

b. convicted of any illegal gambling activity, false statements, false swearing, or perjury in this or any other jurisdiction; or convicted of any crime punishable by more than one year imprisonment or a fine of more than \$1,000, or both;

c. found to have violated the provisions of these retailer regulations, the Louisiana Lottery Corporation Law or any administrative regulation adopted thereunder, unless either 10 years have passed since the violation, or the president and the board find the violation both minor and unintentional in nature;

d. a vendor (as defined in §9002(8) of the Louisiana Lottery Corporation Law) or any employee or agent of any vendor doing business with the corporation;

e. a resident in the same household as an officer of the corporation;

f. found to have made a statement of material fact to the corporation, knowing such statement to be false.

4. The applicant meets such other criteria as the corporation adopts from time to time relating to the integrity, reputation, financial responsibility, business practices or qualifications of an applicant.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The Advocate* on December 24, 1991, amended LR 26:710 (April 2000).

### §513. Criteria for Instant Retailers

A. In general, the corporation shall permit any applicant meeting the threshold criteria stated in §511 above to become an instant retailer. However, the board may from time to time adopt specific policies relative to the selection of instant retailers if it determines that the corporation's best interests will be served by such policies. The determination and policies shall be stated in a written policy statement adopted by the board.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The Advocate* on December 24, 1991, repromulgated LR 26:711 (April 2000).

### §515. Criteria for On-Line Retailers

A. The board shall maintain a limitation on the number of on-line retailers. The limitation shall be based on the number of on-line retailers permitted under the corporation's contracts for procurement of an on-line lottery system and other appropriate objective business factors. The determination and policies shall be stated in a written policy statement adopted by the board. The mechanism and factors established to determine which applicants become on-line retailers shall be based solely on the corporation's business needs and shall afford fair and objective treatment to all applicants. By way of example, but not limitation, such determining factors may include:

1. the status of the applicant's license to sell instant tickets, if any, and the applicant's volume of instant ticket sales;

2. the distribution of retailers for on-line tickets throughout the state and the geographic area serviced by the applicant, and the sufficiency of retailers for on-line tickets to serve the public convenience at any particular location in the state;

3. the average number of customers who visit an applicant's place of business;

4. the applicant's hours of operations;

5. the capability and willingness of an applicant to pay prizes up to the maximum amount payable by retailers at various times during the day;

6. the capability and willingness of an applicant to promote the sale of lottery tickets;

7. the applicant's proposed location for the terminal to sell on-line tickets;

8. the financial stability of an applicant;

9. any problems the corporation has experienced with an applicant's electronic fund transfer account for instant ticket sales;

10. the degree to which an applicant uses display materials for instant ticket games;

11. the sales potential for on-line tickets by the applicant.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The Advocate* on December 24, 1991, repromulgated LR 26:711 (April 2000).

### §517. Application Procedure and Fees

A. The corporation may develop forms for the retailer applications requesting all such information required by law or that the corporation deems necessary or appropriate to evaluate retailers. The corporation may require that such application be completed, executed, acknowledged, notarized or any of the foregoing, and that an officer of the retailer execute and acknowledge or notarize any oath that the corporation deems necessary or appropriate.

B. Each applicant for a license to sell lottery tickets shall provide to the corporation a non-refundable application fee in an amount determined by the board from time to time.

C. Special procedures for application for a retailer license may be developed by the corporation for applicants that are a "chain store group," or a group of two or more stores or other retail outlets under common control. Each applicant that is a chain store group shall pay a non-refundable application fee in an amount determined by the board from time to time for each retail outlet location which shall be covered by such license.

D. Instant retailers who apply to become on-line retailers shall be assessed such uniform charges and fees as are stated in the policy statement for on-line retailers. Such uniform charges and fees are intended to satisfy the requirements of R.S. 47:9051.C. Such uniform charges and fees may be defined as reimbursements for costs associated with providing the retailer on-line status, do not constitute revenue to the corporation and may be collected on a weekly, monthly or annual basis.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The Advocate* on December 24, 1991, repromulgated in *The Advocate* on January 1, 1994, amended LR 26:711 (April 2000).

#### §519. Other Business of Retailers

A. A retailer may not be engaged exclusively in the sale of lottery tickets. However, this Section does not preclude the corporation from contracting for the sale of lottery tickets with nonprofit, charitable organizations or units of local government in accordance with the provisions of these retailer regulations, the Louisiana Lottery Corporation Law and Louisiana Law.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The Advocate* on December 24, 1991, repromulgated LR 26:711 (April 2000).

#### §521. Duty to Update

A. Any information provided by a retailer to the corporation under these retailer regulations or on any application, filing or other instrument submitted to the corporation that becomes incorrect or misleading shall immediately be updated by the retailer by providing an explanation thereof to the corporation. Without limiting the foregoing, a retailer shall notify the corporation immediately if any change in the ownership of the licensed retailer location occurs or of any conviction that would affect the retailer's eligibility to obtain a retailer license.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The Advocate* on December 24, 1991, repromulgated LR 26:711 (April 2000).

#### §523. Retailer Certificate

A. Each applicant that is accepted by the corporation shall be issued a lottery retailer certificate, which shall be conspicuously displayed at the place where the retailer is authorized to sell lottery tickets. Lottery tickets shall only be sold by the retailer at the location stated on the lottery retailer certificate.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended in *The*

*Advocate* on December 24, 1991, repromulgated LR 26:712 (April 2000).

#### §525. Annual Renewal Required

A. There shall be an annual renewal process October through December 31 of each year for licenses obtained after January 1. If a license is obtained after October 1 the license shall not expire until the next succeeding calendar year. Expired licenses not renewed by December 31 shall be suspended and/or terminated.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:712 (April 2000).

#### §527. Assignability of Contracts

A. No retailer contract awarded pursuant to these retailer regulations shall be transferable or assignable. No retailer shall contract with any person for lottery goods or services except with the approval of the board.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:712 (April 2000).

#### §529. Suspension, Revocation or Termination of Contracts

A. Any retailer contract may, for good cause, be suspended, revoked, or terminated by the president if the retailer is found to have violated any provision of these retailer regulations, the Louisiana Lottery Corporation Law or objective criteria established by the board. All retailer contracts shall be renewable annually after issuance unless sooner canceled or terminated.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:712 (April 2000).

#### §531. Cancellation of Contracts

A. Any contract executed by the corporation pursuant to these retailer regulations and the Louisiana Lottery Corporation Law shall specify the reasons for which any contract may be canceled, suspended, revoked, or terminated by the corporation, which reasons shall include but not be limited to:

1. commission of a violation of these retailer regulations, the Louisiana Lottery Corporation Law or administrative regulations adopted pursuant thereto or other provisions of Louisiana Law;

2. failure to accurately account for lottery tickets, revenues, or prizes as required by the corporation;

3. commission of any fraud, deceit, or misrepresentation;

4. insufficient sale of tickets;

5. conduct prejudicial to public confidence in the lottery;
6. the retailer filing for or being placed in bankruptcy or receivership;
7. any material change in any matter considered by the corporation in executing the contract with the retailer; or
8. failure to meet any of the objective criteria established by the board pursuant to these retailer regulations.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:712 (April 2000).

### §533. Power of President

A. If, in the discretion of the president, cancellation, denial, revocation, suspension, or rejection of renewal of a retailer contract is in the best interests of the lottery, the public welfare, or the state of Louisiana, the president may cancel, suspend, revoke, or terminate, after notice and a hearing, any contract issued pursuant to these retailer regulations or the Louisiana Lottery Corporation Law. Such contract may, however, be temporarily suspended by the president without prior notice, pending any prosecution, hearing, or investigation, whether by a third party or by the president. A contract may be suspended, revoked, or terminated by the president for any one or more of the reasons enumerated in this Section.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:712 (April 2000).

### §535. Retailer Security

A. The following rules shall apply to the retailer security, which §9053 of the Louisiana Lottery Corporation Law requires of retailers.

B. The security shall consist of a letter of credit or bond issued by a bank or surety company acceptable to the corporation. For purposes of this Section, the term "bond" shall include cash, cash-equivalent instruments or such other instruments as the corporation determines provide immediate liquidity.

C. The security may be in an amount of no greater than two times the retailer's average gross sales of lottery tickets for the period within which the retailer is required to remit sales proceeds to the corporation. The calculation of the security amount shall exclude the amount of lottery tickets for which the retailer has paid in advance.

D. The security under this Section shall constitute security for all obligations of the retailer to the corporation pursuant to these retailer regulations or the retailer's contract with the corporation. The obligations of retailers shall include, without limitation, the retailer's obligation to remit sales proceeds and unsold lottery tickets to the corporation.

The corporation may enforce the security immediately upon a retailer's default in any such obligations for the full amount of the defaulted obligations up to the amount of the security, without affecting the corporation's right to any deficiency. Enforcement shall occur by drawing upon a letter of credit, request for payment under a bond or otherwise according to law.

E. In order to facilitate the acquisition of the required security by retailers, the corporation shall maintain the retailer security account, a special banking account for the pooling of retailer security and the acquisition of a letter of credit or bond as required by §9053 of the Louisiana Lottery Corporation Law. In lieu of posting security, a retailer having a security obligation may pay a non-refundable \$10 fee to the corporation and the corporation shall deposit this fee into the retailer security account. Such fee may be increased or decreased by the corporation from time to time. Upon any default by any retailer, the corporation may pay such defaulted obligations, up to the amount of the security required of the retailer, from the letter of credit or bond secured by the retailer security account. Upon such payment, the retailer shall be obligated to reimburse the corporation for the full amount of such defaulted obligation and the corporation shall deposit the reimbursement into the retailer security account. At the end of each fiscal year, the president and the board may authorize inclusion of all or a portion of the unused amounts remaining in the retailer security account at the end of the fiscal year in the revenues of the corporation for the fiscal year.

F. The retailer's authority to sell lottery tickets shall be suspended for any period in which the retailer does not maintain the security required under this Section, but will be reinstated upon the reinstatement of the security. Failure to maintain adequate security shall be grounds for suspension or termination of a retailer contract and license.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:712 (April 2000).

### §537. Change of Location or Ownership

A. Any change in location or ownership of the business of a retailer will automatically suspend the retailer's certificate. An application must be filed in the same manner as provided in these retailer regulations to reinstate the retailer's certificate for the new location or the new owner of the business. Sales of lottery tickets are prohibited following a change in location or ownership of the business of a retailer until a new lottery retailer certificate is issued to the new owner or location. The corporation may employ necessary procedures to minimize interruptions in service.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:713 (April 2000).

**§539. Proceeds from Ticket Sales**

A. All proceeds from the sale of lottery tickets received by a retailer shall constitute a trust fund until paid to the corporation either directly or through the corporation's authorized collection representative. A retailer shall have a fiduciary duty to preserve and account for lottery proceeds and retailers shall be personally liable for all proceeds. Proceeds shall include unsold instant tickets received by a retailer and cash proceeds of sale of any lottery products, net of allowable sales commissions and credit for lottery prizes to winners by retailers. Sales proceeds and unused instant tickets shall be delivered to the corporation or its authorized collection representative upon demand. Retailers shall place all lottery proceeds due the corporation in accounts in institutions insured by the Federal Deposit Insurance Corporation not later than the close of the next banking day after the date of their collection by the retailer until the date they are paid over to the corporation. The corporation may require a retailer to establish a single separate electronic funds transfer account, where available, for the purpose of receiving monies from ticket sales, making payments to the corporation, and receiving payments from the corporation. Failure to have sufficient funds available to cover an electronic funds transfer to the corporation's account shall be a cause for suspension or termination of a retailer's contract and license. Unless otherwise authorized in writing by the corporation, each retailer shall establish a separate bank account for lottery proceeds which shall be kept separate and apart from all other funds and assets and shall not be commingled with any other funds or assets. This Section shall apply to all lottery tickets generated by computer terminal or other electronic devices and any other tickets delivered to retailers.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:713 (April 2000).

**§541. Insolvency of Retailer**

A. Whenever any person or organization who receives proceeds from the sale of lottery tickets in the capacity of a retailer becomes insolvent, or dies insolvent, the proceeds due the corporation from such person or his, her, or its estate shall have preference over all debts or demands.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:713 (April 2000).

**§543. Sales Commissions**

A. A retailer shall receive a sales commission equal to at least 5 percent of the gross proceeds from the sale of lottery tickets. In addition to the 5 percent sales commission the corporation may develop a system of bonuses and sales incentives based on dollar volume of business, the sale of winning tickets, or such other criteria as the corporation may develop from time to time.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:713 (April 2000).

**§545. Sale of Lottery Tickets on Credit**

A. The retailer shall not directly extend credit to the purchaser of lottery tickets, but lottery tickets may be sold for cash or by use of any credit card or similar instrument. Lottery tickets may not be sold by mail (except for subscription sales established by the corporation) phone, fax or other similar method of communications.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:713 (April 2000).

**§547. Sales Price of Tickets**

A. No person shall sell a lottery ticket at a price other than established by the corporation, unless authorized in writing by the president. No person other than a duly certified retailer shall sell lottery tickets, but this shall not be construed to prevent a person who may lawfully purchase tickets from making a gift of lottery tickets to another. Nothing in these retailer regulations shall be construed to prohibit the corporation from designating certain of its agents and employees to sell lottery tickets directly to the public.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

**§549. Promotional Tickets**

A. Lottery tickets may be given by merchants as a means of promoting goods or services to customers or prospective customers subject to the prior written approval by the corporation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

**§551. Location of Sales**

A. No retailer shall sell a lottery ticket except from the locations listed in the retailer's contract and certificate. No lottery tickets shall be sold at state of Louisiana rest stops.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

**§553. Payment of Prizes**

A. Retailers shall pay any lottery prize of \$50 or less. A retailer may pay prizes greater than \$50, up to \$600, after proper verification of such winning tickets as prescribed by

the corporation. Prizes of more than \$600 shall be paid by the corporation by mail or at a designated corporation office.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended and repromulgated in *The Advocate* on December 24, 1991, repromulgated LR 26:714 (April 2000).

#### §555. Required Purchases of Lottery Tickets

A. Failure of a retailer to order lottery instant tickets for any 60-day period may result in suspension of the retailer's license, and the corporation shall notify retailer of such suspension. If the retailer does not purchase lottery instant tickets from the corporation within 30 days after the date the notice of suspension is sent by the corporation, the retailer's license may be terminated and the retailer shall pay all debts due the corporation within 30 days of such termination. The aggregate of all orders for lottery tickets placed after the date of a notice of suspension and before the expiration of such 30-day period must be equal to at least the highest amount of lottery tickets purchased by the retailer for any of its last three purchases or the retailer license shall be automatically terminated.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:714 (April 2000).

#### §557. Computation of Rental Payments

A. If a retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and such computation of retail sales is not explicitly defined to include sales of tickets in a state lottery, the compensation received by the retailer from the lottery shall be considered the amount of retail sale for purposes of computing the rental payment.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

#### §559. Equipment Payment or Deposit

A. An equipment payment or deposit may be required for any equipment provided by the corporation to a retailer; provided that such charges shall be uniform and that any deposits will be returned upon the return of such equipment in good operating condition. All or any portion of a deposit may be retained by the corporation if any equipment is damaged, destroyed, lost, stolen or otherwise made unavailable or unusable for normal operations. Upon receipt of written notice from a retailer, the corporation may transfer the equipment deposit of a retailer, which has created a new entity at the same location.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:714 (April 2000).

#### §561. Reimbursement of Equipment Payment

A. The corporation may purchase the terminals of retailers who purchased their equipment if the corporation determines that such purchase is in the best interest of the corporation.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

#### §563. Security Procedures

A. A retailer shall provide reasonable security for all lottery tickets and other corporation property and is responsible for all lottery tickets delivered to it upon the retailer's acknowledgment of receipt thereof. A retailer shall notify the corporation within 24 hours of any lost, stolen, missing or counterfeit tickets. The corporation shall not be liable for any event not reported within such time period, and may reimburse or credit a retailer for any tickets affected thereby.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

#### §565. Retailer Records

A. Each retailer shall keep accurate and complete records of all transactions with the corporation, and such records shall be open to inspection by the corporation at all times during normal business hours. The corporation may make summaries or notes of any such records and may copy any such records either at the retailer's place of business or, if more convenient, off of such premises so long as such records are returned within 48 hours of the time they are withdrawn from such place of business.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:714 (April 2000).

#### §567. Training School

A. Retailers shall be required to send at least one person to training sponsored by the corporation. The corporation, at its discretion, may waive the training of retailers who have previous lottery experience on the operation of lottery equipment and accounting procedures. The corporation shall encourage retailers to have new employees attend a training session.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:715 (April 2000).

**§569. Compliance with All Applicable Laws**

A. Each retailer agrees to operate in a manner consistent with the Louisiana Lottery Corporation Law, applicable federal laws, Louisiana Laws and local ordinances, the rules and regulations promulgated by the corporation and with his, her or its contract with the corporation.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, repromulgated LR 26:715 (April 2000).

**§571. Merchandising**

A. Each retailer agrees to offer no less than four instant games for sale to the public at all times if four or more instant games are available from the corporation. The retailer shall use a lottery ticket dispenser for the sale of lottery tickets, and shall place the dispenser in a prominent location in the retail establishment near the cash register or checkout area. The retailer shall prominently display point-of-sale materials supplied by the corporation, including door decals, game posters, display tickets, danglers, change mats and lighted interior signs, unless the corporation agrees otherwise in writing. The retailer shall make lottery tickets available, and shall provide for redemption of winning lottery tickets, for the full duration of the retailer's normal business hours, provided that the hours for redemption may be subject to limitation on the availability of validation of winning lottery tickets by the corporation.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:715 (April 2000).

**§573. Appeals**

A. The procedures stated in this Part apply to an appeal of a corporation determination by a retailer or a person seeking to become a retailer under §9017 of the Louisiana Lottery Corporation Law.

B. Prior to making an appeal, an appellant must send the president a request letter stating the action of which the appellant seeks modification and all reasons the appellant advances for modification. The request letter must state the appellant's name and address, must enclose copies of all documents relevant to the request and must be signed by the appellant. The appellant must represent that all facts stated in the request letter are correct to the best knowledge of the appellant. The president shall respond to the request letter in writing within 10 days of the corporation's receipt of it, stating all reasons for the response.

C. An appellant may appeal the president's denial of all or any part of the appellant's request stated in the appellant's request letter by sending the president a notice of appeal. The notice of appeal shall be effective only if it is in writing, states the substance and basis of the appeal, and is received by the corporation within 10 days of the appellant's receipt of the president's letter denying the appeal. The notice may request that the hearing be expedited, provided that such a

request shall constitute an undertaking by the appellant to pay the costs assessable under Subsection E of this Section. Upon receipt of a notice of appeal, the president shall deliver the notice, the appellant's request letter and the president's denial letter to the board.

D. The board shall consider the appeal at its next regular meeting to occur five or more days after receipt of the notice of appeal. The hearing shall be conducted in accordance with the provisions of the Administrative Procedure Act. The chairman may call a special meeting of the board to hear an appeal if the appellant has requested an expedited hearing and the chairman in his sole discretion believes that the appeal warrants an expedited hearing. The president shall give the appellant reasonable notice of the time and location of the board meeting. The appellant shall be permitted to present the appeal orally for a time period determined by the board. The presentation may not include points or subjects which were not included in the appellant's request letter. The corporation shall keep a complete record of the hearing and shall make it available to the appellant. The board shall render its decision on the appeal by majority vote within five days after conclusion of the hearing.

E. If the appellant requested an expedited hearing, the board conducts the hearing at a special meeting, and the board denies the appeal, the board may charge the appellant the corporation's reasonable costs incurred in connection with the special meeting, including any travel and per diem expenses.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended LR 26:715 (April 2000).

**§575. Amendment**

A. These retailer regulations may be amended in accordance with the provisions of Part D of the bylaws and rules of procedure of the corporation.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Promulgated by the Louisiana Lottery Corporation in *The State Times* on May 21, 1991, amended and repromulgated in *The Advocate* on January 1, 1994, repromulgated LR 26:716 (April 2000).

## Chapter 7. Instant Lottery Games

### General Rules

**§701. Policy Statement**

A. The Louisiana Lottery Corporation (the "corporation") is authorized by R.S. 47:9008.A to adopt such rules and regulations as may be necessary to conduct specific lottery games and operations of the corporation. Pursuant to that grant of authority, the board of directors of the corporation (the "board") has adopted these instant lottery games general rules, which are intended to provide general guidelines concerning the conduct and administration of instant lottery games.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:699 (April 2000).

### §703. Definitions

A. As used in the game rules, game directives and working papers, the following words and phrases shall have the following meanings unless the context clearly requires otherwise.

**Bar Code**—the representation of pack/ticket and validation information in bar code form on the back of each instant lottery ticket.

**Board**—the Board of Directors of the Louisiana Lottery Corporation.

**Captions**—the printed verification of each play symbol which appear in the game play area below the play symbol.

**Claim Center**—a regional office or claims office of the corporation at which winners may redeem prizes.

**Claim Deadline**—the day after which prizes from a particular game are no longer eligible to be redeemed or claimed.

**Claim Form**—the form provided by the corporation to be completed by prize winners when claiming a prize.

**Corporation**—the Louisiana Lottery Corporation.

**Cut and Paste**—the attempted forgery of an instant ticket by cutting a symbol off one ticket and pasting it on another in an attempt to make the resultant ticket look like a winner.

**Defective Ticket**—any ticket that was printed in error or fails to meet the distribution specifications of the corporation.

**Drawing Directive**—the detailed drawing instructions promulgated by the president for each drawing event.

**End of Production Prize Structure**—the version of the prize structure provided by the ticket printer after production, indicating the exact number of winners of each prize and any variation from the originally authorized prize structure.

**Free Ticket**—a lottery prize for which the winner is entitled to another ticket from the same game, without charge.

**Game Directive**—the game-specific guidelines that itemize the particular requirements of each game.

**Game End Date**—the date after which tickets are no longer authorized to be sold.

**Game Number**—the two-digit designation of each game for purposes of inventory control and accounting.

**Game Play Area**—the latex-covered area on the front of the ticket that contains the computer-generated symbols that

determine winning or non-winning tickets according to game specifications.

**Game Rules**—these general rules regarding all instant lottery games, prize payments, and other game parameters.

**Game Start Date**—the date on which tickets for a particular game are authorized to be sold.

**Grand Drawing**—a special event designed by the corporation to award a large top prize and subordinate prizes through a random process.

**Grand Drawing Finalist**—a contestant in the grand drawing event.

**Instant Lottery Game**—a lottery game that offers pre-printed tickets that, after a latex covering is rubbed off, indicate immediately whether a player has won a prize.

**Instant Lottery Ticket**—any ticket produced for an instant lottery game authorized by the corporation.

**Invalid Ticket**—any ticket that fails to meet all of the validation requirements of the corporation and the ticket vendor.

**Omitted Pack**—any pack of tickets that has been removed from the game during production.

**Overprint**—the latex covering over the play area and the information printed on the surface of the latex.

**Pack**—a set of instant tickets, each bearing a common pack number, fan folded in strips of five tickets. Each pack may contain 500 tickets or some other number of tickets determined by the corporation for a particular game.

**Pack/Ticket Number**—the series of digits visible on the front of the ticket that designates the number of the particular pack and the sequential number of each ticket.

**Play Symbols (or Prize Symbols)**—a series of alphabetic or numeric characters or symbols appearing in the game play area of an instant ticket and covered by a latex material that are utilized in each game to determine winning tickets.

**Preliminary Drawing**—an event in which qualified entrants are selected at random to participate in the grand drawing.

**President**—the president of the Louisiana Lottery Corporation.

**Prize Structure**—the authorized itemization of prize levels and number of winners contained in the Working Papers of each game.

**Quality Control Symbol**—an alphabetic code appearing in the corner of the play area to serve as a visual indicator of imaging underneath the overprint.

**Retailer**—any person with whom the corporation has contracted to sell lottery tickets to the public.

**Retailer Validation Code**—an alphabetic character code present within the game play area of an instant ticket.

*Security Omit*—a pack of tickets omitted from the game for security purposes, temporarily or permanently.

*Security Patterns (or Ben Day)*—the patterns used by the ticket printer in the background of the play area to frustrate ticket forgeries.

*Ticket Display Area*—the area on the front of the ticket that is used for non-secure graphics, information and other printing.

*Ticket Number*—the three-digit number appearing on the face of the ticket which represents the sequential appearance of that specific ticket in a particular pack.

*Valid Ticket*—a ticket that meets all the validation requirements of the corporation and the ticket vendor.

*Validation Number*—the number within the play area of the ticket, covered by latex, that is utilized to determine whether the ticket is a winner in the computerized validation process.

*Validation Tapes*—the computer tapes provided by the ticket printer that contain the information required to determine if a ticket is the winner of any prize.

*Working Papers*—the printing requirements provided to the ticket printer for the production of each game.

*Zip Cash*—the electronic validation/accounting system utilizing bar code technology.

*Zip Cash Terminal*—the electronic equipment at the retailer location that is used for prize validation, ticket distribution and accounting functions.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:699 (April 2000).

#### **§705. General**

A. These game rules shall apply to all instant lottery games offered by the corporation upon adoption by the board. Any change in these rules must be approved by the board, and will take effect upon approval. The detailed information regarding each specific instant game will be contained in a game directive promulgated by the president. Each game directive will include the appropriate prize amounts, the game symbols required to win each prize, and any unique play format information or claim requirements. The game directive cannot be in conflict with these game rules. Each game directive will be distributed to and posted at every corporation office and will be available for public inspection during the sales period of the particular game. The directive must be approved and signed by the president at least 14 days prior to the start of the game. The president shall also promulgate drawing directives that prescribe the operational details of preliminary drawings, grand drawings, and any other special promotional drawings in which a prize of more than \$5,000 is offered. Promulgation shall be similar to that prescribed for game directives. The drawing directive

must be approved and signed by the president at least five days prior to the drawing event.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:700 (April 2000).

#### **§707. Odds of Winning**

A. The overall odds of winning any prize in a particular game will be contained in the game directive for that game and shall be included in the promotional materials for the game or printed on the back of the ticket. The statement of odds does not need to specify the odds of winning each particular prize. The corporation shall make every attempt to release accurate odds information in press releases for each instant lottery game.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### **§709. Compliance with Law/Rules**

A. Any person who purchases an instant lottery ticket agrees to comply and abide with state law, these game rules and game directives.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### **§711. Names of Winners**

A. The corporation shall have the right to use the names and the city or area of residence of all prize winners in instant lottery games. That information may be used by the corporation for advertising and publicity purposes. The corporation will not make public the addresses or phone numbers of instant lottery winners. Such information will be provided to authorized governmental agencies, as required by law or as deemed appropriate. Winners who grant the corporation permission to be photographed agree to allow the use of such photographs for publicity and advertising purposes without any additional compensation.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### **§713. Payment of Prizes**

A. Instant lottery game prizes will be paid in accordance with game directives and retailer regulations, and upon presentation of a valid winning instant ticket, payment will be made to the person presenting the ticket for payment. The owner of an instant ticket bears the sole responsibility for the risk of loss or theft of the ticket. If an instant ticket is claimed by the owner in error for a lower prize than that to which the owner is entitled, the corporation shall not be liable to the owner for the higher prize not claimed. Any



ticket on which the name of the owner is altered, or appears to have been altered, may be impounded by the corporation without payment to the claimant until ownership of the ticket can be determined.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### §715. Age Eligibility

A. No person under the age established by law may purchase an instant lottery ticket, but persons under the age established by law may receive an instant lottery ticket as a gift.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, amended LR 26:701 (April 2000).

#### §717. Retailer Eligibility

A. Retailers authorized by the corporation to sell tickets may purchase tickets assigned to them and may claim prizes resulting from any tickets so purchased.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### §719. End of Game

A. Each instant lottery game will end when all tickets for that game have been sold, or on a date announced in advance by the president. The president may suspend or terminate a game without notice if such action is deemed to be in the best interests of the corporation. No tickets for a particular game may be sold for a game after the game ending date or after the suspension or termination of a game. Any liability for prizes from tickets sold after that date belongs to the retailer who sells the tickets. No prize shall be paid to any claimant who fails to submit a claim within the period of time provided by law.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### §721. Winner Validation

A. Except as provided in specific game directives, the following requirements will apply to the validation of winning instant lottery tickets.

1. The number of play symbols in the game play area must correspond with the number of play symbols provided for in the working papers for the game.

2. Each play symbol must have a corresponding caption underneath, in accordance with the captions provided for in the working papers for the game.

3. Each of the play symbols must be present in its entirety and be fully legible.

4. Each of the play symbols and its play caption must be printed in black ink, unless a different color of ink is specified in the working papers for the game.

5. The instant ticket must be intact and not defaced in any manner.

6. The game and pack/ticket numbers must be present in their entirety and be fully legible.

7. The ticket must not be reconstituted or tampered with in any manner.

8. The ticket must not be counterfeit in whole or in part.

9. The ticket must have been issued by the corporation in the authorized manner.

10. The ticket must not be stolen or be from a pack omitted from the game by the corporation.

11. The play symbols, captions and retailer validation codes must be in a right-side-up orientation and not reversed in any manner.

12. The ticket must have within the play area exactly the specified number of play symbols and corresponding captions, and exactly the specified number of retailer validation codes, as provided for in the working papers for that game.

13. The validation number on the ticket must appear on the official validation tape for the game as provided to the corporation by the ticket printer.

14. The ticket must not be partially blank, misregistered or printed or produced in error.

15. The ticket must be submitted for redemption within the claim period provided for the game.

16. The ticket must withstand microscopic inspection of the security patterns within the play area to determine any alterations of the ticket.

17. The ticket must withstand additional confidential validation tests prescribed by the corporation.

B. Except as provided above, any instant lottery ticket that fails to pass any of the validation requirements is void and ineligible for any prize, and no prize shall be paid. Liability for defective tickets is limited to the original purchase price of the ticket.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:9001 et seq.

**HISTORICAL NOTE:** Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:701 (April 2000).

#### §723. Delay of Payment

A. The corporation shall pay prizes in a timely fashion but may delay making payment of any prize or installment of a prize under the following circumstances:

1. a dispute occurs or it appears that a dispute may occur relative to any prize;
2. there is any question regarding the identity of the claimant;
3. there is any question regarding the validity of any ticket;
4. the claim is subject to any court ordered garnishment;
5. the corporation becomes aware of a change in circumstances relative to a prize awarded, the payee or the claim which requires review.

B. The corporation assumes no liability for interest for any delay of payment of a prize or installment.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:702 (April 2000).

#### §725. Claim Form

A. For any prize of more than \$500, the owner of the apparent winning ticket shall complete an official claim form that requires the winner to provide:

1. the name of the individual or entity claiming the prize;
2. the address and city of residence of the claimant;
3. the Social Security number of the individual claimant or the federal employer's identification number issued by the IRS for multiple claimants.

B. No prize payment will be authorized if the required information is not provided by the claimant. The corporation will utilize due diligence to insure that the information provided on the claim form is correct, including the verification of information by inspection of a driver's license, Social Security card or other forms of information. The name of the owner printed on the back of the ticket must correspond with the name of the claimant.

C. A group, family unit, club or other organization which is not a legal entity or which does not possess a federal employer's identification number may claim a prize if it:

1. files an Internal Revenue Service Form 5754, "Statement by Person(s) Receiving Gambling Winnings," or a successor form, with the corporation, designating to whom the prize is to be paid and the person or persons to whom the prize is taxable; or
2. designates one individual in whose name the claim shall be entered and furnish that person's Social Security number and other required information, if approved by the president.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:702 (April 2000).

#### §727. Assignability

A. The right of any person to a prize after the prize is claimed shall not be assignable, except as follows.

1. The corporation may pay any prize to the estate of a deceased prize winner.
2. The prize to which a winner is entitled may be paid to another person pursuant to an appropriate court order.

B. A grand drawing finalist may not assign or sell the right to participate in the grand drawing, nor can two or more finalists enter into an advance agreement to split their winnings following the grand drawing.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:702 (April 2000).

#### §729. Installment Prizes

A. The corporation may provide for the payment of any prize of more than \$100,000 in equal annual installments. The schedule of payments shall be designed to pay the winner equal dollar amounts each year until the total payments equal the prize amount. When the prize is paid in installments, the president may round the actual amount of the prize to the nearest \$1,000 amount to facilitate the appropriate funding mechanism. The period of payment of any installment payment schedule shall not exceed 20 years, unless the prize is a guaranteed amount each year for the lifetime of the winner. If a lifetime payment guarantee is made, the minimum number of installment payments made to a winner or a winner's estate shall be 20 years. The corporation shall not accelerate the payment schedule of any installment prize without the consent of the winner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:702 (April 2000).

#### §731. Merchandise Prizes

A. If a non-cash prize is offered, the value of the prize will be determined by the fair market value of any such prize, which will be the amount reported to the state and the IRS for tax purposes. If the value of the prize exceeds \$5,000, the corporation will pay withholding taxes on behalf of the winner equivalent to 25 percent of the prize value. The corporation will not be responsible for any state taxes or other fees associated with the prize.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:9001 et seq.

HISTORICAL NOTE: Adopted by the Louisiana Lottery Corporation on August 8, 1991 and promulgated in the *State Times* on August 15, 1991, repromulgated LR 26:703 (April 2000).

#### §733. Preliminary Drawings

A. The president shall promulgate a drawing directive that details the procedures involved in conducting a random drawing to determine grand drawing finalists. The directive