

# **TITLE 65 STATE LOTTERY COMMISSION**

## **ARTICLE 1. THE COMMISSION**

### **Rule 1. General Provisions**

#### **65 IAC 1-1-1 Definitions**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 1. (a) The definitions in IC 4-30-2 and in this section apply throughout this title.

(b) "Applicant" means a person who has submitted an application to receive a certificate of authority to contract with the commission as a retailer.

(c) "Central computer" means a computer system designated to control, monitor, and communicate with the terminals and to record the plays and transactions processed by the terminals.

(d) "Chair" means the chairperson of the commission selected pursuant to IC 4-30-4-3.

(e) "Commission" means the state lottery commission created by IC 4-30, doing business as the Hoosier Lottery. In order to differentiate the commission from agencies and commissions created in other states, the commission may use the name "The State Lottery Commission of Indiana" in the execution of agreements, contracts, and other documentation.

(f) "Director" has the meaning set forth in IC 4-30-2-3.

(g) "Draw game" means a lottery game in which a player selects a combination of numbers or symbols, either manually or by a quick pick, and winning tickets are determined by appropriately matching the combination of numbers or symbols randomly selected by the commission at a designated future drawing or selection event.

(h) "Game play data area" means an area on a:

(1) scratch-off ticket covered with a latex or other covering; or

(2) a pull-tab ticket covered with one (1) or more tabs;

which, when uncovered, reveals play or prize symbols, bar codes, verification codes, or other means for determining the outcome of game play on that ticket.

(i) "Major procurement" has the meaning set forth in IC 4-30-2-5.

(j) "Member" means a member of the commission, as described in IC 4-30-3-1.

(k) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by member commissions, state agencies, and other political subdivisions, which are authorized to conduct lottery games.

(l) "On-line game" means a game where participation in the game is recorded on a computer-generated ticket distributed through terminals connected to a central computer by a communications network.

(m) "Pari-mutuel prize" means a prize equal to the total amount of the winnings pool available for prizes of that type divided by the total number of winning tickets for that prize.

(n) "Person" has the meaning set forth in IC 4-30-2-6.

(o) "Play slip" means a form prescribed by the commission on which a player may hand mark the player's desired numbers, symbols, or other characters and which is input into a terminal to generate a ticket for a lottery game.

(p) "Play symbol" means an alphabetic, numeric, or graphic character or symbol appearing in the game play data area of a ticket which is used to determine whether the player won a prize.

(q) "Prize symbol" means numeric symbol expressed in terms of United States currency appearing in the game play data area of a ticket and used to determine the value of a possible prize.

(r) "Prize winner" means any individual or other person ultimately entitled to receive full or partial payment of a lottery prize either directly or by means of a pass through entity, including, but not limited to, the:

(1) beneficiaries of a trust;

(2) partners, members, or shareholders of a business entity;

(3) individual members of a group, club, or association; or

(4) assigned guardian or adult member of a minor's family functioning as a custodian for a person who is less than eighteen (18) years of age and claiming a prize on a lawfully purchased ticket.

(s) "Pull-tab game" means a lottery game that offers preprinted tickets on which one (1) or more tabs are opened to reveal immediately whether the player has won a prize.

(t) "Quick pick" means any numbers or symbols randomly generated by a terminal to compose or complete a play in a lottery

game.

(u) "Retailer" has the meaning set forth in IC 4-30-2-7.

(v) "Scratch-off game" means a lottery game that offers preprinted lottery tickets that, after a covering is removed, immediately reveals numbers, play symbols, or other insignia of whether the player has won a prize.

(w) "Selection event" means a drawing or other random selection of the winning numbers or play symbols in a lottery game.

(x) "Terminal" means a device which is authorized by the commission to function in an interactive mode with a central computer system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions.

(y) "Vendor" has the meaning set forth in IC 4-30-2-8. (*State Lottery Commission; 65 IAC 1-1-1; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; emergency rule filed Sep 5, 1989, 3:20 p.m.: 13 IR 90; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA; emergency rule filed Dec 18, 2009, 10:05 a.m.: 20091230-IR-065090989ERA; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA*)

#### **65 IAC 1-1-2      Organization**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-4

Sec. 2. The commission is composed of five (5) members appointed by the governor. The commission may adopt bylaws for its internal operation and procedures by majority vote of all its members. (*State Lottery Commission; 65 IAC 1-1-2; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

#### **65 IAC 1-1-3      Office of the commission**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-5-5

Sec. 3. The principal office of the commission and the director shall be located within the city of Indianapolis at such place as the director shall determine. (*State Lottery Commission; 65 IAC 1-1-3; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA*)

#### **65 IAC 1-1-4      Seal**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-3-1

Sec. 4. The seal of the commission shall be circular in form and shall contain the words "State Lottery Commission" around the periphery and the word "Seal" in the center. The seal of the commission may be affixed by impression, printing, stamping, or other method of reproduction and the director may use the design of the seal upon such stationery, printed matter, or other publications or broadcasts of the commission as the commission or the director may determine to be convenient or appropriate. (*State Lottery Commission; 65 IAC 1-1-4; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; emergency rule filed Sep 5, 1989, 3:20 p.m.: 13 IR 90; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

#### **65 IAC 1-1-5      Meetings**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-4; IC 5-14-1.5

Sec. 5. Meetings of the commission shall be held no less often than quarterly upon a call of the chairman or the director. The chairman shall call a meeting upon the written request of at least three (3) members of the commission. Upon calling a meeting, the chairman or director, as the case may be, shall give, or shall cause the secretary or an assistant secretary to give, written notice of the meeting, specifying the time, place, and general purpose of the meeting, to each commissioner, either personally, by mailing, by

e-mailing, by messenger, by facsimile machine, or by telegram, at least forty-eight (48) hours in advance of the meeting, or such greater time in advance of the meeting as may be required by law. The secretary shall also give such notice and take such other actions as are required by IC 5-14-1.5. A commissioner's attendance at or participation in a meeting waives any notice to the commissioner of the meeting required by this section unless the commissioner at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. A commissioner may waive the notice required by this section of a meeting either before or after the date and time stated in the notice, which waiver must be in writing and signed by the commissioner entitled to the notice. A meeting for which proper notice has been given or waived may be adjourned to another date and time stated in the minutes of the adjourned meeting and no additional notice to the members shall be required. (*State Lottery Commission; 65 IAC 1-1-5; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA*)

**65 IAC 1-1-6 Quorum and action**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 6. At any meeting of the commission, the presence of three (3) commissioners constitutes a quorum for the transaction of official business. Except as otherwise provided in IC 4-30 or this title, the act of a majority of the commissioners present at a meeting at which a quorum is present shall be the act of the commission. A vacancy in the commission's membership shall not impair the rights of a quorum of the commission to exercise all rights and perform all duties of the commission. (*State Lottery Commission; 65 IAC 1-1-6; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

**65 IAC 1-1-6.5 Participation in meetings by communication (Repealed)**

Sec. 6.5. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA*)

**65 IAC 1-1-7 Committees**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-4

Sec. 7. The commission, by a majority vote of all commissioners, may appoint one (1) or more special committees from among its members as it determines to be necessary. The purpose of the committees may be to make recommendations to the commission or to assist the director in carrying out the policies and decisions of the commission from time to time during the interval between meetings of the commission. Such committees shall possess the powers and authority given to them by the commission. (*State Lottery Commission; 65 IAC 1-1-7; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

**65 IAC 1-1-8 The chairman**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-4

Sec. 8. The chairman shall preside at meetings of the commission. The chairman shall discharge all the duties inherent to a presiding officer and perform such other duties as from time to time may be assigned to the chairman by the commission or as prescribed by law or this rule. (*State Lottery Commission; 65 IAC 1-1-8; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA*)

**65 IAC 1-1-9 The director**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-3-14; IC 4-30-6

Sec. 9. The director shall be appointed by the governor. The director is the chief executive and operating officer of the lottery and has the full and complete authority to act in the name of the commission. The director shall have such powers and authority and perform such duties as are expressed or implied by law, by resolution of the commission, or by this title. Without limiting the generality of the foregoing, the director is specifically authorized to perform the following duties on behalf of the commission:

- (1) To negotiate and, upon prior approval or subject to subsequent ratification of the commission, to enter into on behalf of the commission, contracts for the purchase, lease, or lease-purchase of goods and services necessary for the operation and promotion of the lottery, including assistance provided by a governmental agency.
- (2) To execute contracts and agreements entered into by the commission and other instruments and documents for and on behalf of the commission.
- (3) To manage and control the commission's administrative offices and exercise all powers and authority necessary to manage and control such offices or customary for such an administrative officer.
- (4) To create divisions within the commission and allocate the various functions of the commission among these divisions, except that all security matters shall be assigned to the division of security created by IC 4-30-6.
- (5) To establish and maintain a personnel program and to take personnel actions as provided in IC 4-30-3-14.
- (6) To transact such business of the commission as may require attention between meetings of the commission and to report all such business transacted, other than of a routine nature, to the commission at its next meeting.
- (7) To exercise such other authority and powers as are customarily exercised under Indiana law by the chief executive and operational officer of an entrepreneurial business enterprise, except as otherwise required by law.

*(State Lottery Commission; 65 IAC 1-1-9; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-10 Vice chairman**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-4

Sec. 10. The chairman may appoint a vice chairman who shall preside at meetings of the commission when the chairman is not present. If no vice chairman is appointed by the chairman, the director shall preside at meetings of the commission when the chairman is not present. *(State Lottery Commission; 65 IAC 1-1-10; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-11 Selection of other officers**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 11. The director shall select a secretary and such other assistants and other officers as the director may decide upon to serve at the pleasure of the director. The secretary may, but need not, be a commissioner. *(State Lottery Commission; 65 IAC 1-1-11; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-12 The secretary**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30; IC 5-14-1.5

Sec. 12. The secretary shall attend all meetings of the commission and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of such meetings and shall perform a like duty for all standing committees appointed by the commission, when required. The secretary shall attend to the giving and serving of all notices of the commission and compliance with IC 5-14-1.5 and other legal notice requirements. The secretary shall, in addition, perform such other duties as this rule may require, or the director or commission may prescribe. *(State Lottery Commission; 65 IAC 1-1-12; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2292; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-13 Assistant officers**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30

Sec. 13. Such assistant officers as the director shall from time to time designate and appoint shall have such powers and duties as the officers whom they are elected to assist shall specify and delegate to them and such other powers and duties as this rule or the director or commission may prescribe. An assistant secretary may, in the event of the absence or disability of the secretary, attest to the execution by the commission or the director of all documents. *(State Lottery Commission; 65 IAC 1-1-13; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2292; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-14 Delegation of authority**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30

Sec. 14. In case of the absence of any officer or employee of the commission, or for any other reason that the commission or the director may deem sufficient, the commission (in the case of the chairman or the vice chairman) or the director (in the case of any other officer or employee) may delegate the powers or duties of such officer or employee to any other officer or employee, for the time being, provided in the case of a delegation by the commission that a majority of the entire commission concurs therein. *(State Lottery Commission; 65 IAC 1-1-14; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2292; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-15 Amendments**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30

Sec. 15. This rule may be altered, amended, suspended, or repealed at a meeting of the commission by the affirmative vote of a majority of the commissioners present and voting if a quorum is present at the meeting. *(State Lottery Commission; 65 IAC 1-1-15; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2292; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-1-16 Immunity**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30; IC 34-13

Sec. 16. The commission as a separate body politic and corporate is intended to be a separate legal entity and as such the commissioners, the director, their employees, and the state of Indiana shall not be liable to any licensee, vendor, or any other person or entity entering into any contract or agreement with the commission for any damage arising in connection with the operation or conduct of the lottery except as may be provided by IC 4-30 or IC 34-13, such liabilities being solely those of the commission. *(State Lottery Commission; 65 IAC 1-1-16; emergency rule filed Aug 3, 1989, 9:30 a.m.: 12 IR 2298; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA)*

**65 IAC 1-1-17 Use of certain terms prohibited**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30-14-6

Sec. 17. No person shall use the terms "State Lottery", "Indiana Lottery", "Indiana State Lottery", "Hoosier Lottery", or "Lottery" for purposes of an enterprise, other than the sale of lottery tickets pursuant to a license granted by the commission, without the prior written approval of the director. *(State Lottery Commission; 65 IAC 1-1-17; emergency rule filed Aug 3, 1989, 9:30 a.m.: 12 IR 2298; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

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**65 IAC 1-1-18 Fees (Repealed)**

Sec. 18. *(Repealed by State Lottery Commission; emergency rule filed Dec 18, 2009, 10:05 a.m.: 20091230-IR-065090989ERA)*

**65 IAC 1-1-19 Deviation from provisions**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 19. The director or the commission may approve deviations from the provisions of this title if the director or the commission determines that:

- (1) the requirement or procedure is impractical or burdensome; and
- (2) an alternative means of satisfying the requirement or procedure:
  - (A) fulfills the purpose of the rule;
  - (B) is in the best interest of the public and the gaming industry in Indiana; and
  - (C) does not violate IC 4-30 or any other law.

*(State Lottery Commission; 65 IAC 1-1-19; emergency rule filed Dec 18, 2009, 10:05 a.m.: 20091230-IR-065090989ERA)*

**Rule 2. Confidentiality and Access to Records**

**65 IAC 1-2-1 Definitions (Repealed)**

Sec. 1. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-2 Treatment of confidential information (Repealed)**

Sec. 2. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-3 Confidential information (Repealed)**

Sec. 3. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-4 Access to public records (Repealed)**

Sec. 4. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-5 Fees for copies (Repealed)**

Sec. 5. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-6 Commercial use of public records**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30; IC 5-14-3-3

Sec. 6. If a person receives public records or disclosable data retrieved from an electronic data storage system under IC 5-14-3-3(d), that person may not use the information for commercial purposes, including to sell, advertise, or solicit the purchase of merchandise, goods, or services or sell, loan, give away, or otherwise deliver the information obtained to any other person for these purposes. Use of information received in this manner in connection with the preparation or publication of news, for nonprofit

activities, or for academic research is not prohibited. A person who uses information in a manner contrary to this rule may be prohibited by the commission from obtaining a copy or any further data under IC 5-14-3-3(d). (*State Lottery Commission; 65 IAC 1-2-6; emergency rule filed Jul 30, 2001, 9:40 a.m.: 24 IR 4004; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA*)

### **Rule 3. Personnel**

#### **65 IAC 1-3-1 Employment status**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30-3-14; IC 4-30-6

Sec. 1. Employees of the commission are not employees of the state of Indiana and are not merit system employees under IC 4-15-2 [*IC 4-15-2 was repealed by P.L.229-2011, SECTION 269, effective July 1, 2011.*]. Employees of the commission serve at the pleasure of the director and are subject to suspension, dismissal, reduction in pay, demotion, transfer, or other personnel action at the discretion of the director. Except as provided in IC 4-30-6, employees shall not be hired or fired on the basis of political affiliation. (*State Lottery Commission; 65 IAC 1-3-1; emergency rule filed Oct 2, 1989, 2:10 p.m.: 13 IR 299; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

#### **65 IAC 1-3-2 Equal employment opportunity**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30-3-14

Sec. 2. (a) The commission is committed to equal employment opportunity and nondiscrimination in the provision of all services to the public without regard to race, color, religion, sex, age, national origin, or physical or mental handicap.

(b) The commission will comply with all federal, state, and local laws relating to equal employment opportunity and nondiscrimination in services to the general public.

(c) Sexual harassment of any commission employee by any other commission employee is prohibited. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, or other unwelcome verbal or physical conduct of a sexual nature when the response or reaction affects employment decisions or creates a hostile work environment. Violations of this subsection will result in appropriate disciplinary action, up to and including discharge from employment. (*State Lottery Commission; 65 IAC 1-3-2; emergency rule filed Oct 2, 1989, 2:10 p.m.: 13 IR 299; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

#### **65 IAC 1-3-3 Security investigation**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30-3-14

Sec. 3. Prior to the commencement of employment by the commission, a security investigation or background check shall be conducted, in whole or in part, for each employee. In the event that all aspects of this investigation are not completed at the time an employee is hired, continued employment of the employee shall be subject to the satisfactory completion of the security investigation or background check. The information disclosed by a security investigation or background check is confidential to the commission and shall not be disclosed to the employee or any other individual or entity, unless required by federal or state law. (*State Lottery Commission; 65 IAC 1-3-3; emergency rule filed Oct 2, 1989, 2:10 p.m.: 13 IR 299; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

#### **65 IAC 1-3-4 Purchase of lottery tickets prohibited**

Authority: IC 4-30-3-7; IC 4-30-3-9  
 Affected: IC 4-30-3-14; IC 4-30-12-2

Sec. 4. Employees of the commission and relatives living in the same household with employees of the commission shall not

purchase a lottery ticket. (*State Lottery Commission; 65 IAC 1-3-4; emergency rule filed Oct 2, 1989, 2:10 p.m.: 13 IR 299; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

**65 IAC 1-3-5 Care of commission documents and materials**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-3-14

Sec. 5. (a) All commission records and documents in the custody of commission employees are for official use only. Employees of the commission shall not conceal, alter, mutilate, obliterate, or destroy commission records or documents without permission from the director, or remove or attempt to remove commission records or documents with the intention of concealing, altering, mutilating, obliterating, disclosing, or destroying such records or documents without permission from the director. Employees shall not remove commission records and documents from official files without approval from the director. Working papers, copies of reports, and other official records and documents must be sent promptly to file when no longer needed for official purposes. Records and documents shall be disposed of in accordance with procedures established by the director.

(b) Commission employees will be held responsible for the loss, disappearance, or theft of official documents when attributable to negligence or carelessness. Recovery of documents may not necessarily relieve the employee of responsibility for their loss. (*State Lottery Commission; 65 IAC 1-3-5; emergency rule filed Oct 2, 1989, 2:10 p.m.: 13 IR 299; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA*)

**Rule 4. Ethics**

**65 IAC 1-4-1 Definitions (Repealed)**

Sec. 1. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA*)

**65 IAC 1-4-2 Policy**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-2-6; IC 4-30

Sec. 2. (a) The commission cannot function effectively without maintaining the integrity of the lottery. Members and employees must encourage confidence in the commission by maintaining high standards of honesty, integrity, and impartiality. Members and employees should conduct themselves in a manner that will enhance public respect for the lottery.

(b) All members and employees shall maintain compliance with all applicable ethics rules, statutes, and standards contained in IC 4-2-6 or adopted by the inspector general of the state of Indiana. (*State Lottery Commission; 65 IAC 1-4-2; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 404; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA*)

**65 IAC 1-4-3 Conflict of interest (Repealed)**

Sec. 3. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA*)

**65 IAC 1-4-4 Financial interest restricted (Repealed)**

Sec. 4. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA*)

**65 IAC 1-4-5 Gifts and gratuities (Repealed)**

Sec. 5. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA*)

**65 IAC 1-4-5.5 Contractor ethics restrictions (Repealed)**



Sec. 5.5. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-6      Attempted bribery (Repealed)**

Sec. 6. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-7      Reporting outside employment**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 7. Employees engaged in outside employment involving compensation or any other income-generating venture must report the same to the director, or the director's designee, on such form as may be prescribed by the director. Any such employment or income-generating venture must be in compliance with all applicable ethics rules, statutes, and standards. *(State Lottery Commission; 65 IAC 1-4-7; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-8      Political activity (Repealed)**

Sec. 8. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-9      Consequences of violation**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 9. Violation of this rule may constitute cause for removal of a member from the commission or result in disciplinary action, including termination, for an employee. Violation of this rule does not create a private cause of action in favor of any person. *(State Lottery Commission; 65 IAC 1-4-9; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; emergency rule filed Jan 24, 1990, 4:00 p.m.: 13 IR 1067; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**Rule 5.      Internal Audit**

**65 IAC 1-5-1      Definitions**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 1. (a) The definitions in this section apply to this rule.

(b) "Audit programs" means detailed lists of audit procedures or questionnaires to be completed or considered in the performance of an audit, inquiry, or examination.

(c) "Audit staff" means the professional and clerical staff under the direction of the internal auditor.

(d) "GAAP" means generally accepted accounting principles.

(e) "Internal auditor" means the person appointed by the director to direct the internal audit functions for the commission. *(State Lottery Commission; 65 IAC 1-5-1; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; emergency rule filed Jan 24, 1990, 4:00 p.m.: 13 IR 1068; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-5-2      Authorization**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 2. The director shall appoint an internal auditor who shall report directly to the commission. The internal auditor and the audit staff shall have full, free, and unrestricted access to all activities, records, property, and personnel of the commission consistent with the performance of the internal auditor's responsibilities under this rule. *(State Lottery Commission; 65 IAC 1-5-2; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-5-3 Responsibilities**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 3. The internal auditor shall perform the following duties:

- (1) Review and evaluate internal controls necessary to ensure the fiscal accountability of the commission.
- (2) Conduct financial, compliance, and performance audits of the commission and prepare audit reports.
- (3) Act as a liaison with external auditors and coordinate internal assistance to facilitate the conduct of audits and prevent duplications or omissions.

*(State Lottery Commission; 65 IAC 1-5-3; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; emergency rule filed Jan 24, 1990, 4:00 p.m.: 13 IR 1068; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-5-4 Standards of performance**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 4. The internal auditor and the audit staff shall abide by the Code of Ethics and Standards for the Professional Practice of Internal Auditors, Inc. and Statements of Internal Auditing Standards published by the Institute of Internal Auditors, Inc. Audits shall be conducted in compliance with GAAP and generally accepted auditing standards, where appropriate. *(State Lottery Commission; 65 IAC 1-5-4; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 407; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-5-5 Internal audits**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 5. The internal auditor shall develop a system of internal audits for the commission. The system of internal audits may include, but shall not be limited to, the following activities:

- (1) Examination of internal controls intended to safeguard the assets of the commission, evaluation of those controls for operational sufficiency, and as appropriate, verification of the existence of assets.
- (2) Examination of security controls related to the commission's computer systems.
- (3) Review of the existence of and compliance with the following policies and procedures:
  - (A) Daily cash balancing policies and procedures.
  - (B) Inventory procedures.
  - (C) Winner validation and prize payment policies and procedures.
  - (D) Procurement policies and procedures, including quality control.
  - (E) Cash collections policies and procedures.
  - (F) Contract management policies and procedures.
  - (G) Property management policies and procedures.
  - (H) Vendor payments policies and procedures.
  - (I) Payroll policies and procedures.
  - (J) Accounts receivable and collections policies and procedures.
  - (K) Security policies and procedures.
- (4) Preparation of procedures for examination and monitoring of drawing equipment and prize results.

- (5) Determination that all commission operations are in compliance with Indiana statutes, rules, regulations, policies, and procedures.
- (6) Determination that financial reports are presented fairly and in accordance with GAAP.
- (7) Participation in general management reviews of all phases of commission operations including regional inventory and distribution procedures.
- (8) Completion of special reviews and audits as requested by the director or the commission.
- (9) Completion of follow-up audit reviews on issued audit reports to ensure that corrective action was actually taken.

*(State Lottery Commission; 65 IAC 1-5-5; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 407; errata filed Jun 19, 1990, 4:56 p.m.: 13 IR 2002; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-5-6 Procedure for internal audits**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 6. (a) The internal auditor shall develop a written annual audit plan each year. The plan shall document the goals and objectives for the ensuing year, provide direction for the implementation of the audit effort, and provide the basis for performance monitoring. The annual plan shall identify projects for the current year and prioritize the projects based on audit requirements, priority of audit issues, and other relevant information. The annual plan shall also contain provisions to address special audit requests initiated by the director or the commission. The internal auditor shall develop a staffing plan to ensure that an adequate number of qualified personnel are available to accomplish the goals and objectives set forth in the annual audit plan.

(b) For each internal audit project, the internal auditor shall prepare an audit work schedule, which shall contain a description of the internal audit project and the scope of the project including an estimate of the time required to complete each audit assignment.

(c) A study and evaluation of internal accounting and administrative controls shall be performed for each audit.

(d) Written audit programs shall be developed for each audit performed.

(e) Audit work papers shall be maintained for any audit performed including audit procedures used to document evidence and support conclusions reached by the internal auditor.

(f) An exit conference shall be held at the conclusion of each audit with the appropriate division supervisor prior to the issuance of the final audit report. *(State Lottery Commission; 65 IAC 1-5-6; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 407; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**65 IAC 1-5-7 Internal audit reports**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 7. Internal audit reports containing findings and recommendations as well as the response of the commission staff to these findings will be submitted to the director and to the members of the commission. *(State Lottery Commission; 65 IAC 1-5-7; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 408; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA)*

**Rule 6. Promotional Activities (Repealed)**

*(Repealed by State Lottery Commission; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA)*

**Rule 7. Promotional Activities**

**65 IAC 1-7-1 General provisions**

Authority: IC 4-30-3-7  
Affected: IC 4-30-3-8; IC 4-30-13-1

Sec. 1. (a) The commission may promote and advertise the lottery and individual lottery games.

(b) A commission authorized promotion may include any generally accepted consumer and trade sales promotion, including,

but not limited to, the following:

- (1) Permanent and temporary point of purchase materials.
- (2) Drawings, contests, or sweepstakes.
- (3) "Buy some, get some free" promotions.
- (4) Consumer or trade coupons.
- (5) Product samples or free tickets.
- (6) Supplemental prizes or "second chance" promotions.
- (7) Product bundles.
- (8) Retailer incentives.
- (9) "Ask for the sale" promotions.
- (10) Retail clerk training.
- (11) Functional discounts.
- (12) Customer reward or loyalty programs.
- (c) A commission authorized promotion may be conducted by:
  - (1) the commission by its own efforts or through its vendors or agents;
  - (2) one (1) or more authorized retailer locations with written approval of the commission; or
  - (3) the commission in conjunction with one (1) or more authorized retailers.
- (d) A temporary price reduction, product bundle, or other promotional activity, which:
  - (1) is conducted or authorized by the commission under this rule; and
  - (2) may alter the normal effective cash price of lottery tickets as established by the commission;

is an adjustment to the commission established price and not a violation of IC 4-30-13-1.

(e) All promotions conducted or authorized by the commission must comply with all applicable federal and state laws. (*State Lottery Commission; 65 IAC 1-7-1; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA*)

#### **65 IAC 1-7-2     Retailer promotions**

Authority: IC 4-30-3-7

Affected: IC 4-30-3-8

Sec. 2. (a) An authorized retailer may promote the sale of lottery tickets individually or in conjunction with the commission so long as the retailer first obtains the prior written approval of the director in the manner and form as determined by the director.

(b) The director may place restrictions or conditions on the conduct of a retailer promotion approved under this section.

(c) At any time during a promotion being conducted by an authorized retailer, the director may:

- (1) revoke the commission's approval; or
- (2) place new or revised restrictions and conditions on the conduct of the promotion;

for any reason by giving the retailer written notice of the revocation, restrictions, or conditions. A retailer so notified shall immediately incorporate all restrictions and conditions into its promotion, or, if the approval of the promotion has been revoked, the retailer shall immediately cease the promotion in accordance with the directives of the director.

(d) Any promotional activity conducted by a retailer must be:

- (1) consistent with the dignity and integrity of the state of Indiana; and
- (2) in compliance with the commission's advertising standards.

(e) A retailer shall not use a commission:

- (1) insignia;
- (2) logo;
- (3) trademark;
- (4) service mark; or
- (5) name;

of any lottery game without the prior written authorization of the commission in each instance. (*State Lottery Commission; 65 IAC 1-7-2; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA*)

**65 IAC 1-7-3     Retailer grievance**

Authority: IC 4-30-3-7

Affected: IC 4-21.5-3; IC 4-30-3-8

Sec. 3. (a) Any complaint or grievance by a retailer regarding a promotion authorized by the commission and conducted by another retailer shall:

- (1) be in writing;
- (2) be delivered to the director within ten (10) days after the conclusion of the promotion;
- (3) provide a brief description of the promotion;
- (4) provide the factual basis for alleging that the retailer is aggrieved or adversely affected by the promotion; and
- (5) demonstrate that the retailer is entitled to review of the promotion under any law.

(b) The director shall respond in writing to a complaint or grievance submitted in accordance with this section within a reasonable time.

(c) The only remedies available to an aggrieved retailer are:

- (1) the revocation of approval of the subject promotion;
- (2) reformation of the subject promotion by imposition of new conditions on the promotion by the director; or
- (3) denial of approval of the same or similar promotions permanently or for a period of time.

(d) Any appeal of a decision by the director under this section shall be decided in compliance with IC 4-21.5-3 to the extent that statute applies. (*State Lottery Commission; 65 IAC 1-7-3; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA*)

**65 IAC 1-7-4     Promotional drawings**

Authority: IC 4-30-3-7

Affected: IC 4-30-3-8

Sec. 4. (a) "Promotional drawing" means, for purposes of this section, a drawing or other event involving the random selection of winners that does not require participants to purchase or hold lottery tickets in order to win.

(b) The director shall establish written internal controls and procedures consistent with this section for a promotional drawing or drawings conducted under this section. The internal controls and procedures shall include at least the following:

- (1) Eligibility requirements for participation.
- (2) Method and mode of entry.
- (3) Date, time, and location of the promotional drawing.
- (4) Procedure for randomly selecting winners from qualified entries.

(c) The director may, at the director's discretion, amend or alter the written internal controls and procedures for any promotional drawing without notice prior to the time that the promotional drawing is conducted.

(d) All promotional drawings involving a prize with a fair market value greater than:

- (1) five hundred ninety-nine dollars (\$599) shall be witnessed by a representative of the commission's security division; and
- (2) five thousand dollars (\$5,000) shall be witnessed by a representative of the commission's security division and an independent certified public accountant.

(e) The liability of the commission, the director, and the commission's employees for failure to enter any person into a promotional drawing, for any improper operation or conduct of any promotional drawing, or for the failure of any person to win a prize in a promotional drawing is limited to entry of the aggrieved person in another promotional drawing with prizes of similar value and each participant in a promotional drawing agrees by the act of participating in the promotional drawing to this limitation of liability.

(f) Disputes regarding dates, times, requirements, or procedures shall be resolved by the director in the exercise of the director's sole discretion. All participants in a promotional drawing shall be deemed to have agreed to all internal controls and procedures by their participation in the promotional drawing or any proceedings in connection with the promotional drawing. (*State Lottery Commission; 65 IAC 1-7-4; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA*)

**65 IAC 1-7-5     Supplemental prize drawings**

Authority: IC 4-30-3-7

Affected: IC 4-30-3-8

Sec. 5. (a) Holders of scratch-off, pull-tab, or draw game tickets whether or not they are otherwise eligible for prizes under this article, may be entered from time to time into drawings or other events for the award of consolation or supplemental prizes.

(b) The director shall establish written internal controls and procedures consistent with this section for a promotional drawing or drawings conducted under this section. The internal controls and procedures shall include at least the following:

- (1) Eligibility requirements for participation.
- (2) Method and mode of entry.
- (3) Date, time, and location of the promotional drawing.
- (4) Procedure for randomly selecting winners from qualified entries.

The director shall make such information available at the site of the promotional drawing.

(c) The director may, at the director's discretion, amend or alter the written internal controls and procedures for any promotional drawing without notice prior to the time that the promotional drawing is conducted.

(d) All promotional drawings involving a prize with a fair market value greater than:

- (1) five hundred ninety-nine dollars (\$599) shall be witnessed by a representative of the commission's security division; and
- (2) five thousand dollars (\$5,000) shall be witnessed by an independent certified public accountant.

(e) The liability of the commission, the director, and the commission's employees for failure to enter any person into a promotional drawing, for any improper operation or conduct of any promotional drawing, or for the failure of any person to win a prize in a promotional drawing is limited to entry of the aggrieved person in another promotional drawing with prizes of similar value and each participant in a promotional drawing agrees by the act of participating in the promotional drawing to this limitation of liability.

(f) Disputes regarding dates, times, requirements, or procedures shall be resolved by the director in the exercise of the director's sole discretion. All participants in a promotional drawing shall be deemed to have agreed to all internal controls and procedures by their participation in the promotional drawing or any proceedings in connection with the promotional drawing. (*State Lottery Commission; 65 IAC 1-7-5; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA*)

#### **65 IAC 1-7-6 Promoting ticket donations to a nonprofit corporation**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 6. (a) A person promoting the purchase of lottery tickets as donations to a nonprofit corporation must obtain the prior written approval of the director in the manner and form as determined by the director.

(b) The director may place restrictions or conditions on the conduct of promotional activities approved under this section or revoke approval for any reason by giving the promoter written notice of the revocation, restrictions, or conditions. A promoter so notified shall immediately:

- (1) incorporate all restrictions and conditions into its promotion in accordance with the directives of the director; or
- (2) cease the promotion.

(c) Any promotional activity conducted under this section must be:

- (1) consistent with the dignity and integrity of the state of Indiana; and
- (2) in compliance with the commission's advertising standards.

(d) Any promotional activity conducted under this section that involves the names, trademarks, or images of lottery games must be reviewed and approved by the director or the director's designee prior to publication.

(e) Promoting the purchase and donation of lottery tickets to a nonprofit corporation in accordance with this section does not violate IC 4-30-14-2. (*State Lottery Commission; 65 IAC 1-7-6; emergency rule filed Sep 22, 2010, 3:36 p.m.: 20100929-IR-065100618ERA*)

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