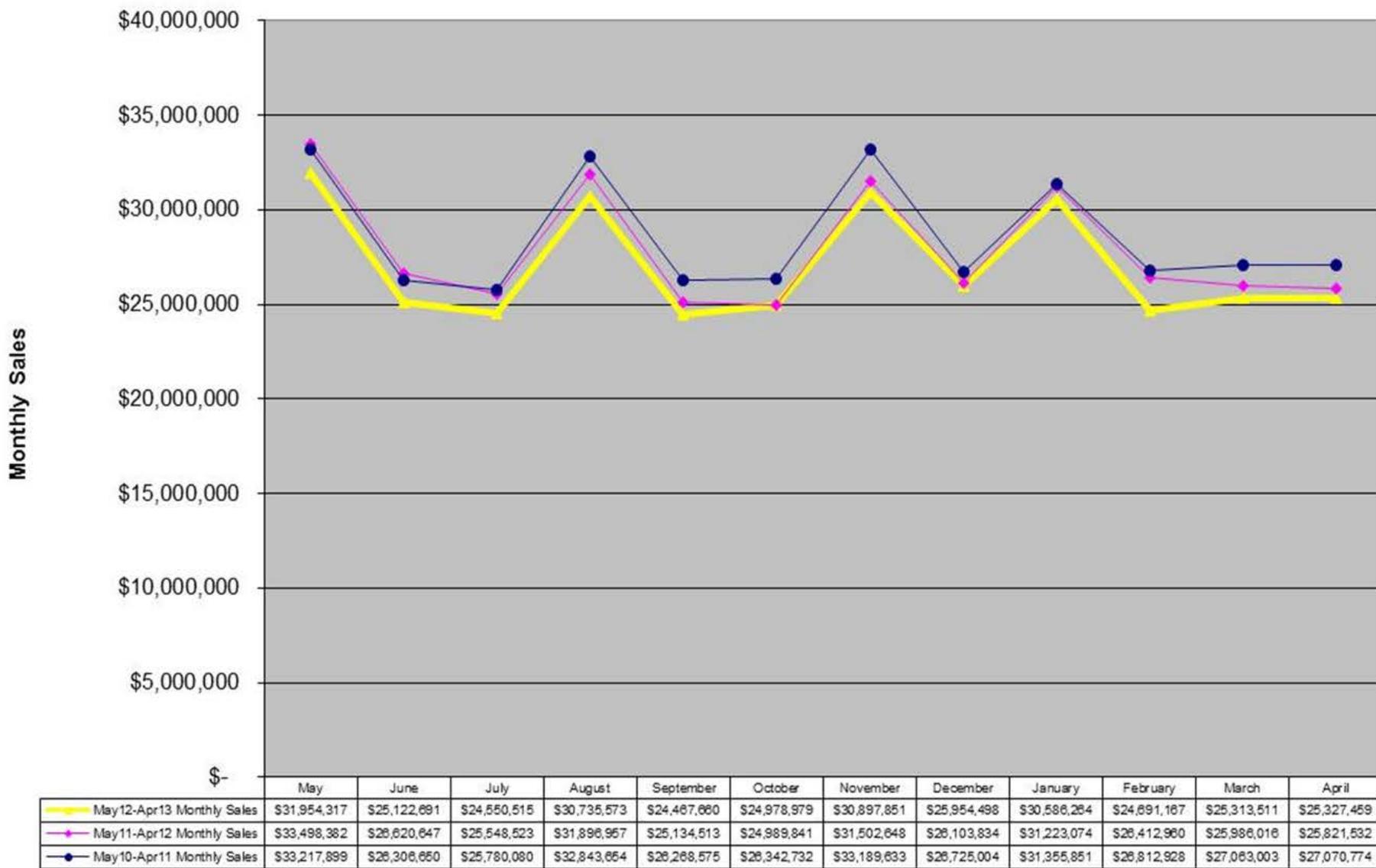
Month Ending



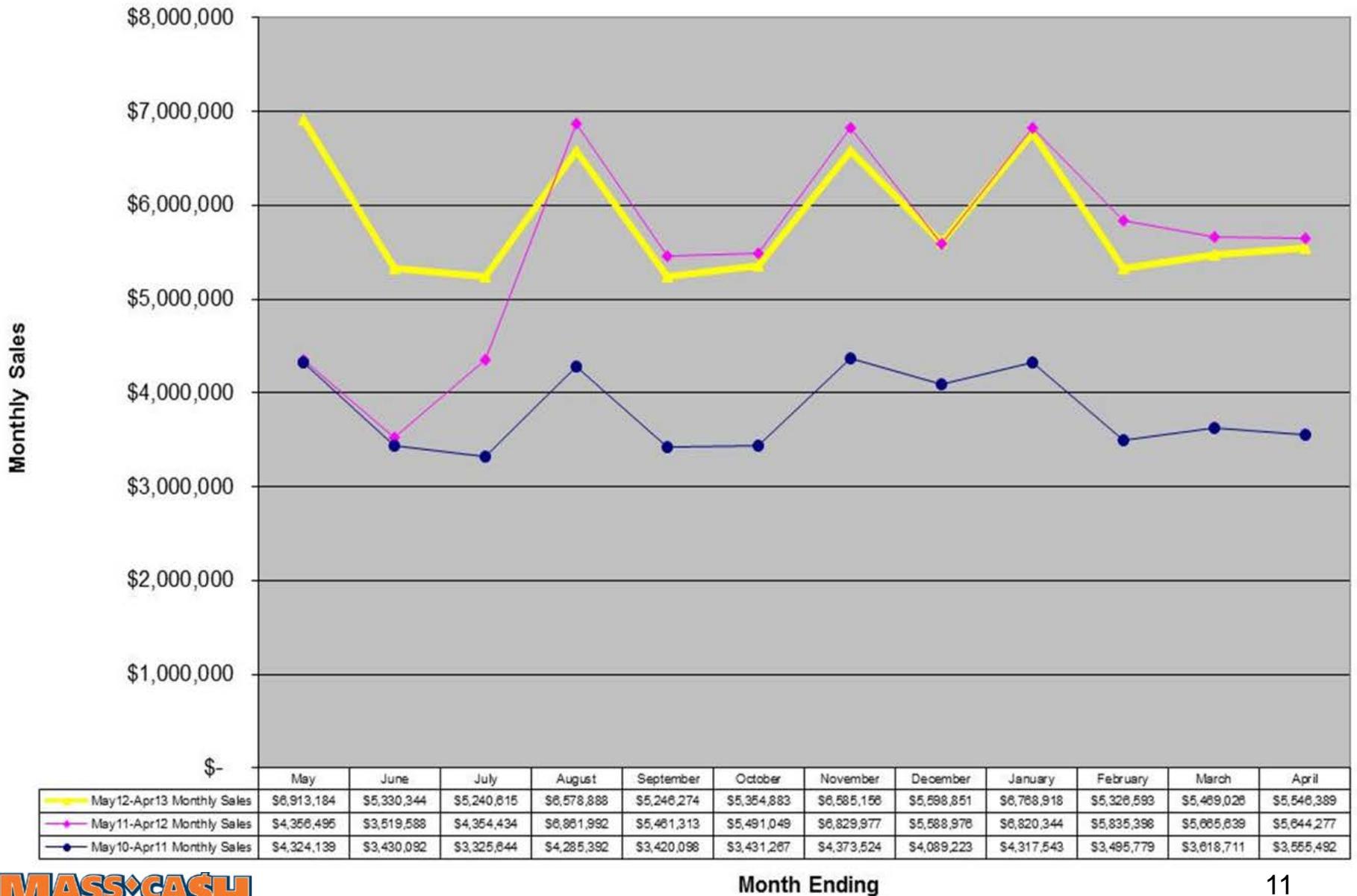
## Lucky For Life Game Monthly Sales May 10 thru April 13



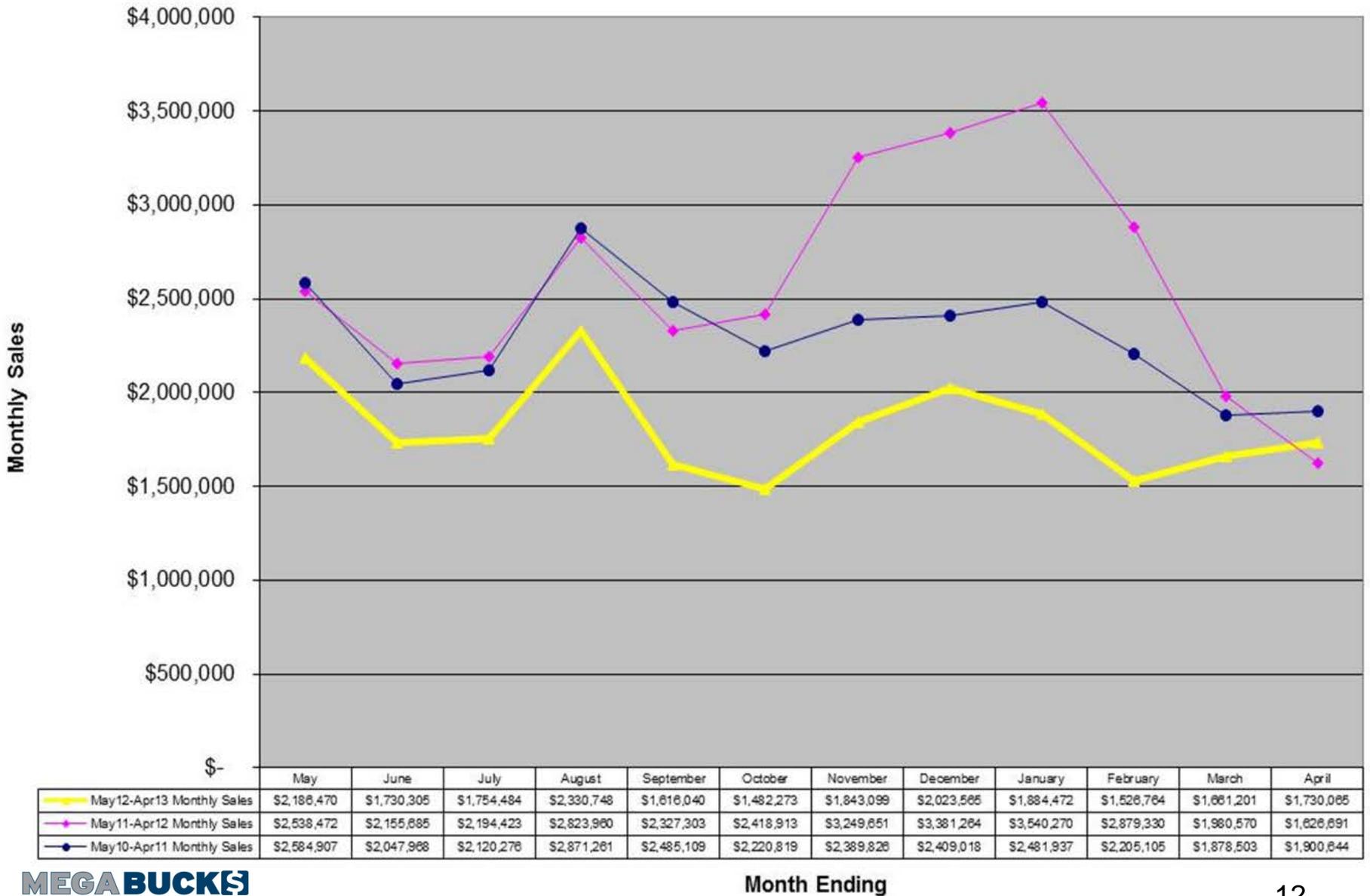
## Numbers Game Monthly Sales May 10 thru April 13



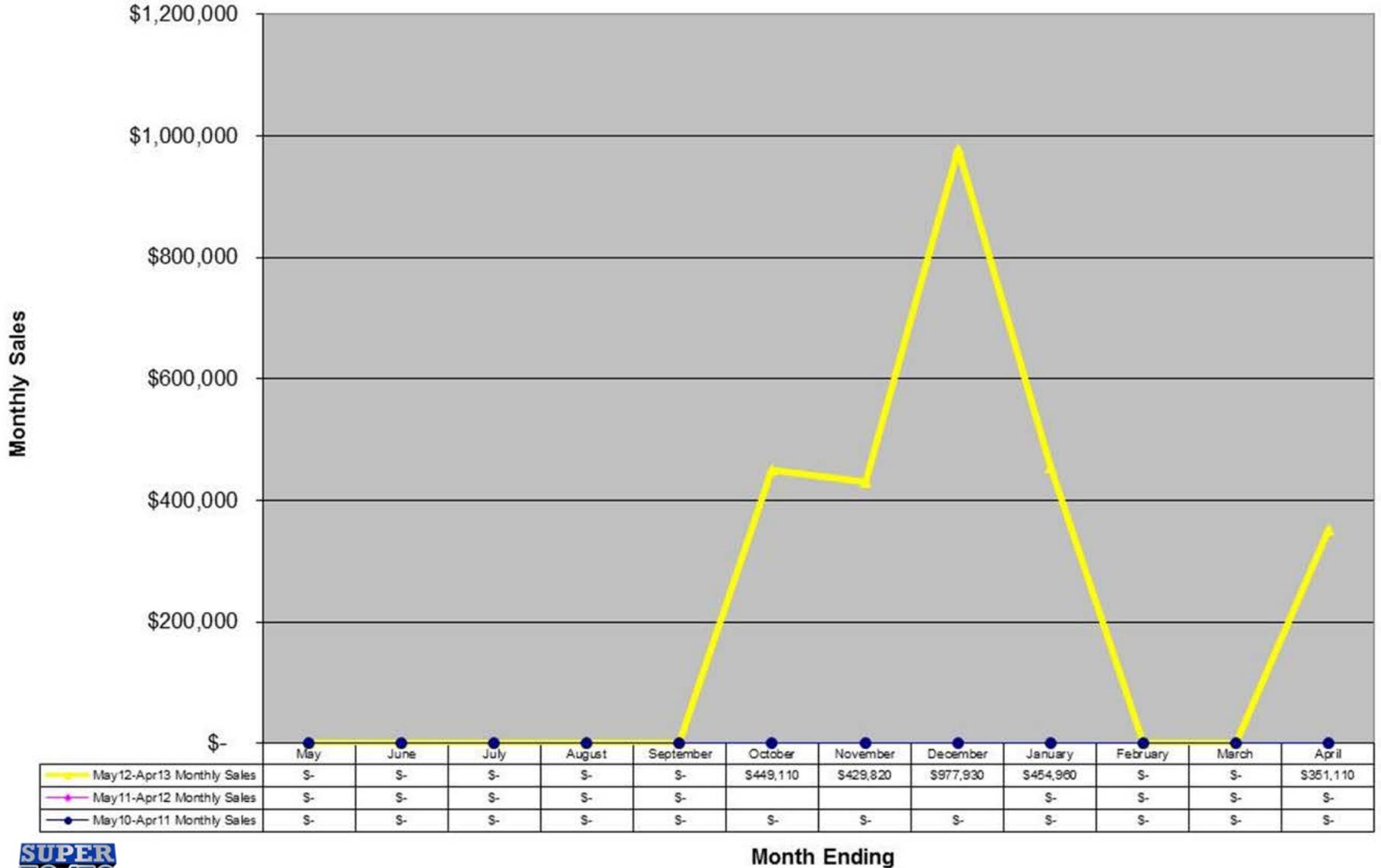
## Mass Cash Game Monthly Sales May 10 thru April 13



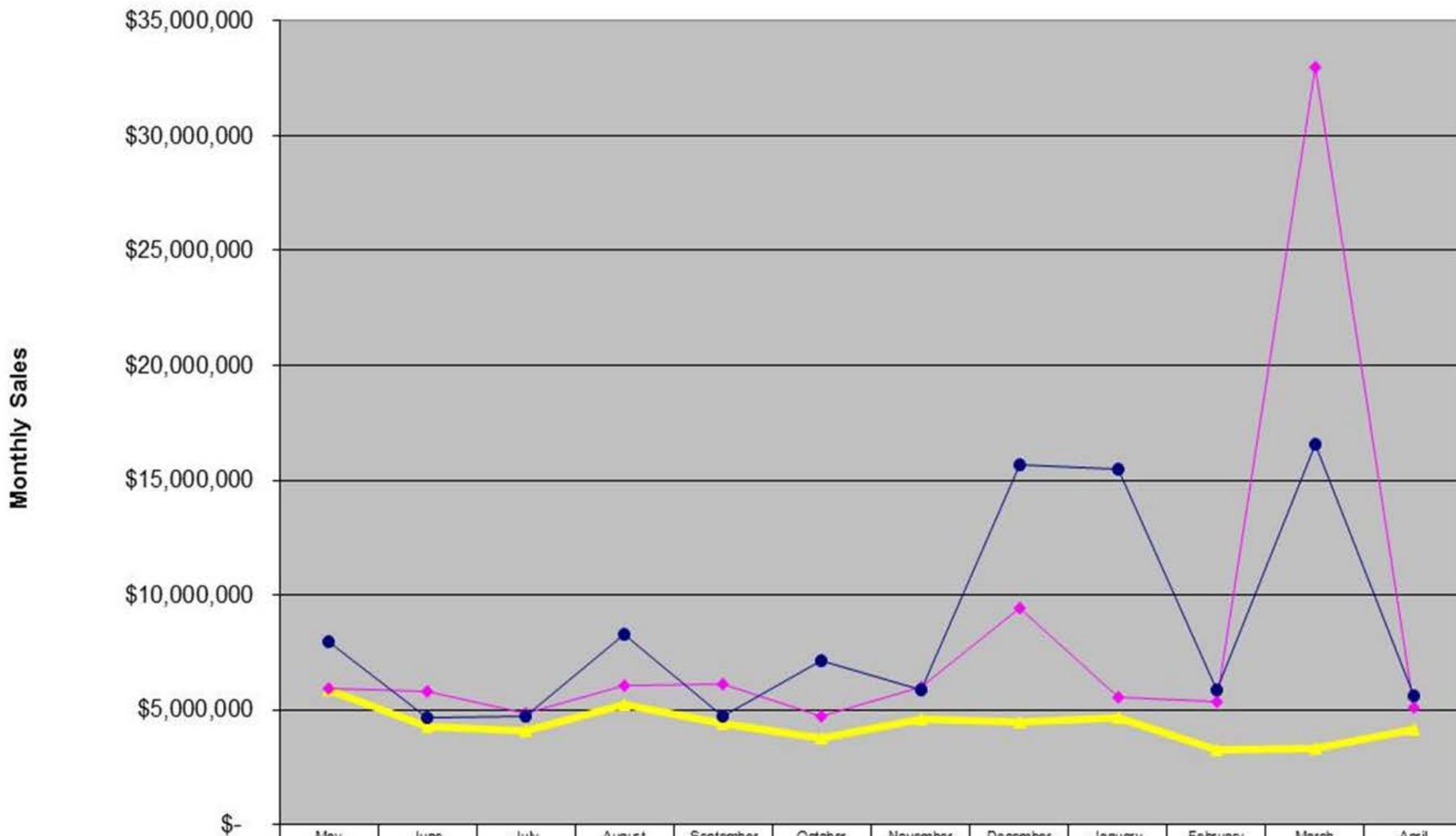
## Megabucks Game Monthly Sales May 10 thru April 13



## Super 50-50 Raffle Game Monthly Sales May 10 thru April 13



## Mega Millions Game Monthly Sales May 10 thru April 13

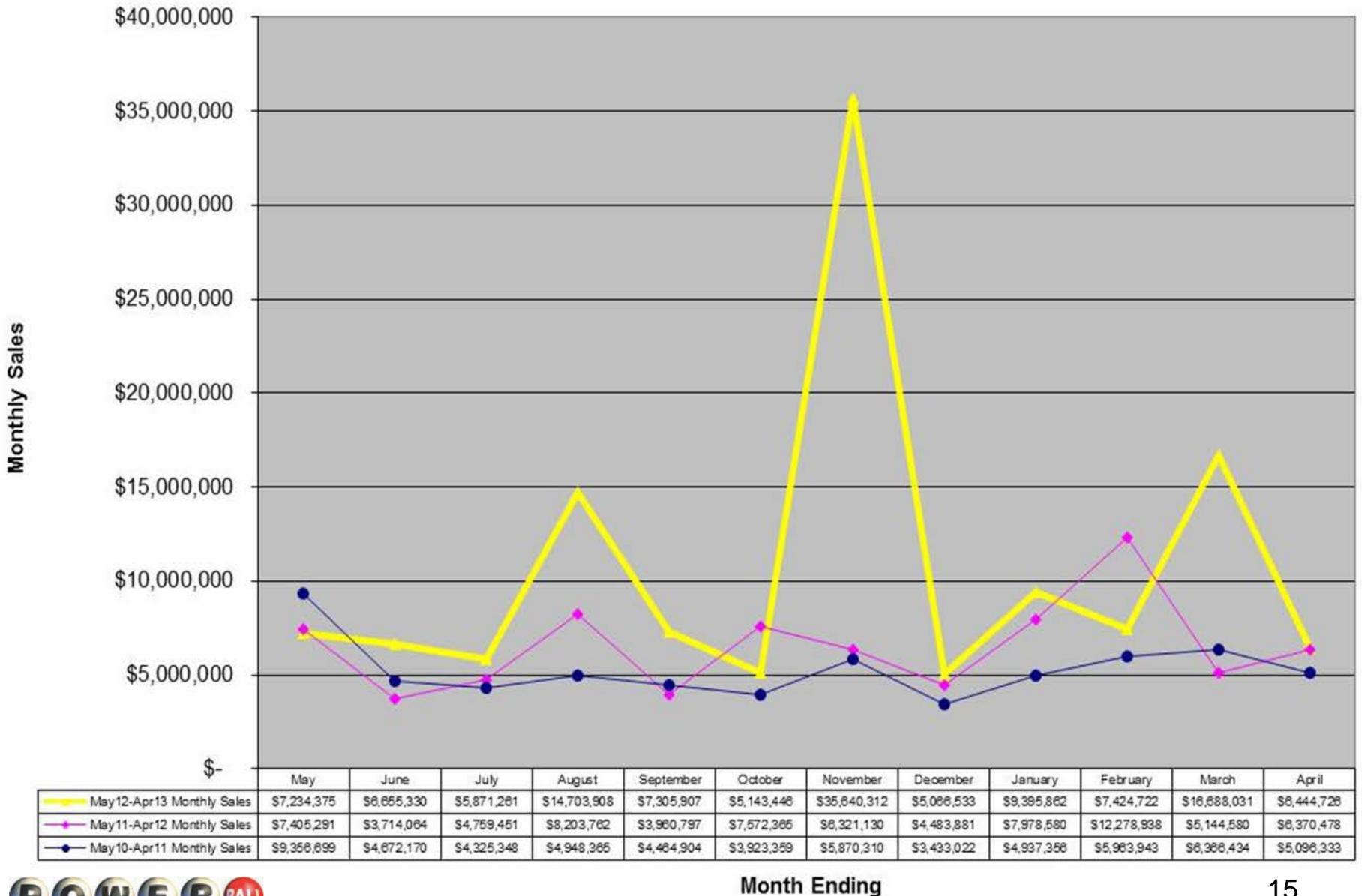


	May	June	July	August	September	October	November	December	January	February	March	April
May 12-Apr 13 Monthly Sales	\$5,887,252	\$4,288,893	\$4,070,293	\$5,214,203	\$4,408,529	\$3,798,620	\$4,622,314	\$4,484,771	\$4,689,133	\$3,259,650	\$3,339,999	\$4,156,059
May 11-Apr 12 Monthly Sales	\$5,916,940	\$5,624,818	\$4,881,039	\$6,044,294	\$6,093,254	\$4,732,239	\$5,999,489	\$9,455,598	\$5,561,441	\$5,368,677	\$32,974,064	\$5,113,305
May 10-Apr 11 Monthly Sales	\$7,945,979	\$4,673,863	\$4,738,152	\$8,310,970	\$4,721,634	\$7,127,421	\$5,863,271	\$15,659,859	\$15,471,338	\$5,890,784	\$16,576,585	\$5,595,416

Month Ending

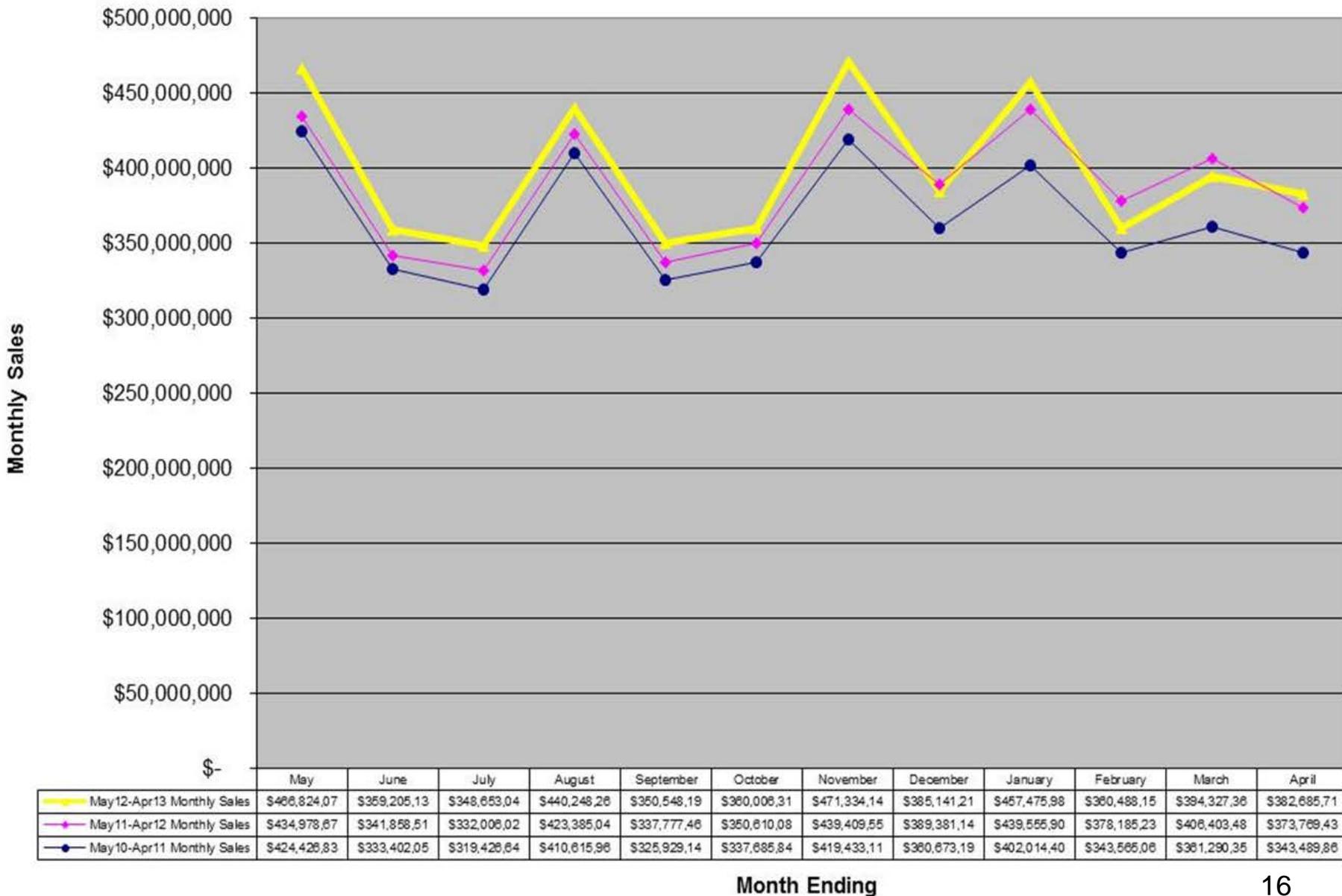


## Powerball Game Monthly Sales May 10 thru April 13

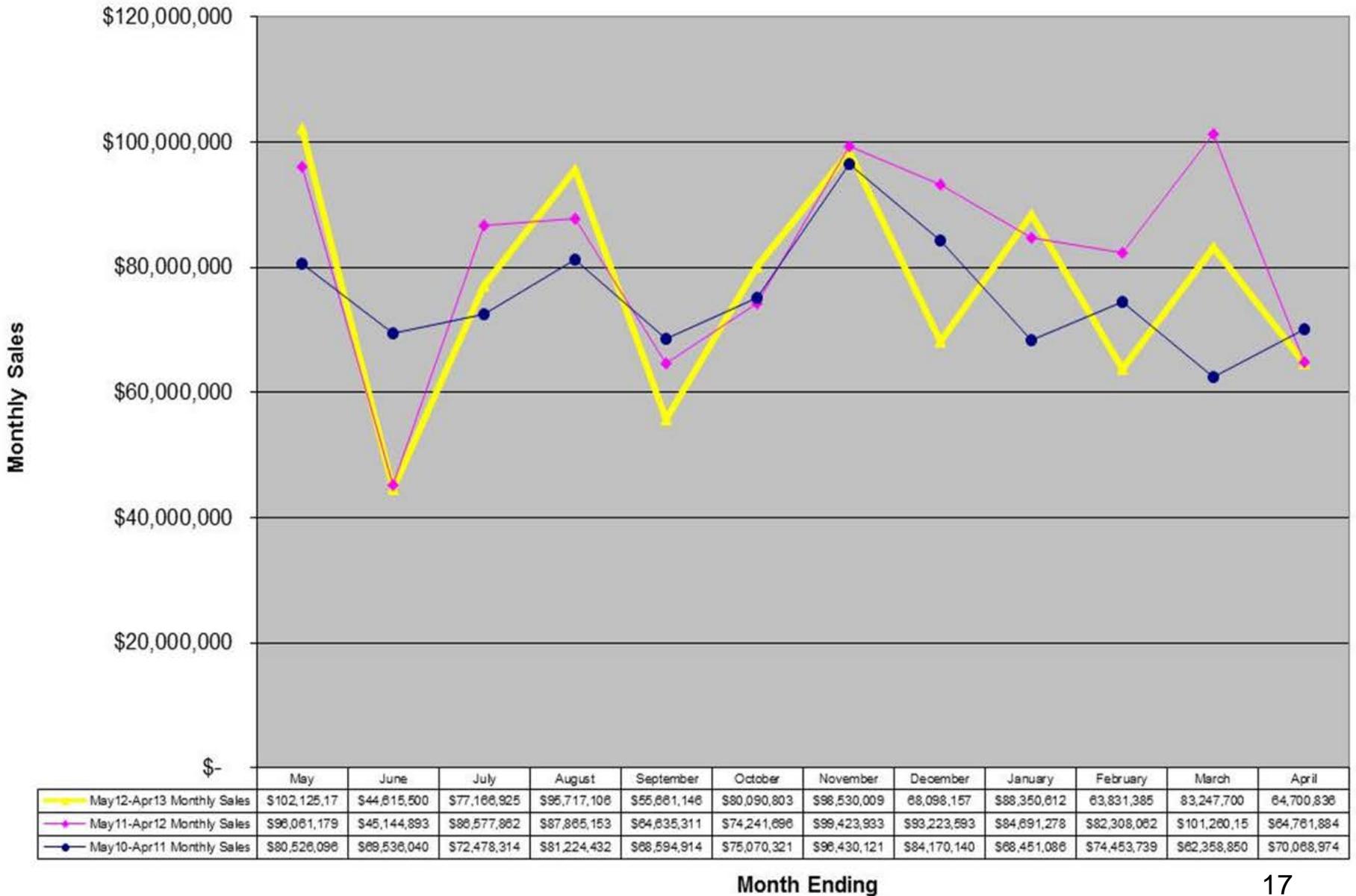


Month Ending

## All Game Monthly Sales May 10 thru April 13



## Net Profit Monthly Sales May 10 thru April 13



# MSLC Revenue Results

## April FY13 vs. FY12

(\$ millions)

Through April 27, 2013

	<b>FY13</b>	<b>% of Total</b>	<b>FY12</b>	<b>% of Total</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Instant Tickets</b>	\$270	70.5%	\$261	69.7%	\$9	3.6%
<b>MegaMillions</b>	4	1.1%	5	1.4%	-1	-17.6%
<b>Powerball</b>	6	1.7%	6	1.7%	0	0.0%
<b>Keno</b>	64	16.8%	62	16.7%	2	3.0%
<b>Mass Cash</b>	6	1.4%	6	1.5%	0	-1.8%
<b>Race Game</b>	2	0.5%	2	0.5%	0	10.5%
<b>Lucky For Life</b>	3	0.8%	4	1.2%	-2	100.0%
<b>Numbers Game</b>	25	6.6%	26	6.9%	-1	-1.9%
<b>Super 50-50 Raffle</b>	0	0.1%	0	0.0%	0	100.0%
<b>Megabucks</b>	2	0.4%	2	0.4%	0	6.2%
<b>Total</b>	<b>\$383</b>	<b>100.0%</b>	<b>\$374</b>	<b>100.0%</b>	<b>\$9</b>	<b>2.4%</b>
<b>Instant Tickets</b>	\$270	70.5%	\$261	69.7%	\$9	3.6%
<b>Online Games</b>	113	29.5%	113	30.3%	0	-0.4%
<b>Total</b>	<b>\$383</b>	<b>100.0%</b>	<b>\$374</b>	<b>100.0%</b>	<b>\$9</b>	<b>2.4%</b>

# MSLC Revenue Results

## Year-to-Date FY13 vs. FY12

(\$ millions)

Through April 27, 2013

	<b>FY13</b>	<b>% of Total</b>	<b>FY12</b>	<b>% of Total</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Instant Tickets</b>	\$2,736	69.2%	\$2,655	68.6%	\$80	3.0%
<b>MegaMillions</b>	42	1.1%	86	2.2%	-44	-51.3%
<b>Powerball</b>	114	2.9%	67	1.7%	47	69.4%
<b>Keno</b>	659	16.7%	648	16.8%	11	1.7%
<b>Mass Cash</b>	58	1.5%	59	1.5%	-1	-1.5%
<b>Race Game</b>	21	0.5%	19	0.5%	2	10.6%
<b>Lucky For Life</b>	34	0.9%	9	0.2%	25	100.0%
<b>Cash WinFall</b>	0	0.0%	16	0.4%	-16	-100.0%
<b>Numbers Game</b>	268	6.8%	275	7.1%	-7	-2.6%
<b>Online Raffle</b>	0	0.0%	10	0.3%	-10	0.0%
<b>Super 50-50 Raffle</b>	3	0.1%	0	0.0%	3	100.0%
<b>Megabucks</b>	18	0.5%	26	0.7%	-9	-32.2%
<b>Total</b>	<b>\$3,951</b>	<b>100.0%</b>	<b>\$3,871</b>	<b>100.0%</b>	<b>\$81</b>	<b>2.1%</b>

Introducing...



the new second monitor game offering from the  
Mass. State Lottery.

# Developing the New Second Monitor Game

- We recognized that the Lottery could produce more robust revenues with its second monitor offering. After exploring enhancements to the underperforming Daily Race Game, which included improvements to the existing platform, and also developing a new graphic display that better resonated with current players and new audiences, the Lottery decided upon a card/poker-themed KENO game -- a visual concept and play style that we believed would resonate with players.
- In Summer 2011, the Lottery held an open house at the Massachusetts State House to vet the card/poker-themed game concept with members of the Legislature and other stakeholder audiences to ensure that feedback and any concerns were incorporated into the game development process.
- In October 2012, the Lottery issued an RFR/engaged a competitive bid process with the intent to purchase or enter into an agreement to license a KENO-style monitor product with a poker card game theme and graphics to replace The Daily Race Game.
- After thorough review, New Vision Gaming and Development, Inc., a Massachusetts-based company, was selected to provide the Lottery with a license for a game concept for the three-year period.



# Developing the New Second Monitor Game

- New Vision's game concept "World Wide Poker," just like KENO, involves picking randomly generated numbers to win. But instead of ping pong balls appearing on the screen like in Massachusetts' KENO game, this game's visuals display a 52 card deck that is revealed card by card in random order, each placed in the 52 numbered slots that appear on the monitor.
- The cards that land onto a player's selected numbers/location on the monitor form that player's "poker hand." Should the given poker hand match the prize payout structure, the player would be paid accordingly.
- Below are screen shots from the game demo:



**World Wide Poker**  
Presented by NEW VISION GAMING

*This unique keno type poker game will increase sales and provide fun and excitement for your patrons.*

NEXT GAME: # 0001      STARTS IN: 14

JACKPOT \$1,000,471



JACKPOT \$1,007,065      GAME # 0001

1	2	3	4	5	6	7	8	9	10	11
♣ 6	♥ 4	3	♣ 7	♠ 5	♠ 10	7	8	♥ 8	♦ A	♣ 4
12	13	♦ J	♥ A	16	♥ 5	18	20	21	22	
♣ 9	13	♦ J	♥ A	16	♥ 5	18	♥ J	♣ K	♥ 7	
23	24	♥ Q	♦ 9	4	9	3	J	31	32	33
♥ 10	24	♥ Q	♦ 9	4	9	3	J	31	32	33
34	35	♠ K	♣ A	♠ Q	♣ 8	♥ 6	41	42	43	44
♣ Q	35	♠ K	♣ A	♠ Q	♣ 8	♥ 6	41	42	♣ 5	44
45	46	♦ 3	♦ 10	♦ 5	♣ 3	50	♠ 9	♦ K		
♠ 3	♦ 10	♦ 5	♣ 3	50	♠ 9	♦ K				



JACKPOT \$1,011,304      GAME # 0001

1	2	3	4	5	6	7	8	9	10	11	
♣ 6	♥ 4	♦ 8	♣ 7	♠ 5	♠ 10	♠ 6	♠ 10	♥ 8	♦ A	♣ 4	
12	13	♦ 2	♦ J	♥ A	♦ 7	5	A	2	J	♣ K	7
♣ 9	♣ 2	♦ J	♥ A	♦ 7	5	A	2	J	♣ K	7	
23	24	♥ 2	♦ Q	♦ 9	4	9	3	J	7	3	4
♥ 10	24	♥ 2	♦ Q	♦ 9	4	9	3	J	7	3	4
34	35	♠ J	♠ K	♠ A	♠ Q	8	♥ 6	♥ 2	♦ 6	♣ 5	♦ Q
♣ Q	♠ J	♠ K	♠ A	♠ Q	8	♥ 6	♥ 2	♦ 6	♣ 5	♦ Q	
45	46	♦ 3	♦ 10	♦ 5	♣ 3	8	♠ 9	♦ K			
♥ K	♦ 3	♦ 10	♦ 5	♣ 3	8	♠ 9	♦ K				



# Incorporating Player Feedback

- While the game concept was precisely what the Lottery was seeking, we set out to “Massachusettsize” the game incorporating both input from internal staff and feedback gathered from player focus groups on the game’s mechanics, visuals, prize structure and name.
- Some of the feedback that was integral in shaping the new game included:
  - Base the prize structure on a “jacks or better” model, players asked for more opportunities/better odds to win prizes under \$600;
  - Incorporate a progressive jackpot add on for chance at a larger prize;
  - Ensure the size of the cards and the typeface/fonts used were easy to read; and that the cards remained on the monitor screen for sufficient time – the less intricate the visuals, the better; and,
  - Game name must include “poker,” but not include KENO despite the popularity of existing game in marketplace as it could lead to confusion when placing wagers.
- The game that resulted from our research and development: JACKPOT POKER



# How to Play Jackpot Poker

- Choose the amount you want to wager on a hand.
- Choose the number of consecutive draws that you want to play.
- Choose five (5) spots from the 52 available spots on the betslip or choose a Quic Pic.
- Choose if you want to play the Progressive Jackpot (PJ) option for an additional \$1 per draw.
- Give your play slip to the Lottery agent. The agent will give you back your play slip and your game ticket.
- Your poker “hand” consists of the five (5) cards that were revealed under the five (5) spots you chose.
- Your prize is based on the best hand you can make with those cards.



The image shows a 'Jackpot POKER' betslip form. At the top is the logo. Below it, the instruction 'Underline Your Number Selections Like This: 5' is shown. The form is divided into four numbered sections: 1. 'Amount Bet Per Game' with buttons for 1, 2, 5, 10, and 20. 2. 'Number of Games Played' with buttons for 1, 2, 3, 4, 5, 10, 20, 25, and 30. 3. 'Select 5 Numbers or Mark the Quic Pic Box Below' featuring a 5x10 grid of numbers from 1 to 52. 4. 'Quic Pic' and 'PROGRESSIVE JACKPOT for an extra \$1 per game played' with 'QP' and 'Y' buttons. A vertical slogan 'GET IN ON A GAME!' is on the right, and 'INSERT THIS END' is at the bottom.



# Jackpot Poker's Prize Structure

HAND	WAYS TO WIN	PAYOUT
Royal Straight Flush	4	\$25,000
Straight Flush	36	\$2,000
Four of a Kind	624	\$200
Full House	3,744	\$25
Flush	5,108	\$15
Straight	10,200	\$10
Three of a Kind	54,912	\$4
Two Pair	123,552	\$3
One Pair of Jacks or Better	337,920	\$2
<b>OVERALL ODDS:</b>	<b>1 in 4.86</b>	<b>OVERALL PAYOUT: 70%</b>



**JACKPOT POKER PAYOUTS**  
Prizes paid for a \$1 per Game Wager Aces card or other high or low.

Winning Hand	Approximate Odds 1 in	Prize
Royal Straight Flush		
Ace, King, Queen, Jack and 10 all of the same suit	649,740	\$25,000
Straight Flush		
Any five consecutive cards of the same suit	72,193	\$2,000
Four of a Kind	4,185	\$200
Full House		
Any three of a kind plus a pair	694	\$25
Flush		
Any five cards of the same suit	509	\$15
Straight		
Any five consecutive cards, can be of any suit	256	\$10
Three of a Kind		
Any three cards of the same value	47	\$4
Two Pair		
Any two pairs of the same value	21	\$3
One Pair - Jacks or Better		
One Pair - Aces	8	\$2
Two Jacks, two Queens, two Kings or two Aces		
Overall Odds 1:4.86		

The holder of a winning JACKPOT POKER ticket shall be entitled only to the prize in the highest matching prize category.

**PROGRESSIVE JACKPOT**  
To play PROGRESSIVE JACKPOT, mark the "Y" box on your bet slip. The cost of your wager will increase by \$1 per game played. Players who play PROGRESSIVE JACKPOT and get a Royal Straight Flush, win the Progressive Jackpot prize subject to the rules outlined in the Administrative Bulletin. The minimum Progressive Jackpot prize shall be \$100,000. In the event there are multiple winners of the Progressive Jackpot, the prize amount allocated to the jackpot shall be divided equally among all of the jackpot winners. The odds of winning the Progressive Jackpot, if selected, are 1:649,740.

**RULES AND REGULATIONS**

- BETS ARE NOT EFFECTIVE UNLESS ACCEPTED BY THE LOTTERY'S COMPUTER PROCESSING SYSTEM PRIOR TO THE DRAWING OF THE WINNING NUMBERS AND IN ACCORDANCE WITH LOTTERY RULES. BETTORS ACKNOWLEDGE THAT LOTTERY SALES AGENTS ARE ACTING ON BEHALF OF THE BETTORS IN ENTERING BETS INTO THE LOTTERY'S COMPUTER PROCESSING SYSTEM. The liability of the Lottery and the Lottery's Sales Agents whether arising through breach of contract, negligence or otherwise is expressly limited to the sole remedy of a refund of the amount wagered if the bet(s) is (are) not accepted by the Lottery's Computer Processing System, or if betting slips are marked incorrectly, entered incorrectly into the system, or are otherwise invalid. The placing of JACKPOT POKER bets is done at the player's own risk through the Lottery's Sales Agent who is acting on behalf of the player in entering the bet(s) into the Lottery's Computer Processing System.
- Present your completed bet slip to your Lottery Sales Agent for processing. You will receive a ticket. Check your ticket immediately to verify that the selections on your ticket match the selections on the bet slip.
- Present the winning ticket to any Sales Agent for payment of up to and including \$600.
- Gains for more than \$600 will be paid by the Lottery after Claim Form is filed. Proof of positive identification including Social Security number is required for all claims of more than \$600.
- All prizes must be claimed within one (1) year following the drawing date.
- Your ticket is a bearer instrument. Unless signed by owner, prize may be claimed by any one in possession of winning ticket. SIGN YOUR TICKET IMMEDIATELY.
- By placing a JACKPOT POKER bet, bettors agree to abide by Massachusetts State Lottery Commission Rules and Regulations. Applicable rules are available for inspection by bettors contacting the Lottery directly at the address shown below.

**YOU MUST BE 18 YEARS OR OLDER TO PLAY.**  
**IF YOU HAVE A PROBLEM WITH GAMBLING, HELP IS AVAILABLE. CALL 1-800-425-0254.**  
MASSACHUSETTS STATE LOTTERY, 60 Columbia Street, Boston, MA 02104

STEVEN GROSSMAN  
STATE TREASURER

PAUL R. STENSBORG  
EXECUTIVE DIRECTOR

DBS 2013 05 1 A1 (05/13)

# Jackpot Poker Game Demo



Jackpot  
POKER

Game #  
**3151**  
Closed

THELOTTERY 

The image shows a large blue rectangular frame containing a green oval with a yellow border. Inside the oval, the word "Jackpot" is written in a large, black, stylized font with a white outline, and "POKER" is written below it in red, blocky letters with a white outline. Below the oval, the text "Game # 3151 Closed" is displayed in white, with "3151" in red. In the bottom right corner of the blue frame, the "THELOTTERY" logo is shown in white, featuring a stylized white figure.



# Lottery Reform Scorecard

## **Governance**

- The Lottery has reviewed and revised its Mission Statement to reflect values most recently set forth in the MSLC Manual for Sales Agents. The Mission Statement, which will be posted on the Lottery website, reads: “To operate in a manner that secures the integrity of the Lottery’s games and protects the well-being of its customers while maximizing revenues returned to the Commonwealth for the benefit of its cities and towns.”
- At the beginning of the calendar year, the Lottery finalized its review and consideration of issues raised by the Inspector General’s Report dated July 27, 2012, and the Lottery’s responses were set forth in a memorandum dated January 23, 2013 and distributed to the Commission shortly thereafter.

## **Operations**

- The Executive Director executed this month the Compliance Department’s Policy and Procedure addressing Customer Complaints.
- Executive Director Sternburg and members of his staff met with two Commissioners of the Massachusetts Gaming Commission recently to discuss how best to mitigate the impact of expanded gaming on the Lottery. The Gaming Commission has encouraged the Lottery to proactively meet with all eleven gaming establishment applicants to discuss mitigation measures and the Lottery’s licensing requirements.

Thank you for the opportunity to share this information. We look forward to your feedback and to further discussion on these figures, as well as other Lottery initiatives.

