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TITLE 65 STATE LOTTERY COMMISSION

LSA Document #02-252(E)

DIGEST

Amends 65 IAC 3-3 concerning retailer contracts. Amends 65 IAC 3-4 concerning retailer operations. Effective August 29, 2002.

65 IAC 3-3-3

65 IAC 3-4-4

65 IAC 3-3-10

65 IAC 3-4-5

SECTION 1. 65 IAC 3-3-3 IS AMENDED TO READ AS FOLLOWS:

65 IAC 3-3-3 Award of contracts

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

Affected: IC 4-30-9

Sec. 3. (a) The commission shall contract ~~separately~~ with retailers for the sale of instant tickets and for the sale of on-line tickets and pull-tab tickets. A retailer contract for the sale of on-line tickets or pull-tab tickets may be in the form of an amendment to a retailer contract for the sale of instant tickets, or all of the contracts for a single retailer may be combined into one (1) or more documents.

(b) The commission shall enter into contracts with retailers for instant games for periods of not less than one (1) year. Contracts for instant games shall be renewable based on a schedule determined by the commission. A nonrefundable renewal fee may be required in an amount established by the commission. No certificate of authority shall be issued for any renewal retailer contract for instant games until the renewal fee, if required, is paid to the commission and updated information on the retailer is submitted as may be required by the security division of the commission.

(c) The commission shall contract with each retailer for on-line games for a period of not less than one (1) year. Contracts for on-line games shall be renewable based on a schedule determined by the commission. A nonrefundable renewal fee may be required in an amount established by the commission. No certificate of authority shall be issued for any renewal retailer contract for on-line games until the renewal fee, if required, is paid to the commission and updated information on the retailer is submitted as may be required by the security division of the commission.

(d) A retailer contract for pull-tab games initially executed by the commission shall expire on the same date as the expiration of the retailer's contract for instant games. Thereafter, the commission shall contract with each retailer for pull-tab games for a period of not less than one (1) year, with the contract term beginning and ending on the same dates as the retailer's contract for instant games. Contracts for pull-tab games shall be renewable based on a schedule determined by the commission. A nonrefundable renewal fee may be required in an amount established by the commission. No certificate of authority shall be issued for any renewal retailer contract for pull-tab games until the renewal fee, if required, is paid to the commission and updated information on the retailer is submitted as may be required by the security division of the commission. (*State Lottery Commission; 65 IAC 3-3-3; emergency rule filed Sep 5, 1989, 3:20 p.m.: 13 IR 98; emergency rule filed Jan 24, 1990, 4:00 p.m.: 13 IR 1069; emergency rule filed May 7, 1990, 2:10 p.m.: 13 IR 1735; emergency rule filed Jan 29, 1992, 12:00 p.m.: 15 IR 1035; emergency rule filed Apr 14, 1992, 5:00 p.m.: 15 IR 1970; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; emergency rule filed Aug 23, 2002, 1:27 p.m.: 26 IR 40, eff Aug 29, 2002*)

SECTION 2. 65 IAC 3-3-10 IS AMENDED TO READ AS FOLLOWS:

65 IAC 3-3-10 Retailer contracts for pull-tab games

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

Affected: IC 4-30

Sec. 10. (a) This section applies only to retailer contracts for the sale of pull-tab tickets.

(b) Any person interested in obtaining a certificate of authority for the sale of pull-tab tickets shall first file an application on such form or forms as may be approved by the director.

(c) Each applicant shall submit an application indicating each proposed lottery ticket sales location. The applicant must first be a licensed retailer of instant tickets or simultaneously apply to be a licensed retailer of instant tickets. **Notwithstanding the foregoing, the director may, at the director's discretion, authorize an applicant to sell only pull-tab games from its lottery ticket sales location.**

(d) Each location for which an application is submitted must be a fixed location.

(e) Applications and subsequent retailer contracts, if any, are not transferable to any person or to any other location.

(f) The commission may enter into a single retailer contract with a retailer to sell pull-tab and instant tickets.

(g) Any person that seeks a retailer contract as a retailer for pull-tab tickets shall bear the burden of securing approval of any other person, board, commission, agency, agent, instrumentality, or political subdivision of the state or the United States which may have controlling authority over the applicant. *(State Lottery Commission; 65 IAC 3-3-10; emergency rule filed Jan 29, 1992, 12:00 p.m.: 15 IR 1037; emergency rule filed Apr 14, 1992, 5:00 p.m.: 15 IR 1972; emergency rule filed Jan 12, 1994, 5:00 p.m.: 17 IR 1110; errata filed Mar 18, 1994, 9:30 a.m.: 17 IR 1889; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; emergency rule filed Aug 23, 2002, 1:27 p.m.: 26 IR 40, eff Aug 29, 2002)*

SECTION 3. 65 IAC 3-4-4 IS AMENDED TO READ AS FOLLOWS:

65 IAC 3-4-4 Procedure for awarding prizes

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

Affected: IC 4-30-9

Sec. 4. (a) Upon the presentation of a lottery ticket for prize payment, the retailer shall verify that it is visually consistent with the features of a winning ticket and examine it for any alteration. A retailer shall not make any payment on a ticket which is not a valid instant ticket within the meaning of 65 IAC 4-1-14, a valid on-line ticket within the meaning of 65 IAC 5-1-12, or a valid pull-tab ticket within the meaning of 65 IAC 6-1-9.

(b) **Each instant, on-line, and pull-tab ticket shall contain a unique bar code.** A winning instant ticket, ~~or~~ on-line, ~~or pull-tab~~ ticket shall be further validated and redeemed in the following manner:

(1) ~~If an instant ticket is not bar coded and is entitled to an instant prize less than or equal to twenty-five dollars (\$25), a retailer shall only redeem the instant ticket if it was sold at the retailer's location.~~

(2) ~~If an instant ticket is bar coded and is~~ **If an instant ticket, on-line ticket, or pull-tab ticket is** entitled to an ~~instant~~ prize of less than or equal to twenty-five dollars (\$25), a retailer shall validate the instant ticket, **on-line ticket, or pull-tab ticket** as a winning ~~instant lottery~~ ticket with the bar code reader and shall redeem a valid winning instant ticket, **on-line ticket, or pull-tab ticket** notwithstanding the location at which the ticket was purchased.

(3) ~~If an instant ticket is not bar coded and is entitled to an instant prize greater than twenty-five dollars (\$25) and equal to or less than five hundred ninety-nine dollars (\$599), a retailer shall only redeem the instant ticket after validating it as a winning instant ticket by calling the phone number designated by the director or, if the retailer is licensed to sell on-line tickets, by using the retailer's on-line terminal.~~

(4) ~~If an instant ticket is bar coded and is entitled to an instant prize greater than twenty-five dollars (\$25) and equal to or less than five hundred ninety-nine dollars (\$599), a retailer shall only redeem the instant ticket after validating it as a winning instant ticket with the retailer's bar code reader.~~

(c) ~~A retailer licensed to sell pull-tab tickets shall pay prizes on all valid winning pull-tab tickets purchased from the~~

retailer.

(2) If an instant ticket, on-line ticket, or pull-tab ticket is entitled to a prize of less than or equal to six hundred dollars (\$600), a retailer may, within its discretion, validate the instant ticket, on-line ticket, or pull-tab ticket as a winning lottery ticket with the bar code reader and may redeem, within its discretion, a valid winning instant ticket, on-line ticket, or pull-tab ticket notwithstanding the location at which the ticket was purchased.

~~(d)~~ **(c)** A retailer who does not sell instant tickets **but has a bar code reader issued by the commission** shall ~~no~~ redeem an instant ticket presented for prize payment. **A retailer who does not sell pull-tab tickets shall redeem a pull-tab ticket presented for prize payment.** A retailer who does not sell on-line tickets shall not redeem an on-line ticket presented for prize payment.

~~(e)~~ **(d)** The retailer shall pay any winning lottery ticket with a cash prize of twenty-five dollars (\$25) or less in cash or new lottery tickets with the consent of the lottery ticket holder. Any winning lottery ticket with a cash prize exceeding twenty-five dollars (\$25), but not exceeding ~~five hundred ninety-nine~~ **six hundred** dollars ~~(\$599); (\$600)~~, shall be paid with cash, check, or money order, at the retailer's discretion. Any noncash prize which a retailer is authorized to deliver shall be delivered in the manner required by the rule applicable to a specific lottery game or as specified by the director.

~~(f)~~ **(e)** Any validated winning lottery ticket ~~other than a pull-tab ticket~~ may be paid by check at the commission headquarters in Indianapolis, Indiana, or at a district claim center after the claimant has completed such winner claim forms as the commission may specify. ~~Except as otherwise determined by the director in the director's sole discretion, the commission shall have no responsibility for the payment of any prize in a pull-tab game, and the holder of a winning pull-tab ticket shall collect the prize respecting the ticket only from the retailer who sold the ticket.~~

~~(g)~~ **(f)** Winning lottery tickets received by a person under the age of eighteen (18) as a gift shall be paid by the commission to an adult member of the minor's family or the legal guardian of the minor as custodian.

~~(h)~~ **(g)** Holders of winning on-line tickets shall have the right to claim prizes for one hundred eighty (180) days after the drawing or the end of the lottery game or play in which the prize was won. Holders of winning instant game tickets **and pull-tab game tickets** shall have the right to claim instant prizes for sixty (60) days after the end of the instant game **or pull-tab game** in which the prize was won and shall have the right to claim telephone prizes for sixty (60) days after the telephone play in which the telephone prize was won. Winners of prizes awarded pursuant to ~~65 IAC 4-30-10~~ **65 IAC 4-3-10** shall have the right to claim those prizes for sixty (60) days after the prize is won, unless a longer or shorter period is determined and announced pursuant to that section. ~~Holders of winning pull-tab game tickets shall have the right to claim prizes only for the period specified in 65 IAC 6.~~ If a valid claim is not made for a prize within the applicable time period, the prize shall constitute an unclaimed prize and the prize money shall be added to the pool from which future prizes are to be awarded or used for special prize promotions.

~~(i)~~ **(h)** Until such time as a name is imprinted or placed upon the back portion of the lottery ticket in the designated area, a lottery ticket shall be owned by the physical possessor of such ticket. When a name is placed on the rear of the ticket in the designated place, the person whose name appears in that area shall be the owner of the ticket and shall be entitled to any prize attributable thereto. A pull-tab ticket remains at all times a bearer instrument and shall be owned by the physical possessor of the ticket **unless the prize is over six hundred dollars (\$600) and space has been designated on the ticket for including winner information.**

~~(j)~~ **(i)** In the event it is determined that, for any reason, a prize was paid by a retailer on a ticket which was not a winner, the person whose name appears on the back of the ticket will be required to reimburse the retailer for said payment. If a retailer pays any claim which was not a winner, the retailer will be held responsible to the commission for the improper payment, even if the person whose name appears on the back of the ticket fails to reimburse the retailer or cannot be located.

~~(k)~~ **(j)** A lottery ticket will be considered void if altered, torn, misprinted, illegible, or damaged in such a manner that verification is impossible. If it is determined that a lottery ticket contains a manufacturing defect which makes the lottery ticket appear to be a winner when in fact it is not, the bearer shall be entitled to reimbursement for the full purchase price

of the lottery ticket but shall not be awarded any prize.

(k) The commission's decision and judgment in respect to the determination of a winning lottery ticket or of any other dispute arising from payment or awarding of prizes shall be final and binding upon all participants in the lottery unless otherwise provided by law or this article. In the event a question arises relative to a winning lottery ticket, or the payment or awarding of any prize, the commission may deposit the prize winnings into an escrow fund until it resolves the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy.

(l) The commission reserves the right to request of the claimant of any winning lottery ticket disclosure of the source of the ticket. *(State Lottery Commission; 65 IAC 3-4-4; emergency rule filed Sep 5, 1989, 3:20 p.m.: 13 IR 102; emergency rule filed May 7, 1990, 2:10 p.m.: 13 IR 1737; emergency rule filed Oct 7, 1991, 2:00 p.m.: 15 IR 112; emergency rule filed Jan 29, 1992, 12:00 p.m.: 15 IR 1039; errata filed Feb 25, 1992, 11:00 a.m.: 15 IR 1222; emergency rule filed Sep 3, 1992, 9:00 a.m.: 16 IR 77; errata, 16 IR 751; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; emergency rule filed Aug 23, 2002, 1:27 p.m.: 26 IR 41, eff Aug 29, 2002)*

SECTION 4. 65 IAC 3-4-5 IS AMENDED TO READ AS FOLLOWS:

65 IAC 3-4-5 Compensation

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

Affected: IC 4-30-9

Sec. 5. (a) A retailer shall be entitled to a commission of five **and one-half** percent ~~(5%)~~ **(5.5%)** of the valid lottery ticket price of each instant ticket or ~~on-line pull-tab~~ ticket sold to such retailer, subject to deduction for returns as described in this article. A retailer shall be entitled to a commission of ~~seven six~~ percent ~~(7%)~~ **(6%)** of the valid ~~pull-tab~~ **on-line** ticket price of each ~~pull-tab on-line~~ ticket sold by such retailer.

(b) In addition to the commissions under subsection (a), the commission may, from time to time, establish retailer incentive programs whereby retailers are entitled to bonus payments by satisfying designated criteria which may include, but not limited to, volume of lottery tickets sales, number of lottery tickets redeemed, or the sale of winning lottery tickets.

(c) No retailer or employee of a retailer shall request, demand, or accept gratuities or similar compensation in exchange for the performance of duties authorized pursuant to the retailer's contract. *(State Lottery Commission; 65 IAC 3-4-5; emergency rule filed Sep 5, 1989, 3:20 p.m.: 13 IR 103; emergency rule filed Jan 29, 1992, 12:00 p.m.: 15 IR 1040; emergency rule filed Jul 29, 1992, 10:00 a.m.: 15 IR 2599; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; emergency rule filed Aug 23, 2002, 1:27 p.m.: 26 IR 42, eff Aug 29, 2002)*

SECTION 5. **SECTIONS 1 through 4 of this document take effect August 29, 2002.**

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