

NEW JERSEY STATE LOTTERY

OBSERVATION OF DAILY DRAWINGS AT
1 LAWRENCE PARK PLAZA
BRUNSWICK AVENUE CIRCLE
LAWRENCEVILLE, NJ 08648

Monday and Thursday Drawings

DATE OF OBSERVATION: December 17, 2018

OBSERVED BY: Doug Talbot

REVIEWER SIGN OFF: Jennifer Pinter

OBSERVER'S CHECKLIST – "PICK-3" "PICK-4" "FIREBALL"
"JERSEY CASH 5 XTRA" AND "PICK-6 XTRA"

1. Arrive at Lottery Headquarters no later than 7:00 pm. If you anticipate a later arrival contact your assigned Alternate and the Security Guard at Lottery Headquarters (609 599-5802) by 7:10 pm.
2. Upon arrival contact assigned Alternate that you have arrived at Lottery Headquarters and **Alternate will confirm your arrival.**
3. Present identification to Security Guard (upon request) at security desk.
4. Sign Security Logbook and proceed to Lottery studio.
5. Introduce yourself to the Lottery personnel assigned that evening:
Supervisor: Nikla
Assistants: Kevin Kalli
6. Observe the Lottery Supervisor deactivating the security alarm by pressing a sequence of numbers.
7. **Verify that the Auditor's signed and dated seal on the locked safe containing the balls is intact.**
8. **Note:** If seal is not signed and dated by Audit personnel ascertain from Lottery personnel as to why the Auditor's seal(s) is not signed by Audit personnel and record as an incident on Page 12. Record name and date of signature below.

Name: _____ Date: _____

9. Observe the Auditor's seal on safe being broken by Lottery Supervisor and the Lottery Supervisor unlocking and opening the safe.

Initial

DT

DT

DT

DT

DT

DT

DT

DT

DT

DT

10. Observe that all the containers of balls in safe are sealed and secured with Auditors' signed seals intact.

PT

11. Observe the Lottery Supervisor removing the envelopes marked "Evening" containing the machine assignments for the drawing from the safe.

PT

12. Observe that there are envelopes for the week's drawings remaining in the calendar week through Friday – plus at least two additional envelopes (example – Tuesday - 6 envelopes; Friday - 3 envelopes) for Midday and Evening drawings. Also, observe that there are two sets of envelopes for each "Pick-6 XTRA" drawing plus at least one additional set.

PT

13. Observe the Lottery Supervisor "fanning" the envelopes and the Lottery Assistant picking one (1) envelope marked "Evening."

PT

14. Record the envelope number selected: "Pick-3" "Pick-4" "Fireball" and "Jersey Cash 5 XTRA" Envelope # 019770

PT

15. Observe the Lottery Supervisor "fanning" the envelopes and the Lottery Assistant picking one (1) envelope marked "Pick-6 XTRA" (01-49) and one (1) envelope marked "XTRA" (2-5).

PT

16. Record the envelope numbers selected:

"Pick-6 XTRA" (01-49) 019779 "XTRA" (2-5) 019782

PT

17. Observe the envelopes selected being opened by the Lottery Supervisor. The envelopes will indicate the set numbers of balls to be used for drawing and the machine number sequence for the sets of balls to be used. Auditor does not handle Lottery game balls.

PT

18. Record set and number sequence for "Pick-3" and "Pick-4" and set number for "Fireball."

"Pick-3"
Set: 5

"Pick-4"
Set: 4

"Fireball"
Set: 3

Cylinders: 1 2 3
8 3 16

1 2 3 4
44 48 41 35

PT

19. Record set number for "Jersey Cash 5 XTRA"

Set: 5 (Chamber A)

Record set number for "XTRA"

Set: 3 (Chamber B)

PT

20. Record set number for "Pick-6 XTRA"

Set: 3 (Chamber A)

Record set number for "XTRA"

Set: 5 (Chamber B)

21. Observe the Lottery Supervisor removing the sets of balls to be used for the drawing from the safe and **verify set numbers on containers match set numbers listed on cards from envelope and this checklist.**

PT

22. Observe the Lottery Supervisor breaking the Auditors' seals on the seven (7) sets of balls being used for drawing.

DT

23. Verify that each seal has Auditor's name and date.

DT

24. **Note:** If seal is not signed and dated by Audit personnel ascertain from Lottery personnel as to why the Auditor's seal(s) is not signed by Audit personnel and record as an incident on Page 12. Record name and date of signature below. (Record any additional seals on Page 12.)

Name: _____

Date: _____

DT

25. Observe the Lottery Supervisor returning the unopened envelopes to the safe.

DT

26. Observe the Lottery Supervisor locking the safe, ensure safe is locked.

DT

27. Seal the safe with Auditor seal. (Sign and date seal.)

DT

28. Observe the Lottery Assistants removing the balls from set containers and placing them into the "Pick-3" "Pick-4" and "Fireball" machines in accordance with the number sequence in Step #18 and in numerical order 0-9.

DT

29. Verify that the balls are in number sequence as per Step #18 and numerical order 0 to 9.

DT

30. Ensure that machines locks are latched and secure and reset button is lit.
(Auditor must keep balls under constant uninterrupted observation.)

DT

31. Observe the Lottery Assistant testing the equipment for "Jersey Cash 5 XTRA" drawing by pressing the "select and mix" buttons.

DT

32. Observe the Lottery Assistant removing 43 balls (numbered 01 to 43) from the container and placing them into each of the four (4) Chamber A cylinders. Observe the Lottery Assistant removing 11 balls from the container and placing them into the Chamber B cylinder. **Ensure the balls are loaded in numerical order as per the matrix below.**

DT

Chamber A

01			
02			33
03	13	23	34
04	14	24	35
05	15	25	36
06	16	26	37
07	17	27	38
08	18	28	39
09	19	29	40
10	20	30	41
11	21	31	42
12	22	32	43

Chamber B

5
4
4
3
3
3
2
2
2
2

33. Ensure that machine locks are secure and the reset button is lit.

DT

34. Observe the Lottery Assistant testing the equipment for "Pick 6 XTRA" drawing by pressing the "select and mix" buttons.

DT

35. Observe the Lottery Assistant removing 49 balls (numbered 01 to 49) from the container and placing them into each of the four (4) Chamber A cylinders. Observe the Lottery Assistant removing ten (10) balls from the container and placing them into the Chamber B cylinder. Ensure the balls are loaded in numerical order as per the matrix below.

DT

Chamber A

01			
02	14	26	38
03	15	27	39
04	16	28	40
05	17	29	41
06	18	30	42
07	19	31	43
08	20	32	44
09	21	33	45
10	22	34	46
11	23	35	47
12	24	36	48
13	25	37	49

Chamber B

5
4
4
3
3
3
2
2
2
2

36. Ensure that machine locks are secure and the reset button is lit.

DT

"Pick-3" "Pick-4" and "Fireball" Pre-Tests

37. The three (3) pre-tests for "Pick-3" and "Pick-4" and "Fireball" will be conducted by Lottery personnel. Observe the Lottery Assistant automatically release the numbered balls into the machine. Ascertain that all balls have entered the machine, are mixing, and are free of encumbrance.
38. Observe the Lottery Assistant automatically draw three (3) balls for "Pick-3" and four (4) balls for "Pick-4" and one (1) ball for "Fireball" and record the results below.

	<u>"Pick-3"</u>			<u>"Pick-4"</u>				<u>"Fireball"</u>
Cylinders:	<u>1</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
Test 1	2	4	2	9	2	3	2	0
Test 2	7	3	5	9	5	6	1	7
Test 3	6	4	6	9	0	0	8	2
Test 4				9	7	9	2	
Test 5				1	3	4	3	
Test 6								

Note: Observe no unusual repetition of numbers (same number in the same cylinder after three (3) tests). If repetition occurs perform two (2) additional tests. If repetition occurs after additional tests for "Pick-3" go to Step #72. If repetition occurs after additional tests for "Pick-4" go to Step #73. If repetition occurs after additional tests for "Fireball" go to Step #74.

39. If no unusual repetition occurs, proceed to next step (Step #40).
40. Observe the Lottery Assistants reloading the "Pick-3" "Pick-4" and "Fireball" balls in the machines in numerical order 0 to 9.
41. Verify balls are in numerical order 0-9 in both machines.
42. Ensure machine locks are latched and secure and reset button is lit.
43. Remain in the Lottery studio until drawing is completed and balls are secured in safe and studio is locked.
44. Verify that the drawing does not start until Lottery Supervisor has verified that betting pools are closed. The pools must be closed before the drawing can start and should close by approximately 7:50 pm.

"Pick-3" and "Pick-4" Draw Results

45. Observe the Lottery Assistant automatically release the numbered balls into the machines. DT
46. Ascertain that all balls are mixing and are free of encumbrance. DT
47. Observe the Lottery Assistant automatically draw three (3) balls for "Pick-3" four balls (4) for "Pick-4" and one (1) ball for "Fireball." DT

"Pick-3" winning number4 4 6"Pick-4" winning number8 6 0 3"Fireball" winning number0DT"Jersey Cash 5 XTRA" Draw Results

48. Observe the Lottery Assistant automatically release the 43 balls in Chamber A and the 11 balls in Chamber B into the machine. DT
49. Ascertain that all balls are mixing and are free of encumbrance. DT
50. Observe the Lottery Assistant automatically draw five (5) balls ("Jersey Cash 5 XTRA" winning number) from Chamber A and one (1) ball ("XTRA" winning number) from Chamber B. DT

51. Record "Jersey Cash 5" winning numbers02 05 17 10 23Record "XTRA" winning number3DT"Pick-6 XTRA" Draw Results

52. Observe the Lottery Assistant automatically release the 49 balls in Chamber A and the 10 balls in Chamber B into the machine. DT
53. Ascertain that all balls are mixing and are free of encumbrance. DT
54. Observe the Lottery Assistant automatically draw six (6) balls ("Pick-6 XTRA" winning number) from Chamber A and one (1) ball ("XTRA" winning number) from Chamber B. DT

55. Record "Pick-6" winning numbers34 18 27 12 09 15Record "XTRA" winning number3DT

56. **Verify that winning numbers recorded on Lottery Supervisor Official Draw Results form match winning numbers drawn and this checklist as soon as drawing is complete. Lottery Supervisor will then verify winning numbers with pool closing personnel.** DT

AFTER THE DRAWING**"Pick-3" and "Pick-4"**

57. Observe listing of "Pick-3" and "Pick-4" winning numbers posted on bulletin board in studio. If the numbers drawn that evening have been drawn within the past two weeks or either number drawn is a double digit ("Pick-3") and/or triple digit ("Pick-4") request Lottery Supervisor to run "Post Test Drawing" (three (3) tests will be conducted) and record the results below.

	<u>"Pick-3"</u>			<u>"Pick-4"</u>			
Cylinders:	1	2	3	1	2	3	4
Test 1	4	8	1				
Test 2	2	9	0				
Test 3	5	8	6				

58. Observe the listing of the "Fireball" winning numbers posted on the bulletin board in studio. If the number drawn for this drawing has been drawn consecutively (same number three times in a row) in the previous three (3) "Fireball" drawings, request the Lottery Supervisor to run "Post Test Drawing" (three (3) tests will be conducted) and record the results below.

"Fireball"

Test 1 _____

Test 2 _____

Test 3 _____

Note: Lottery Supervisor may conduct post tests for any drawing.

59. Verify that all numbers and date recorded on Lottery Supervisor paperwork match numbers and date recorded on this checklist and sign all Lottery Supervisor paperwork on Auditor line.

Note: If there are any discrepancies make a note on Page 12.

60. Ensure Lottery Supervisor signs and dates this checklist. (Lottery Supervisor does not need to verify any numbers/incidents, etc. recorded on this checklist.)

61. Verify that the Lottery Supervisor recorded the "Pick-3" "Pick-4" and "Fireball" winning numbers for this drawing on the listings of winning numbers posted on bulletin board.

62. Verify that all balls are returned into the "Pick-3" "Pick-4" "Fireball" "Jersey Cash 5 XTRA" and "Pick-6 XTRA" containers.

63. Seal the containers with the Auditor seal. (Sign and date seals.) DT
64. Observe the Auditor seal being broken on safe by the Lottery Supervisor and the Lottery Supervisor unlocking and opening the safe. DT
65. Observe the Lottery Supervisor returning the sealed "Pick-3" "Pick-4" "Fireball" "Jersey Cash 5 XTRA" and "Pick-6 XTRA" containers into the safe. DT
66. Observe the Lottery Supervisor locking the safe, ensure safe is locked. DT
67. Seal the safe with the Auditor seal. (Sign and date seal.) DT
68. Observe Lottery Supervisor closing the studio door and ascertain that the alarm is activated. (Listen for a sequence of beeps then one long beep.) DT
69. **NOTE:** STUDIO MAY NOT BE RE-ENTERED WITHOUT FIRST SECURING CLEARANCE FROM THE DRAWING MANAGER OR SECURITY. DT
70. Sign out on logbook at Security desk. DT
71. Complete "Lottery Drawing Form" (Page 12) documenting any incidents that were encountered and ensuring that all information is filled in on the form, including signatures and dates. Forward it along with this checklist to Audit Manager the next business day. DT

72. If Repetition occurs "PICK-3" PRE-TEST

- a. Seal the container of the set of balls that had repetition with the Auditor seal. (Sign and date seals.) _____
- b. Observe Lottery Supervisor breaking Auditor seal on safe and unlocking safe and placing that set of balls into safe. _____
- c. Observe Lottery Supervisor removing a random set of "Pick-3" balls from safe. _____
- d. Record set number of balls used as replacement Set _____ and number sequence _____ _____
- e. Observe Lottery Supervisor breaking the Auditor seals on the container. _____
- f. Verify that each seal has Auditor's name and date. _____

Note: If seal is not signed and dated by Audit personnel ascertain from Lottery personnel as to why the Auditor's seal(s) is not signed by Audit personnel and record as an incident on Page 12. Record name and date of signature below. (Record any additional seals on Page 12.)

Name: _____

Date: _____

- g. Observe Lottery Supervisor locking safe, ensure safe is locked. _____

- h. Seal safe with Auditor seal. (Sign and date seal.) _____
- i. Observe the Lottery Assistant removing the balls from container and placing them into the "Pick-3" machine in accordance with the number sequence in Step #72d and in numerical order 0-9. _____
- j. Verify that the balls are in number sequence as per Step #72d and numerical order 0 to 9. _____
- k. Three (3) pre-tests will be performed, record results below. _____

"Pick-3"Cylinders: 1 2 3Test 1 _____Test 2 _____Test 3 _____**73. If Repetition occurs "PICK-4" PRE-TEST**

- a. Seal the container of the set of balls that had repetition with Auditor seal. (Sign and date seals.) _____
- b. Observe Lottery Supervisor breaking Auditor seal on safe and unlocking safe and placing that set of balls into safe. _____
- c. Observe Lottery Supervisor removing a random set of "Pick-4" balls from safe. _____
- d. Record set number of balls used as replacement Set _____ and number sequence _____.
- e. Observe Lottery Supervisor breaking the Auditor seals on the container. _____
- f. Verify that each seal has Auditor's name and date. _____

Note: If seal is not signed and dated by Audit personnel ascertain from Lottery personnel as to why the Auditor's seal(s) is not signed by Audit personnel and record as an incident on Page 12. Record name and date of signature below. (Record any additional seals on Page 12.)

Name: _____ Date: _____

- g. Observe Lottery Supervisor locking safe, ensure safe is locked. _____
- h. Seal safe with Auditor seal. (Sign and date seal.) _____

- i. Observe the Lottery Assistant removing the balls from container and placing them into the "Pick-4" machine in accordance with the number sequence in Step #73d and in numerical order 0-9. _____
- j. Verify that the balls are in number sequence as per Step #73d and numerical order 0 to 9. _____
- k. Three (3) pre-tests will be performed, record results below. _____

"Pick-4"Cylinders: 1 2 3 4Test 1 _____Test 2 _____Test 3 _____**74. If Repetition occurs "FIREBALL" PRE-TEST**

- a. Seal the container of the set of balls that had repetition with Auditor seal. (Sign and date seals.) _____
- b. Observe Lottery Supervisor breaking Auditor seal on safe and unlocking safe and placing that set of balls into safe. _____
- c. Observe Lottery Supervisor removing a random set of "Fireball" balls from safe. _____
- d. Record set number of balls used as replacement Set _____. _____
- e. Observe Lottery Supervisor breaking the Auditor seal on the container. _____
- f. Verify that seal has Auditor's name and date. _____

Note: If seal is not signed and dated by Audit personnel ascertain from Lottery personnel as to why the Auditor's seal(s) is not signed by Audit personnel and record as an incident on Page 12. Record name and date of signature below.

Name: _____ Date: _____

- g. Observe Lottery Supervisor locking safe, ensure safe is locked. _____
- h. Seal safe with Auditor seal. (Sign and date seal.) _____
- i. Observe the Lottery Assistant removing the balls from container and placing them into the "Fireball" machine in numerical order 0-9. _____
- j. Verify that the balls are in numerical order 0 – 9. _____

k. Three (3) pre-tests will be performed, record results below.

"Fireball"

Test 1 _____

Test 2 _____

Test 3 _____

LOTTERY DRAWING FORM

The drawing was performed without incident.

The drawing was performed with the following incident(s) (describe):

BT
OT

The talent called out the wrong number
for the 2nd ball of Pick-4, but she corrected
herself. She also incorrectly said the
wrong number for the 4th ball of Pick-4.
She was not corrected. I verified the
correct drawing results.

12/17/18
Date

[Signature]
Lottery Supervisor

12/17/18
Date

[Signature]
Mercadien, P.C., CPAs, Representative

Memo

To: Jennifer Jantos

From: Doug Talbot

Date: December 17, 2018

Re: December 17, 2018 Night Drawing Issue

I was the auditor for the Night Draw on December 17, 2018. During the live draw there was an issue when the talent was calling out the winning numbers for Pick-4. When the second ball for Pick-4 came up the talent said 9, but the actual number was 6. However, she did correct herself at the moment. When the fourth ball for Pick-4 came up she said 8, but the actual number was 3. I and Nikki, the supervisor, did not correct her. When I saw the draw on the TV the number was on an angle, which made it look like an 8. When the final results were shown the fourth number for Pick-4 was an 8. After the draw was completed I looked at the physical balls and verified every number for each game, so what I have on my sheet are the correct drawing results. When I verified Nikki's sheet she too thought the fourth number was an 8, but she did change it to a 3. I asked Steve what was shown on live-stream and TV. He said the live-stream was showing an 8, but they quickly deleted it and made the correction. Regarding to what was shown on TV, Steve said the error was not shown. He did mention the talent calling out the wrong number was left as is, so the incorrect number is said. I did report the issue on my packet.

Doug