

MEMORANDUM

Date: April 14, 2010

To: California State Lottery Commission

From: Joan M. Borucki

Director

Prepared By: Ed Fong, Chief of Product Development, Marketing

Subject: Item 9(b) – Scratchers® Game Profiles for Games 647, 648, 649, 650, and

651

<u>ISSUE</u>

Should the California State Lottery Commission (Commission) approve Game Profiles for Scratchers Games 647, 648, 649, 650, and 651?

RECOMMENDATION

Staff recommends approval of Game Profiles for Scratchers Games 647, 648, 649, 650, and 651.

BACKGROUND

Maintaining a constant level of higher prize payout games at various price points has been a successful tactic used within the Lottery industry to maximize profitability of their Lottery games. With the recent passage of AB 142, the Commission now has the flexibility to approve higher prize payout games that will provide players with more winning experiences thus increasing sales of Scratchers products and generating more funds for public education. Staff has prepared several game profiles that immediately take into account the key benefits from this bill. Four of these game profiles (647, 649, 650 and 651) will offer higher prize payouts as a result of AB 142 and therefore begin taking advantage of the bill's affect on our new ability to maximize revenues beginning in June of this Fiscal Year with the launch of our exciting new \$5 game "Millions in Cash" (game 647).

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This issue memo focuses on staff's ability to quickly deliver an immediate benefit from the recent passage of this bill. Staff will provide the Commission with a detailed annual Scratchers product plan that takes into consideration the full advantage of this bill at the May Commission meeting.

DISCUSSION

Scratchers Game 647

Staff recommends a higher prize payout \$5 game with a Key Number Match playstyle and two specific variants. Players match "Your Numbers" to the "Winning Numbers" to win the prize indicated. If a specified symbol is revealed, the prize shown is multiplied by ten. If a different specified symbol is revealed, the prize shown is multiplied by twenty. This game touts twenty-five instant \$1,000,000 top prizes. Additionally, players can enter this game's non-winning tickets into a special second chance drawing for a chance to win a separate \$1,000,000 prize. The overall odds of winning any prize are 1 in 3.49.

Scratchers Game 648

Staff recommends this \$2 game as an Add-Up playstyle with six separate play areas. In each play area, players reveal three numbers. If these numbers add up to 7, 11, or 21, the player wins the associated prize. The top prize for this game is \$7,777 and overall odds of winning are 1 in 3.71.

Scratchers Game 649

Staff recommends a higher price payout \$1 game with a Crossword playstyle. Players match "Your Letters" to "Game Letters" and if an entire word is revealed, they win the associated prize. The top prize is \$1,000 and the overall odds of winning any prize are 1 in 4.48.

Scratchers Game 650

Staff recommends a higher price payout \$2 game with a Key Symbol Match playstyle and a specific variant. Players match "Your Numbers" to the "Winning Numbers" to win the prize indicated. If a specified symbol is revealed, the prize shown is multiplied by seven. If another specified symbol is revealed, players automatically win the prize shown. The top prize for this game is \$17,000 and the overall odds of winning are 1 in 3.65.

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Scratchers Game 651

Staff recommends a higher price payout \$3 game with a Legend Match playstyle. Players add up the total number of specified symbols revealed in the play area to determine their prize won according to a provided prize legend. The prize legend shows all of the prizes a player can win, starting at a free ticket and ending with a top prize of \$20,000. The overall odds of winning are 1 in 3.73.