

RHODE ISLAND LOTTERY



RULES AND REGULATIONS



Your Rhode Island Lottery

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CHAPTER ONE

DEFINITIONS

1.1 DEFINITIONS

- A. The following words and terms, when used in these Rules and Regulations, have the following meanings, unless the context clearly indicates otherwise.
1. “Act” or “law” means Rhode Island General Laws, Chapter 42-61.
 2. “Director” means the Director of Lotteries as established by the Act.
 3. “Division” means a State Lottery Division established within the Department of Revenue under the provisions of the Act.
 4. “Electronic Fund Transfer” means the transfer of funds from a Retailer’s account to the Division’s account by electronic means.
 5. “Financial Institution” means and includes, but is not limited to, all banks, banking associations, trust companies, and brokerage institutions organized under the authority of this State, the United States, and/or any agencies thereof, including, but not limited to, the Securities and Exchange Commission.
 6. “Person” shall be construed to mean and include an individual, association, partnership, corporation, trust, estate, company, receiver, trustee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a Court or otherwise, and any other combination of individuals. “Person” shall also be construed to mean and include all departments, commissions, agencies, and instrumentalities of the state, including counties, municipalities, agencies, and instrumentalities thereof.
 7. “Retailer” means a person or agent who has been licensed to sell Lottery tickets under the Act.
 8. “Ticket” means any Lottery offering issued or promoted by the Division.

CHAPTER TWO

GENERAL PROVISIONS

2.1 SCOPE

- A. These Rules and Regulations, as established by the Division, outline the instructions for the operation of the Division, including, but not limited to, other matters pertinent to the administration of the same, such as, frequency of drawings, price of tickets, selection of winners, structure of prizes, licensing of Retailers, payment of prizes, and purchasing procedures.

2.2 RHODE ISLAND LOTTERY

- A. The Division is located at 1425 Pontiac Avenue, Cranston, Rhode Island.
- B. It shall be the responsibility of the Director of the Division to supervise and administer the operations of the Division. The Division will hold the Director harmless of all acts and decisions carried out within the guidelines of these Regulations and Title 42, Chapter 61 of the General Laws of the State of Rhode Island; and if suit is instituted against the Director for carrying out the provisions of these Rules and Regulations and/or Title 42, Chapter 61, the Division shall pay all legal expenses and judgments against the Director.
- C. The purpose of the Division shall be to fulfill all requirements established by the Rhode Island General Laws and to conduct the business of the Division in the public interest in an open and responsive manner.

2.3 AUTHORIZED GAMES AND DESCRIPTIONS

A. Daily Numbers Game

1. The Daily Numbers Game may utilize a two (2) digit, three (3) digit, four (4) digit, or any combination of these digits, payoff plan. Player can select his/her own numbers or utilize computer-generated "quick pick" selection.
2. The wagers for the Daily Numbers Game may range from fifty cents (\$.50) to five dollars (\$5.00) per play.
3. The payoff for the Daily Numbers Game may range, according to the wagers placed and the numbers combination selected, from twenty-five dollars (\$25.00) to twenty-five thousand dollars (\$25,000.00) per play.

4. Tickets can be purchased seven (7) days a week beginning at 5:00 a.m. Monday through Saturday and 7:00 a.m. on Sunday. Sales end at 12:45 a.m. Sunday thru Saturday.
5. Tickets may be canceled only on the same day of purchase and from the same terminal from which issued, any time prior to the drawing.

B. Daily Numbers Game – Instant Match Feature

1. Instant Match option offers players a chance to win up to five hundred dollars (\$500.00) instantly on a Daily Numbers ticket.
2. The Instant Match feature costs an additional one dollar (\$1.00) per wager.
3. With Instant Match, the terminal automatically selects an additional set of numbers, which will appear on the ticket below the numbers selected by the player.
4. If any of the numbers selected by the terminal match any of the numbers selected by the player in any order, an instant cash prize is won.
5. A winning Instant Match ticket can be cashed in immediately, and the terminal will issue an exchange ticket for the Daily Numbers drawing.

C. Daily Numbers Game – Extended Play

1. Extended Play tickets can be purchased for thirty (30), sixty (60), or ninety (90) consecutive days.
2. Numbers selected would be the same for all Extended Play drawings.
3. Ticket is effective on day of purchase.
4. Tickets may be canceled only on the same day of purchase and from the same terminal from which issued, any time prior to the initial drawing.

D. Wild Money Game

1. The Wild Money Game is a five (5) out of thirty-five (35) lotto-type game. This game has an “extra” ball feature with a minimum jackpot of twenty thousand dollars (\$20,000.00).

2. Each wager costs one dollar (\$1.00).
3. The jackpot prize is awarded for matching five (5) of the first five (5) numbers drawn. The prize paid for matching four (4) of the first five (5) numbers plus the “extra” ball is one thousand five hundred dollars (\$1,500.00); matching four (4) of the first five (5) and no “extra” ball pays two hundred dollars (\$200.00); matching three (3) of the first five (5) numbers plus the “extra” ball, pays fifty dollars (\$50.00); and matching three (3) of the first five (5) numbers and no “extra” ball, or two (2) of the first five (5) numbers plus the “extra” ball, pays five dollars (\$5.00).
4. The holder of a winning ticket may win only one (1) prize per ticket in connection with the winning numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching category.
5. In the case of multiple jackpot winners, the jackpot amount will be divided equally among all winners.
6. Tickets can be purchased seven (7) days a week beginning at 5:00 a.m. Monday through Saturday and 7:00 a.m. on Sunday. Sales end at 12:45 a.m. Sunday thru Saturday.
7. Tickets may be canceled only on the same day of purchase and from the same terminal from which issued any time prior to the drawing.

E. **Keno Game**

1. The player chooses from one (1) to ten (10) numbers (spots) from one (1) to eighty (80). Twenty (20) numbers will be drawn from the field of eighty (80). Players can select numbers or utilize computer-generated “quick pick” selection.
2. The wagers for a single drawing may be one dollar (\$1.00), two dollars (\$2.00), five dollars (\$5.00), or ten dollars (\$10.00). The player may place a wager for up to fifteen (15) consecutive draws. However, the maximum price for any ticket may not exceed one hundred fifty dollars (\$150.00), except for the Keno “Plus” game, where the maximum price for any ticket may not exceed three hundred dollars (\$300.00).
3. Tickets can be purchased seven (7) days a week beginning at 5:00 a.m. Monday through Saturday and 7:00 a.m. on Sunday. Sales end at 12:45 a.m. Sunday thru Saturday.

4. Keno tickets can only be canceled before the draw on the same day and from the same terminal of purchase. Multiple draw tickets can only be canceled before the ticket's first draw. Exchange tickets cannot be canceled.
5. The payoff for the Keno game shall depend upon the amount wagered and the number of correct spots chosen by the player. This range of payoff may go from one dollar (\$1.00) to one hundred thousand dollars (\$100,000.00), depending on the wager, the number of spots chosen, and the number of spots correctly selected by the player.
6. Retailers are prohibited from playing monitor games at their own place of business.

F. **Special Game Rules – Keno “Plus” Promotion**

1. The Keno “Plus” promotion is an extension of the Keno game and is conducted in accordance with Keno game rules and other Division rules applicable to the Keno game except as may be amended herein. This promotion will be conducted for a period of time as determined by the Division.
2. The player selects his/her Keno numbers and checks a box on the play slip indicating that he/she wishes to participate in the Keno “Plus” promotion.
3. The wager on the “Plus” feature must equal the player's Keno wager on the play slip; i.e., if the player wagers one dollar (\$1.00) on Keno, he/she must wager one dollar (\$1.00) on the “Plus” feature. The maximum price for any ticket for the Keno “Plus” game may not exceed three hundred dollars (\$300.00).
4. The Keno “Plus” drawing is conducted just prior to the Keno drawing. The Keno monitor shows a spinning wheel, which, when it stops, will indicate to the player whether the Keno drawing immediately following the “Plus” drawing will pay “No Plus” or 2x, 3x, 4x, 5x, or 10x any prize won by a participating player.

G. **Special Game Rules – Keno “Free Ride” Promotion**

1. The Keno “Free Ride” promotion is an extension of the Keno game and is conducted in accordance with Keno game rules and other Division rules applicable to the Keno game except as may be amended herein. This promotion will be conducted for a period of time as determined by the Division.

2. "Free Ride" is a promotional game feature offering players a chance to win a progressive jackpot that starts at one thousand two hundred dollars (\$1,200.00) and grows until won.
3. The player purchasing a two dollar (\$2.00), five dollar (\$5.00) or ten dollar (\$10.00) base Keno wager will receive a free set of Quick Pick Numbers to be used for the "Free Ride" jackpot. A two dollar (\$2.00) wager will receive eight (8) Quick Pick Numbers, a five dollar (\$5.00) wager will receive seven (7) Quick Pick Numbers, and a ten dollar (\$10.00) wager will receive six (6) Quick Pick Numbers.
4. Players matching their set of Quick Pick Numbers will win the "Free Ride" jackpot.
5. If a single "Free Ride" jackpot has multiple winners, the jackpot amount will be split evenly.
6. Keno base wagers of one dollar (\$1.00) are not eligible for "Free Ride".
7. A Keno "Plus" wager will double the required base wager amounts but will not affect the number of Quick Pick Numbers received.
8. Keno "Plus" does not apply to the "Free Ride" jackpot amount.

H. **Million Dollar Raffle Game**

1. Million Dollar Raffle Game is a limited on-line game offering with a total of 120,000 tickets, sequentially numbered from 000001 to 120000, available for sale.
2. Ticket price is \$20.
3. The top prize is \$1,000,000, with subsidiary prizes of ten (10) \$10,000, one hundred (100) \$500, and five hundred (500) \$100 prizes.
4. No playslip is required for this game. The terminal automatically generates the numbered ticket.
5. Multiple tickets may be purchased but will print out separately.
6. Each ticket will print out with a voucher form, which when completed by the player, can be used to enter into promotional drawings to be held prior to the Grand Drawing.
7. Million Dollar Raffle tickets cannot be cancelled.

8. The Rhode Island Lottery reserves the right to change the Grand Drawing date with adequate advance public notice.
9. For a limited time, tickets can be purchased seven (7) days a week beginning at 5:00 a.m. Monday through Saturday and 7:00 a.m. on Sunday. Sales end at 12:45 a.m. Sunday thru Saturday.

I. **PowerBall® Game (Multi-State Lottery)**

1. PowerBall® tickets can be purchased seven (7) days a week beginning at 5:00 a.m. Monday thru Saturday and 7:00 a.m. on Sunday. Sales end at 9:50 p.m. on Wednesday and Saturday and at 12:45 a.m. on Sunday, Monday, Tuesday, Thursday, and Friday.
2. PowerBall® tickets cannot be canceled.
3. For game description, wagering, and payoff, see Chapter 19 of these Rules and Regulations.

J. **Instant Games**

1. The Director shall design games with various themes and prize structures.
2. The player reveals previously concealed numbers and/or symbols printed on the ticket.
3. Instant tickets may be sold at any price authorized by the Division but in no event less than one dollar (\$1.00) per ticket.
4. The payoff for instant ticket games may range from free tickets to fifty thousand dollars (\$50,000.00) for a one dollar (\$1.00) ticket; up to two hundred fifty thousand dollars (\$250,000.00) for a two dollar (\$2.00) ticket; up to three hundred thousand dollars (\$300,000.00) for a three dollar (\$3.00) ticket; up to five hundred thousand dollars (\$500,000.00) for a five dollar (\$5.00) ticket; up to one million dollars (\$1,000,000.00) for a ten dollar (\$10.00) ticket, and up to one million dollars (\$1,000,000.00) for a twenty dollar (\$20.00) ticket.
5. Information on help for problem gambling will be printed on all Rhode Island Lottery instant tickets.

K. **Video Lottery Games**

1. For game description, wagering, and payoff, see Chapter 20 of these Rules and Regulations.

L. **Drawing Times**

1. The Director is authorized, at his/her discretion, to set the time of drawings per game, advance wagering, subscription wagering, and any other program consistent with Title 42, Chapter 61 and these Rules and Regulations, which is in the best interest of the State of Rhode Island and which keeps the Division competitive with the lotteries in other states.

2.4 ERRONEOUS OR MUTILATED TICKETS

- A. Erroneous tickets are defined as those tickets made out in error, printed in error, or with printing errors. These are void on their face.
- B. Invalid tickets are defined as those tickets which are mutilated, altered, unissued, stolen, reconstituted, miscut, defective, or incomplete in any manner; if complete and visual imprint does not clearly appear in each designated position; if ticket does not match standards on file with the Division and/or fails any Division validation requirement. These tickets are invalid, but in some cases may be validated by Division personnel at the buyer's option.
- C. The tickets referred to in Items A and B are to be voided immediately by the Retailer and/or Division personnel, and the Director immediately notified. The Retailer shall inform the holder to take the ticket to Division Headquarters.
- D. Credit for such tickets may be issued only upon authorization from the Division.
- E. A holder of a ticket which is mutilated, defective, incomplete, or one where complete and visual imprint does not clearly appear in each designated position, can win a prize if the holder elects to have it validated by Division personnel, as long as the ticket can be identified as a valid ticket and the security control number and/or the drawing date all are legible, and the ticket passes all of the validation tests. If all criteria are verified, the Director can issue a prize credit. If any such ticket fails the validation process, the ticket shall be deemed a non-winner; and the holder thereof shall not be entitled to reimbursement in that the holder has played his/her ticket out.

2.5 LOST TICKETS

- A. The Division must have a ticket in order to process a claim form.

CHAPTER THREE

DIRECTOR

3.1 QUALIFICATIONS AND APPOINTMENT

- A. The Division shall be under the immediate supervision and direction of a Director who shall be qualified to administer an enterprise of the nature of a Lottery.
- B. The Director shall be appointed by the Governor with the advice and consent of the Senate. The appointment shall be reviewed or vetted by the Permanent Joint Committee on State Lottery according to §42-61-3 of the Act.
- C. The Director shall serve until his/her successor is appointed and qualified. Any vacancy occurring in the office of the Director shall be filled in the same manner as the original appointment.
- D. Pursuant to §42-61-4 of the Act, in the case of a vacancy while the Senate is not in session, the Governor shall appoint a Director to hold the office until the next session thereof; provided, that no person should serve in such a position for more than three (3) legislative days after the Senate convenes unless that person's name shall have been submitted to the Senate for its approval.
- E. The Director of Lotteries shall devote his/her entire time and attention to the duties of his/her office and shall not be engaged in any other profession or occupation. He/she shall receive any salary that the Director of the Department of Revenue shall determine and shall be in the unclassified service.
- F. The Director of Lotteries shall be removable by the Governor, pursuant to the provisions of Rhode Island General Laws §36-1-7 and for cause only, and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office shall be unlawful.

3.2 POWERS AND DUTIES

- A. The Director shall have the power, and it shall be his/her duty to:
 - 1. Supervise and administer the operation of the Lottery in accordance with Rhode Island General Laws, Title 42, Chapter 61 and Chapter 61.2, and the Rules and Regulations of the Division.
 - 2. Act as chief administrative officer having general charge of the office and records and to employ necessary personnel to serve at his/her pleasure, who shall be in the unclassified service, and

whose salaries shall be set by the Director of the Department of Revenue, pursuant to the provisions of §36-4-16.

3. In accordance with the Act and the Rules and Regulations of the Division, license as Retailers, to sell Lottery tickets, those persons, as in his/her opinion, will best serve the public convenience and promote the sale of tickets or shares. The Director may require a bond from every licensed Retailer in an amount provided in the Rules and Regulations of the Division. Every licensed Retailer shall prominently display his/her license, or a copy of his/her license, as provided in the Rules and Regulations of the Division.
4. Confer regularly, as necessary or desirable, and not less than nine (9) times per year, with the Permanent Joint Committee on State Lottery on the Lottery's operation and administration; make available for inspection by the Committee, upon request, all information and documents of the Division; advise the Committee and recommend those matters that he/she deems necessary and advisable to improve the operation and administration of the lotteries.
5. Suspend or revoke any license issued pursuant to Title 42, Chapter 61 and Chapter 61.2 or these Rules and Regulations.
6. Enter into contracts for the operation of the lotteries and into contracts for the promotion of lotteries.
7. Ensure that monthly financial reports are prepared providing gross monthly revenues, prize disbursements, other expenses, net income, and the amount transferred to the General Fund for Keno and for all other Lottery operations. Submit this report to the State Budget Officer, the Auditor General, the Permanent Joint Committee on State Lottery, the Legislative Fiscal Advisors, and the Governor, no later than the twentieth (20th) business day following the close of the month. The monthly report shall be prepared in a manner prescribed by the members of the Revenue Estimating Conference.
8. At the end of each fiscal year, submit an annual report based upon the accrual system of accounting, which should include a full and complete statement of Lottery revenues, prize disbursements and expenses, to the Governor and the General Assembly, which report shall be a public document and shall be filed with the Secretary of State.
9. Carry on a continuous study and investigation of the state lotteries throughout the State, and the operation and administration of similar laws in effect in other states or countries.

10. Promulgate Rules and Regulations, which shall include, but not be limited to the:
 - a. price of tickets or shares in the lotteries;
 - b. number and size of the prizes on the winning tickets or shares;
 - c. manner of selecting the winning tickets or shares;
 - d. manner of payment of prizes to the holders of winning tickets or shares;
 - e. frequency of the drawings or selections of winning tickets or shares;
 - f. number and types of location at which tickets or shares may be sold;
 - g. method to be used in selling tickets or shares;
 - h. licensing of Retailers to sell tickets or shares, except that persons under the age of eighteen (18) shall not be licensed as a Retailer;
 - i. application/license fee to be charged to Retailers;
 - j. manner in which the proceeds of the sale of Lottery tickets or shares are maintained, reported, and otherwise accounted for;
 - k. manner and amount of compensation to be paid licensed Retailers necessary to provide for the adequate availability of tickets or shares to prospective buyers and for the convenience of the general public;
 - l. apportionment of the total annual revenue accruing from the sale of Lottery tickets or shares and from all other sources for the payment of prizes to the holders of winning tickets or shares, for the payment of costs incurred in the operation and administration of the lotteries, including the expense of the Division and the costs resulting from any contract or contracts entered into for promotional, advertising, consulting, or operational services or for the purchase or lease of facilities, Lottery equipment and materials, for the repayment of moneys appropriated to the Lottery Fund;

- m. superior court, upon petition of the Director after a hearing, may issue subpoenas to compel the attendance of witnesses and the production of documents, paper, books, records, and other evidence in any matter over which it has jurisdiction, control or supervision; if a person subpoenaed to attend the proceeding or hearing fails to obey the command of the subpoena without reasonable cause, or if a person in attendance in the proceeding or hearing refuses without lawful cause to be examined or to answer a legal or pertinent question or to exhibit any book account, record, or other document when ordered to do so by the court, that person may be punished for contempt of the court; and
- n. manner, standards, and specification for a process of competitive bidding for Division purchases and contracts.

CHAPTER FOUR

LOTTERY RETAILERS – APPLICATION AND LICENSE

4.1 APPLICATION

- A. Any person interested in obtaining a license to be a Lottery Retailer must first file an “Application for Lottery Sales Retailer License” with the Division.

4.2 ELIGIBILITY FOR LICENSE

- A. No license as a Retailer to sell Lottery tickets shall be issued to any person to engage in the sale of Lottery tickets as his/her sole occupation or business.
- B. Before issuing any license, the Director shall consider such factors as the:
1. background of employees of the Retailer to determine if they would be an appropriate seller of tickets under the license;
 2. financial responsibility and security of the person and his/her business or activity;
 3. accessibility of his/her place of business or activity to the public;
 4. sufficiency of existing licenses to serve the public interest;
 5. volume of expected sales; or
 6. any other factors pertaining to the public interest, welfare, convenience, or trust.

4.3 ISSUANCE OF LICENSE

- A. The Director shall, in accordance with the provisions of the Act and the Rules and Regulations of the Division, license as Retailers to sell Lottery tickets such persons as in his/her opinion will best serve the public convenience and promote the sale of tickets or shares. The Director may also refuse to grant or suspend a license pending a final judicial determination.
- B. Every holder of a license as a Lottery Retailer shall renew such license annually pursuant to the Rules and Regulations of the Division.

- C. As provided in §42-61-5(g) of the Act, whenever requested by the Director, the Division of Criminal Identification of the Department of the Attorney General, the Superintendent of State Police, any superintendent or chief of police or sergeant of any city or town, shall furnish all information on convictions, arrests, and present investigations concerning any person who is an applicant for a license or who is a licensee of the Division.
- D. Licensees shall pay to the Division a fee to be determined by the Director, upon application for and/or renewal of a license.

4.4 LICENSE DISPLAY

- A. Every licensed Retailer shall prominently display his/her license or a copy thereof in an area visible to the general public.
- B. The Retailer shall maintain and display all promotional materials in conjunction with ticket sales in accordance with instructions issued by the Director.
- C. Every licensed Lottery Retailer and Video Lottery Retailer, licensed under Title 42, Chapter 61.2, shall keep conspicuously posted on his/her premises the name and telephone number of a problem gambling helpline and a statement of its availability to offer assistance. The Division shall supply each licensee with the required notice.
- D. Retailers are prohibited from playing monitor games at their place of business.

4.5 BONDING OF RETAILERS

- A. The Director may require a bond from every licensed Retailer in such amount as deemed appropriate by the Director.

4.6 HEARINGS ON DENIAL OR REVOCATION OF LICENSE

- A. The Director shall refuse to grant or shall suspend, pending a hearing before the Division, or revoke a license if the applicant or licensee has been:
 - 1. convicted of a felony or any crime involving moral turpitude;
 - 2. engaging in gambling as a significant source of income;
 - 3. convicted of violating any gambling statutes;
 - 4. convicted of fraud or misrepresentation in any connection;

5. found to have violated any Rule, Regulation, or order of the Division.
- B. The license of a Retailer shall be suspended by the Director for any charge which may result in a conviction for conduct prescribed in subdivisions (A) (1) – (A) (5), which suspension shall be effective until a final judicial determination.
- C. The Director shall refuse to grant, or shall suspend, pending a hearing before the Division, or revoke a license if the applicant or licensee is a corporation and any of its directors, officers, or controlling shareholders have been guilty of any of the activities specified below:
1. any of the directors, officers, or controlling shareholders has been found guilty of any of the activities specified in Section A (1-5) above;
 2. it appears to the Director of Lotteries that due to the experience, character, or general fitness of any director, officer, or controlling shareholder, the granting of a license as a Lottery Sales Retailer would be inconsistent with the public interest, convenience, or trust;
 3. is not the owner or lessee of the business at which it will conduct a Lottery sales agency pursuant to the license applied for, or that any person, firm, association, or corporation other than the applicant shares or will share in the profits of the applicant, other than receiving dividends as a shareholder, or will participate in the management of the affairs of the applicant.
- D. The Retailer's license may be immediately suspended, revoked, or his/her renewal rejected for any of the following causes or any combination of the same:
1. whenever the Retailer's application for a license contains knowingly false or misleading information;
 2. whenever the Retailer violates any of the provisions of the Act, these Rules and Regulations, the Retailer's Operating Procedures, instructions, and/or directions of the Director of the Division;
 3. whenever the Retailer's business address is changed;
 4. whenever the Retailer and/or the Retailer's employees commit any act that seriously impairs his/her reputation for honesty and integrity;

5. whenever the Retailer fails to maintain a reasonable level of sales as determined by the Director;
 6. whenever the Retailer does not display Lottery point of sale material in a manner that can be readily seen by the public or fails to make handout materials readily available to the public;
 7. whenever the Retailer is delinquent in making required accounting or fails to pay on schedule all moneys owed to the Division;
 8. whenever the Retailer has been convicted of a felony or any crime involving moral turpitude;
 9. whenever the Retailer and/or the Retailer's employees have been arrested or convicted for bookmaking or other forms of illegal gambling;
 10. whenever the Retailer has been found guilty of any fraud or misrepresentations;
 11. whenever the Retailer fails to take reasonable security precautions with regard to the handling of Lottery tickets and other materials;
 12. whenever the Director finds that the Retailer's experience, character, and general fitness are such that his/her participation as a Retailer is inconsistent with the public interest, convenience, and necessity, or for any other reason with the permissible discretion of the Director;
 13. whenever a Retailer is found to have accepted a Lottery wager by telephone or other electronic means.
- E. Upon termination of a Retailer's license for any reason, the Retailer shall appear at the Division Headquarters on a date designated by the Director, or his/her designee, for the purpose of rendering his/her final Lottery accounting;
- F. Upon notice of revocation, the Retailer shall surrender immediately to the Director, or his/her designee, the Retailer's license and other Lottery materials supplied to the Retailer by the Division.

4.7 RETAILER'S COMPENSATION

- A. All licensed Retailers shall be entitled to a sales commission as follows:
1. 5% on instant game tickets;
 2. 8% on all on-line games;

3. 1% of the prize value of instant tickets validated at Retailer location; and
 4. 1% of the prize value of validated instant tickets of one thousand dollars (\$1,000.00) or more sold at Retailer location.
- B. The Director may change percentages and may allow bonus amounts.
- C. The Director may implement a Sales Incentive Program for licensed Retailers.

4.8 SPECIAL LOTTERY RETAILER

- A. The Director may, upon proper application, license special Lottery Retailers for a period of ninety (90) days.
- B. A special license may be issued subject to the special conditions or limitations, as the Director in his/her discretion may deem prudent, and consonant with the dignity of the Division, and the general welfare of the people of the State of Rhode Island.
- C. These limitations or conditions may include, but are not limited to:
1. length of licensure period;
 2. hours or days of sale;
 3. location of sale;
 4. specific persons who sell Lottery tickets;
 5. specific sporting, charitable, social, and other special events where Lottery tickets may be sold.
- D. Retailers holding special Lottery licenses shall be subject to all Rules and Regulations of the Division not inconsistent with the Act.

4.9 TRANSFER OF LOTTERY LICENSE

- A. A Lottery license issued pursuant to these regulations shall not be transferable.
- B. If the business or location to which a license is issued, or the ownership thereof, substantially changes, the Division reserves the right to terminate the Lottery license through the action of the Director.

- C. The Director must be notified in writing at least twenty (20) days prior to any proposed transfer of any licensed business or the ownership thereof.

CHAPTER FIVE

DEPOSIT OF LOTTERY FUNDS BY RETAILERS

5.1 DEPOSIT OF LOTTERY FUNDS BY RETAILERS

- A. All proceeds from the sale of Lottery tickets or shares received by a person in the capacity of a Retailer shall constitute a trust fund until paid to the Division and, in addition, shall be subject to the conditions of Section 6 of the Act, entitled “Proceeds of Sales - Segregated Funds.”
- B. The Retailer shall be personally liable for all proceeds, and failure to pay the Division moneys owed, upon demand, from such sales or misappropriation of such funds shall constitute embezzlement under Rhode Island General Laws, Chapter 41, Section 3. The provision of this Section shall be enforced and prosecuted by the State Police and the Attorney General’s Office.
- C. All Retailers are required to pay to the Division all moneys received by such Retailer from the sale of Lottery tickets, less the amount, if any, retained as compensation for the sale of the ticket and for payment of prizes, and to file, with the Director, or his/her designee, reports of their receipts and transactions in the sale of Lottery tickets in such form and containing such information as he/she may require.
- D. In this connection, Retailers should refer to the “Retailer Operating Procedures” made available to Retailers by the Director.
- E. The Retailer shall keep current records of all operations in conformity with the Act and these Rules and Regulations, Retailer Operating Procedures, and such other instructions as may be promulgated by the Director of the Division.
- F. The Retailer’s Lottery operations and records shall be subject to inspection and audit by representatives of the Division upon demand.
- G. The Retailer shall account to the Division for the proceeds from his/her sales of all instant and on-line Lottery tickets as follows:
 - 1. The Division requires electronic transfer of funds for all Retailers.
 - 2. The Retailer shall deposit all proceeds from sales of instant and on-line Lottery tickets on Monday of each week or, in the event of a Monday holiday, on the first business day of the week during which banks in Rhode Island are open.
- H. The Retailer shall make available current Lottery tickets for sale to the public at all times during normal business hours.

- I. All tickets accepted by a Retailer from the Division are deemed to have been purchased by the Retailer once the book is activated, and the purchase price shall be paid to the Division, less the appropriate commission, and prize payment if any, in accordance with the Settlement Policy established by the Division.
- J. The Retailer is responsible for lost, stolen, missing, or loose tickets not returned in undetached sequential order. If the tickets are sold out of sequence, the Retailer shall pay for all tickets preceding the last ticket sold out of sequence.

5.2 BANKRUPTCY OR INSOLVENCY

- A. In the event a petition in bankruptcy or insolvency proceedings are initiated against a Retailer, the Retailer shall be subject to Section 6.2 of the Act, in addition to any other statutes or Rules and Regulations governing the conduct of Lottery Retailers.

CHAPTER SIX

LOTTERY ACCOUNTS

6.1 LOTTERY ACCOUNTS

- A. The Director may require, by electronic fund transfer or any other method, any or all Lottery Retailers to deposit to the credit of the Lottery fund, in financial institutions designated by the Director, all moneys received by such Retailers from the sale of Lottery tickets or shares, less the amount, if any, retained as compensation for the sale of the tickets and for payment of prizes, and to file with the Director, or his/her designated depository, reports of their receipts and transactions in the sale of Lottery tickets in such form and containing such information as they may require.
- B. The Director may make such arrangements for any person, including a financial institution, to perform such functions, activities, or services in connection with the operation of the Lottery as he/she may deem advisable pursuant to the Act and these Rules and Regulations, and such functions, activities, and services shall constitute lawful functions, activities, and services of such person.
- C. The financial institution selected by the Director for safekeeping shall provide the Lottery with a monthly statement of all transactions made during the immediate preceding month.

CHAPTER SEVEN

LOTTERY TICKET SAFEKEEPING

7.1 SAFEKEEPING PROCEDURES FOR ANNUITIES AND GOVERNMENT OFFERINGS

- A. Director may contract for the safekeeping and record keeping of all outstanding annuities and any other investment vehicles, such as, but not limited to, government securities, with a financial institution selected by the Division.

CHAPTER EIGHT

CONSIGNMENT OF TICKETS TO RETAILERS

8.1 GENERAL PROCEDURES

- A. The Division may consign Lottery tickets to Retailers and shall collect tickets, which the Retailers have not sold.
- B. The Division shall not distribute tickets to a Retailer who (in accordance with Division rules) is classified as a delinquent.
- C. Tickets shall be distributed to Retailers in quantities designated by the Director.

8.2 ASSIGNMENT OF RETAILERS TO FINANCIAL INSTITUTIONS

- A. After a Retailer's application has been accepted and approved by the Director, the Retailer may be assigned to a financial institution.
- B. The financial institution shall be notified of the Retailer's authorization at the same time the Retailer receives notice of his/her assignment.

8.3 AUTHORIZATION TO REQUEST TICKETS

- A. The Retailer shall notify the Division of the names, addresses, and dates of birth of one or several persons in his/her business authorized to request and receive delivery of tickets from the Division.
- B. The employee or such person must identify himself/herself to the Division representative before receiving tickets.

8.4 RETAILER FORM

- A. When picking up or returning tickets, the Retailer shall conform to the information and instructions set forth in the "Retailer Operating Procedures Manual" made available to Retailers by the Director.

8.5 TICKETS STOLEN FROM RETAILER

- A. Whenever tickets are stolen from a Retailer or while in transit to, from, or between the Division and the Retailer, the Director may, in his/her sole and absolute discretion, upon good cause shown, provide for reimbursement to the party responsible for the tickets that are stolen. The Retailer or any other party responsible for said tickets shall report the theft of stolen tickets to the Director immediately upon notification of said theft.

- B. The tickets stolen shall be removed from the pool in question and shall not, under any circumstances, be entitled to any prize.
- C. The party responsible for the tickets must be able to provide the Director with a series and pack number of the tickets stolen.
- D. It is the responsibility of the Retailer to report the theft of Lottery tickets to the local police department immediately.

CHAPTER NINE

LIMITATIONS AND PROHIBITIONS

9.1 TICKET SALES PRICE RESTRICTIONS

- A. No person shall sell a ticket at a price other than that fixed by these Rules and Regulations of the Division.
- B. No person, other than a licensed Retailer, shall sell Lottery tickets except that nothing in this section shall be construed to prevent any person from giving Lottery tickets or shares to another as a gift.

9.2 PRIZES NON ASSIGNABLE

- A. No right of any person to a prize drawn shall be assignable, except that payment of any prize drawn may be paid to the estate of a deceased prizewinner, and except that any person, pursuant to an appropriate judicial order, may be paid according to said judicial order.
- B. The Director shall be discharged of all further liability upon payment of a prize as described by the Lottery law.

9.3 PAYMENT OF PRIZES – SET OFF FOR CHILD SUPPORT DEBTS/BENEFIT OVERPAYMENT

- A. The following set off provisions shall apply to the payment of any prizes or winning ticket in excess of six hundred dollars (\$600.00):
 - 1. The Department of Human Services shall periodically, within each year, furnish the Director with a list or compilation of names of individuals, together with such other identifying information, who, as of the date of the list or compilation, have an unpaid child support order in excess of five hundred dollars (\$500.00) shown on the Rhode Island Family Court/Department of Human Service Child Support Enforcement Computer System (CSE System). The Department of Labor and Training shall periodically, within each year, furnish the Director with a list or compilation of names of individuals, together with any identifying information, who, as of the date of the list or compilation, have unpaid benefit overpayments and interest in excess of five hundred dollars (\$500.00).
 - 2. The Director shall set off against the amount due in unpaid child support or benefit overpayments in excess of five hundred dollars (\$500.00) for any person entitled to receive such prize or winning ticket in excess of six hundred dollars (\$600.00), after State and Federal tax withholding, an amount up to the balance of such

child support debt or unpaid benefit overpayments and interest. Payment shall be made directly to the Rhode Island Family Court or the Department of Labor and Training. The claim for child support arrearages by the Department of Human Services shall receive first priority, and the claim for benefit overpayments and interest by the Department of Labor and Training shall take second priority.

9.4 PURCHASER RESTRICTIONS

A. No prize shall be paid to any of the following persons:

1. any officer or employee of the Division;
2. any blood relative residing as a member of the same household in the principal place of abode of any of the foregoing persons; or
3. any gaming vendor and its employees doing business with the Division.

CHAPTER TEN

LOTTERY TICKET OFFERINGS

10.1 INSTANT, ON-LINE, AND MONITOR GAMES

- A. Tickets shall be sold to the public at a price determined by the Director.
- B. No tickets may be sold after the commencement of a drawing. The date of the drawing shall be imprinted upon all tickets except instant tickets.
- C. No ticket shall be sold to any person under the age of eighteen (18). However, this shall not be deemed to prohibit the purchase of a ticket for the purpose of making a gift by a person eighteen (18) years of age or older to a person less than that age. Any licensee, who knowingly sells or offers to sell a Lottery ticket to any person under the age of eighteen (18), shall, upon conviction, be guilty of a misdemeanor.
- D. All ticket sales shall be final, and no ticket returns are to be accepted by any Retailer. However, a holder shall be entitled to his/her money back or may have the ticket validated by Division employees by presentation of the ticket at the Division, if it falls within the classes described by Chapter 2, Section 2.4 of these Rules and Regulations.
- E. It is the responsibility of the player to verify at the time of purchase that he/she in fact received what was requested and to rectify any discrepancy immediately.

10.2 PULL TAB TICKETS

- A. Pull Tab tickets shall be sold in denominations determined by the Director and shall be characterized by distinctive names.
- B. All packets shall have a selling price and net profit to an organization as set forth at the discretion of the Director.
- C. Unsold Pull Tab tickets will not be re-purchased by the Division.

CHAPTER ELEVEN

DRAWING TIME

11.1 TIME OF DRAWING

- A. Drawings may be held on dates, places, and times to be fixed by the Director.
- B. Tickets to be included in any drawing, and the only tickets eligible to win prizes therein, shall be those issued by the Director for sale prior to the drawing date on said ticket.
- C. Numbers drawings may be held daily, and any day may be excluded by the Director.
- D. Lotto-type drawings may be held on days selected by the Director.
- E. Monitor Game drawings and times to be fixed by the Director.

11.2 PLACE OF DRAWINGS

- A. Each drawing shall be conducted in locations determined by the Director.
- B. All drawings, if practical, shall be open to the public and to representatives of the news media. Monitor games are not practical to be open to the public and representatives of the news media. However, if requested, the procedure used shall be shown.

CHAPTER TWELVE

PROCEDURE FOR CLAIMING PRIZES

12.1 PROCEDURES

- A. In order to claim any prize, a winning ticket must be presented.
- B. All prizes may be claimed at the Division Headquarters.
- C. Prizes may be paid by Retailers at amounts specified by the Director, at his/her sole discretion, with proper validation and identification of winner.
- D. Winning tickets must be presented by legal owner.
- E. The Director may designate claim centers for the Division and advertise their locations, and may require a claim form provided by the Division to be filled out.
- F. The Division Headquarters at 1425 Pontiac Avenue, Cranston, Rhode Island, shall be the principal claim center.
- G. The Director may, in his/her discretion, require verification on the claim form of persons claiming a prize that he/she is not an officer or employee of the Division or a person prohibited from claiming a prize.

12.2 WINNING NUMBERS LIST

- A. The Division will make available a list of all winning numbers for the fifty-two (52) previous weeks.

CHAPTER THIRTEEN

PAYMENT OF PRIZES

13.1 INFORMATION TO BE FURNISHED BY WINNING TICKET HOLDERS

- A. The purchaser and/or claimant of a winning ticket, before receiving payment of his/her prize, shall furnish the Director, or his/her designee, with his/her Social Security Number, or with any identifying number or account number assigned to him/her by the Internal Revenue Service for Federal Income Tax purposes, or any identification data that is requested by the Director to satisfy any State or Federal requirements.
- B. Purchasers of winning tickets who are non-resident aliens shall also file with the Director, or his/her designee, verification to this effect for Federal Income Tax purposes.
- C. All payment of prizes shall be made pursuant to all applicable State and Federal Laws and Regulations.

13.2 WAIVER OF CONDITIONS

- A. The Director may waive compliance with any of the requirements of this Chapter in appropriate cases if he/she is satisfied that such compliance is unnecessary.

13.3 REQUIREMENT OF ADDITIONAL INFORMATION

- A. In any case where additional information is required to show that a person claiming a prize is the owner of the ticket drawn for the prize and is entitled to receive payment of the prize, the Director may require the claimant to supply such further evidence as may be appropriate under the circumstances of the case.

13.4 MANNER OF PAYMENT OF PRIZES

- A. All money prizes authorized to be paid by licensed Retailers may be paid in cash or check.
- B. All major money prizes paid at Division Headquarters will be paid by check. Minor prizes and prize situations involving emergency payments may be paid in cash at the discretion of the Director.
- C. Said payment shall be made only to the claimant as indicated by the signature on the back of the ticket, which must correspond with the name and signature on any claim form required.

13.5 TIME OF PRIZE PAYMENTS

- A. The payment of prizes shall be awarded as soon as reasonably possible after the claimant has been identified, and the validation process is completed to the satisfaction of the Director.
- B. The payment of prizes to prize winners of super drawings opting for annuity payments shall be made annually on the anniversary date of claim.
- C. Subscription winners will be paid automatically at the address on the subscription application.

13.6 DISCHARGE OF LIABILITY UPON PAYMENT

- A. The Division, Director, Lottery Retailers, officers, and employees shall be discharged of all liability upon payment of a prize to the holder of any winning ticket.
- B. The Director's decision, in conformity with the provisions of Chapter 2, Section 2.4 in its entirety respecting the determination of a winning ticket, shall be final.
- C. In the event of any dispute between two or more persons claiming to be the owners and holders of any winning Lottery ticket, the Director may deposit the prize money in the Superior Court of the State of Rhode Island and shall thereafter be relieved of any further responsibility or liability with respect to such moneys.

13.7 PRIZE PAYMENTS TO PERSONS UNDER EIGHTEEN (18) YEARS OF AGE

- A. The payment of a prize for any winning ticket to a person under the age of eighteen (18) years shall be made in accordance with the provisions of the "Uniform Transfers to Minors Act" Rhode Island General Laws, Chapter 18-7.
- B. Payment pursuant to said section shall discharge the Division and the Director of further liability or responsibility under said Section.

13.8 PRIZE PAYMENTS TO PERSONS UNDER ANY OTHER LEGAL DISABILITY

- A. If a person entitled to a prize on any winning ticket is under any other legal disability, the Director shall direct payment to a fiduciary responsible for such person pursuant to the Laws of this State.
- B. The Director shall be relieved of all further liability upon payment of a prize to a person under a legal disability pursuant to this Section.

13.9 PRIZES EXEMPT FROM RHODE ISLAND STATE TAXES

- A. The prizes received pursuant to this Chapter shall be exempt from any sales or use tax.

CHAPTER FOURTEEN

UNCLAIMED PRIZE MONEY

14.1 UNCLAIMED PRIZE MONEY

- A. Unclaimed prize money shall be retained by the Director for one (1) year after the drawing date in which the prize was won or one (1) year after the end of a specific game.
- B. If no claim is made for a prize within such year, the prize money shall be considered forfeited and returned to the Lottery Fund.

CHAPTER FIFTEEN

FORGERY AND COUNTERFEITING

15.1 PENALTIES FOR FORGERY AND COUNTERFEITING

- A. Any person who, with intent to defraud, shall falsely make, alter, forge, utter, pass, or counterfeit a Lottery ticket, shall be guilty of a felony punishable by imprisonment for not more than ten (10) years or by a fine of not more than one thousand dollars (\$1,000.00) or both per §16 of the Act.

CHAPTER SIXTEEN

ADMINISTRATIVE PROCEDURES ACT EXEMPTION

16.1 EXEMPTION FROM ADMINISTRATIVE PROCEDURES ACT

- A. The Division is exempt from the Administrative Procedures Act (Rhode Island General Laws Chapter 42-35).

CHAPTER SEVENTEEN

RHODE ISLAND LOTTERY FUND

17.1 LOTTERY FUND

- A. The moneys in the Lottery Fund shall be allotted in the following order and only for the following purposes:
1. Establishing a prize fund from which payments of the prize awards shall be disbursed to holders of winning Lottery tickets on checks signed by the Director and countersigned by his/her designee. The amount of payments of prize awards to holders of winning Lottery tickets shall be determined by the Division, but shall not be less than forty-five percent (45%) nor more than sixty-five percent (65%) of the total revenue accruing from the sale of Lottery tickets. However, the amount of prize awards for the game of Keno shall be determined by the Director, but shall not be less than forty-five percent (45%) nor more than seventy-two percent (72%) of the total revenue accruing from the sale of Keno tickets.
 2. Payment of expenses incurred by the Division in the operation of the Lottery including, but not limited to, costs arising from contracts entered into by the Director for promotional, consulting, or operational services, salaries of professional, technical, and clerical assistants, purchase or lease of facilities, Lottery equipment, and materials.
 3. Payment into the General Revenue Fund of all revenues remaining in the Lottery Fund after the payments specified in Numbers 1 and 2 of this section, provided that the amount to be transferred into the General Revenue Fund shall equal no less than twenty-five percent (25%) of the total revenue received and accrued from the sale of Lottery tickets, plus any other income earned from the Lottery; provided further that the revenue returned to the General Fund from the game of Keno shall not be calculated as part of the twenty-five percent (25%) mandate required by this section, but the amount transferred into the General Fund shall equal no less than fifteen percent (15%) of the total Keno revenue received.
- B. In addition to any other audit, the Auditor General shall conduct an audit as of December 31st of every year or any other audits as he/she or the Division shall deem necessary. The Auditor General may examine all records, files, and other documents of the Division, and such records of Lottery Sales Retailers as pertain to their activities as Retailers for the purposes of conducting authorized audits.

CHAPTER EIGHTEEN

PURCHASING PROCEDURE PREAMBLE

It shall be the policy of the Division that its public officers and employees must adhere to the highest standard of ethical conduct, respect the public trust and the rights of all persons, be open, accountable and responsive, avoid the appearance of impropriety, and not use their positions for private gain or advantage.

In this respect, it is hereby declared the policy of the Division that all Division employees shall adhere to the code of ethics and professional behavior as outlined in Section 3 of the Code of Ethics and Professional Behavior of the Rhode Island Rules, Regulations and General Conditions of Purchases.

It shall also be the policy of the Division to make every effort possible to assure the participation of small, minority, and female-owned businesses pursuant to Section 4, entitled "Vendor Qualification." As outlined in the Procurement Regulations promulgated pursuant to Chapter 37-2 of the General Laws of the State of Rhode Island and as mandated in Title 37, Chapter 14.1 of the General Laws of the State of Rhode Island, entitled "Minority Business Enterprise."

18.1 PURCHASING PROCEDURE

- A. Whenever any purchase or contract for any supplies, material, equipment, services, or property is made on behalf of the Division, such order shall be in accordance with the following procedure:
1. All requests must be submitted to the Director, who will be the Procurement Officer for the Division.
 2. All purchases made on behalf of the Division, with the exception of advertising media and media production, the price or consideration of which shall be two thousand five hundred dollars (\$2,500.00) or less, may be procured by the Procurement Officer on an informal bid basis.
 3. All purchases made on behalf of the Division, with the exception of advertising media and media production, the price or consideration of which shall be in excess of two thousand five hundred dollars (\$2,500.00), but amount to less than five thousand dollars (\$5,000.00), shall be made by the Procurement Officer on the basis of three (3) or more informal competitive bids, which must be submitted in writing. Upon receipt of said informal bids, any such contract shall be awarded to the lowest responsible bidder among them.

4. No purchase request, which is essentially a unit under Paragraphs 2 and 3 hereunder, shall be divided for the purpose of evading the requirements of solicitation of competitive bids set forth therein or as set forth in Paragraphs hereafter.
5. It shall be the responsibility of the Procurement Officer to:
 - a. Make all contracts for purchases of materials, supplies, services, equipment, and property on behalf of the Division, with the exception of advertising, media, and media production, the price consideration of which exceeds five thousand dollars (\$5,000.00) on the basis of sealed bids, considering the unique nature of the Division procurement, such bids to be submitted, opened, and considered in public. All invitations to bid issued by the Division shall be listed on the Rhode Island Division of Purchases via the internet. The invitation for bids shall state whether award shall be made on the basis of the lowest bid price or the lowest evaluated or responsive bid price. If the latter basis is used, the objective measurable criteria to be utilized shall be set forth in the invitation for bids, if available. Provided, however, the Procurement Officer is hereby authorized to extend an existing contract for periods of time not to exceed the initial terms if the public interest will best be served thereby.
 - b. Issue regulations permitting or requiring the insertion, in contracts for the procurement of supplies or services, of appropriate clauses to enable the Procurement Officer to effect desired changes, modifications, and extensions to such contracts.
 - c. Ensure before a contract or contract extension is entered into that there exists sufficient funding to pay the cost thereof.
 - d. Reject any or all bids submitted to the Procurement Officer or extend an existing contract for a specific purpose if the Procurement Officer considers that the public interest will be best served thereby.
6. The requirement for competitive bidding may be dispensed with to allow emergency purchases upon the recommendation of the Procurement Officer.
7. The Procurement Officer, in the best interest of the Division, in his/her discretion, may use the State Purchasing Department or

- a. purchases are made from other than the State Warehouse, then the Division must obtain bids directly from suppliers according to the guidelines delineated herein;
- b. the Division purchases on its own, then it will contact the State Purchasing Department in order to obtain (for advisory purposes) a list of bidders qualified by said Department;
- c. a purchase is for an item specifically or uniquely related to Division operations, then the Division shall be required to compile a list for bidding purposes.

CHAPTER NINETEEN

MULTI-STATE LOTTERY ASSOCIATION RULES

POWERBALL®

19.1 DEFINITIONS

- A. The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group.
1. “Computer Pick” or “Quick Pick” means the random selection of two-digit numbers by the computer system and which appear on a ticket and are played by a player in the game.
 2. “Drawing” means the formal process of selecting winning numbers, which determine the number of winners for each prize level of the game.
 3. “Game Board” or “Boards” means that area of the play slip which contains two sets of numbered squares to be marked by the player, one set containing fifty-five (55) squares, numbers one (1) through fifty-five (55), and the second set containing forty-two squares, numbers one (1) through forty-two (42).
 4. “Game Ticket” or “Ticket” means an acceptable evidence of play, which is a ticket produced by a terminal which meets the specifications defined in the rules of each Party Lottery or is a properly and validly registered subscription play.
 5. “Match 5 Bonus Prize” means the bonus money won when a Grand Prize has reached a new high level and bonus prize monies have been declared by the Product Group. The Match 5 Bonus Prize does not include the original amount declared for the Match 5 Prize.
 6. “MUSL” means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.
 7. “MUSL Board” means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery.
 8. “MWAP” means the Multi-Jurisdiction Wide-Area Progressive Game” multi-jurisdiction progressive Grand Prize (jackpot) game offered in conjunction with a base Video Lottery game administered by the MUSL Video Lottery Game Group (VLGG).

9. “On-Line Lottery Game” means a Lottery game wherein a player selects numbers out of a larger predetermined set or sets of numbers.
10. “Party Lottery” means a State Lottery or Lottery of a political subdivision or entity which has joined the MUSL and, in the context of these PowerBall® Group Rules, has joined in selling the PowerBall® game.
11. “Play” or “Bet” means the six (6) numbers, the first five (5) from a field of fifty-five (55) and the last one (1) from a field of forty-two (42) numbers that appear on a ticket as a single lettered selection and are to be played by a player in the game.
12. “Play Slip” or “Bet Slip” means a card used in marking a player’s game plays and containing one or more boards.
13. “Product Group” means a group of lotteries, which has joined together to offer a product pursuant to the terms of the Multi-State Lottery Agreement and the Group’s own rules.
14. “Retailer” means a person or entity authorized by a Party Lottery to sell Lottery tickets.
15. “Set Prize” means a prize that is advertised to be paid by a single cash payment and, except in instances outlined in these rules, will be equal to the prize amount established by the MUSL Board for the prize level.
16. “Terminal” means a device authorized by a Party Lottery to function in an on-line interactive mode with the Lottery’s computer system for the purpose of issuing Lottery tickets and entering, receiving, and processing Lottery transactions, including purchases, validating tickets, and transmitting reports.
17. “Winning Numbers” means the six (6) numbers, the first five (5) from a field of fifty-five (55) numbers and the last one (1) from a field of forty-two (42) numbers, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

19.2 GAME DESCRIPTION

- A. PowerBall® is a five (5) out of fifty-five (55) plus one (1) out of forty-two (42) on-line Lottery game which pays the Grand Prize, at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on an annuitized pari-

mutuel basis or as a cash lump sum payment of the total cash held for this prize pool on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid on a set cash basis.

- B. To play PowerBall®, a player shall select five (5) different numbers, between one (1) and fifty-five (55) and one (1) additional number between one (1) and forty-two (42), for input into a terminal. The additional number may be the same as one of the first five (5) numbers selected by the player. The player may select a set of five (5) numbers and one additional number by communicating the six (6) numbers to the Retailer or by marking six (6) numbered squares in any one game board on a play slip and submitting the play slip to the Retailer or by requesting a “quick pick” from the Retailer. The Retailer will then issue a ticket.

19.3 TICKET PRICE

- A. Each ticket shall be sold at retail for the price set by the Group.
- B. The ticket price set by the Group shall include all the applicable taxes, which a Party Lottery may be required to collect.
- C. A Party Lottery may offer tickets through discounts, rebates, or promotions, without Group approval, for a period not to exceed ninety (90) days in any six (6) month period. A Party Lottery may offer other discounts, rebates, or promotions, as may be approved by the Group.
- D. Nothing in this rule shall prohibit a Party Lottery from offering tickets as a prize in any other non-MUSL game or promotion operated by the Party Lottery.
- E. Party Lotteries that offer tickets as a prize or as part of an authorized discount, promotion, or rebate shall contribute to the prize pool the full amount assessed for a ticket sold at the uniform price.

19.4 CLAIMS

- A. A ticket shall be the only proof of a game play or plays, and the submission of a winning ticket to the issuing Party Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A play slip, and/or a terminal-produced paper receipt, have no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

19.5 CANCELLATIONS PROHIBITED

- A. A ticket may not be voided or canceled by returning the ticket to the Retailer or to the Lottery, including tickets that are printed in error. No ticket, which can be used to claim a prize, shall be returned to the

Lottery for credit. Tickets accepted by Retailers as returned tickets and which cannot be re-sold shall be deemed owned by the bearer thereof.

19.6 PLAYER RESPONSIBILITY

- A. It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. The placing of plays is done at the player's own risk through the on-line Retailer, who is acting on behalf of the player in entering the play or plays.

19.7 ENTRY OF PLAYS

- A. Plays may only be entered manually using the Lottery terminal keypad or touch screen, or by means of a play slip provided by the Party Lottery and hand-marked by the player, or by other such means approved by the Party Lottery.
- B. Retailers shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Party Lottery.
- C. Retailers shall not permit any device to be connected to a Party Lottery terminal to enter plays, except as approved by the Party Lottery.
- D. Subscription plays may be registered by the Lottery at a Lottery processing site which meets the requirements established by the Product Group and the Security and Integrity Committee.

19.8 GRAND PRIZE ACCOUNT

- A. Each Party Lottery shall transfer to the MUSL in trust an amount as determined by the MUSL and the Product Group to be its total proportionate share of the prize account less actual low-tier prize liability. If this results in a negative amount, the MUSL central office shall transfer funds to the Party Lottery. If a Party Lottery's share exceeds its statutorily mandated prize payout, the MUSL may adjust the transfer amounts over a period of time to permit the payment of the Party Lottery's full share in a manner complying with the Party Lottery's prize payout statute.
- B. Grand Prize amounts held by MUSL shall be transferred to the Party Lottery immediately after the Party Lottery validates the prize claim and after MUSL has collected the prize pool shares from all member lotteries.
- C. All funds to pay a Grand Prize and a Match 5 Bonus Prize that go unclaimed shall be returned to Party Lotteries in proportion to sales by Party Lotteries for the Grand Prize or Match 5 Bonus Prize in question

after the claiming period set by the Party Lottery selling the winning ticket expires.

19.9 PRIZE POOL

- A. The prize pool for all prize categories shall consist of fifty percent (50%) of each drawing period’s sales, including tax, after the prize reserve accounts are funded to the amounts set by the Product Group. Any amount remaining in the prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with State Law.

19.10 PRIZE RESERVE ACCOUNT

- A. An amount equal to up to two percent (2%) of a Party Lottery’s sales, including tax, shall be deducted from a Party Lottery’s Grand Prize Pool and placed in one or more Prize Reserve Accounts until the Party Lottery’s share of the Prize Reserve Accounts reach the amounts designated by the Product Group. Once the Party Lottery’s share of the Prize Reserve Accounts exceeds the designated amounts, the excess shall become part of the Grand Prize Pool. The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the Prize Reserve Accounts. The shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the Prize Reserve Account as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. Any amount remaining in a prize reserve account at the end of this game shall be carried forward to a replacement Prize Reserve Account or expended in a manner as directed by the Product Group in accordance with State Law.

19.11 EXPECTED PRIZE PAYOUT PERCENTAGES

- A. The Grand Prize shall be determined on a pari-mutuel basis. Except as provided for in these rules, all other prizes awarded shall be paid as set cash prizes with the following expected prize payout percentages:

<u>Number of Matches Per Play</u>	<u>Prize Payment</u>	<u>Prize Pool% Allocated to Prize</u>
5+1	Grand Prize	60.5771%
5+0	\$200,000	11.2246%
4+1	\$ 10,000	3.4221%
4+0	\$ 100	1.4031%
3+1	\$ 100	1.6768%
3+0	\$ 7	4.8125%
2+1	\$ 7	1.8781%
1+1	\$ 4	6.3049%
0+1	\$ 3	8.7008%

When the Grand Prize reaches a new high level, the Prize Pool Percentage allocated to the Grand Prize shall be reduced to that percentage needed to fund the maximum Grand Prize increase as determined by the Group, with the remainder funding the Match 5 Bonus Prize category.

- B. The prize money allocated to the Grand Prize category shall be divided equally by the number of game boards winning the Grand Prize.
- C. The prize pool percentage allocated to the set prizes (the cash prizes of two hundred thousand dollars (\$200,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw. If the total of the set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund the set prizes awarded shall be drawn from the following sources, in the following order:
 - 1. The amount allocated to the set prizes and carried forward from previous draws, if any; an amount from the set prize reserve account, if available, not to exceed twenty-five million dollars (\$25,000,000.00) per drawing. If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded, then the highest set prize shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prizes shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages.
 - 2. The prize money allocated to the Match 5 Bonus Prize shall be divided equally by the number of game boards winning the Match 5 prize when a game board wins the new high jackpot amount.

19.12 PROBABILITY OF WINNING

- A. The following table sets for the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in PowerBall®

<u>Matches Per Ticket</u>	<u>Probability Winners</u>	<u>Distribution Probability</u>	<u>Probable/Set Prize Amount</u>
5+1	1	1:146,107,962.0000	Grand Prize
5+0	41	1:3,563,608.8293	\$200,000
4+1	250	1:584,431.8480	\$ 10,000
4+0	10,250	1:14,254.4353	\$ 100
3+1	12,250	1:11,927.1806	\$ 100
3+0	502,250	1:290.9068	\$ 7
2+1	196,000	1:745.4488	\$ 7
1+1	1,151,500	1:126.8849	\$ 4
0+1	2,118,760	1:68.9592	\$ 3
Overall:	3,991,302	1:36.6066	

19.13 PRIZE PAYMENT

- A. Grand Prizes shall be paid at the election of the player made no later than sixty (60) days after the player becomes entitled to the prize, with either a per winner annuity or cash payment. If the payment election is not made at the time of purchase and is not made by the player within sixty (60) days after the player becomes entitled to the prize, then the prize shall be paid as an annuity prize.
- B. An election for an annuity payment made by a player before ticket purchase or by system default or design may be changed to a cash payment at the election of the player until the expiration of sixty (60) days after the player becomes entitled to the prize.
- C. The election to take the cash payment may be made at the time of the prize claim or within sixty (60) days after the player becomes entitled to the prize. An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn, or otherwise changed.
- D. Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize Pool equally among all winners of the Grand Prize. Winner(s) who elect a cash payment shall be paid their share(s) in a single cash payment. The annuitized option prize shall be determined by multiplying a winner's share of the Grand Prize Pool by the MUSL annuity factor. The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved brokers made after it is determined that the prize is to be paid as an annuity prize or after the expiration of sixty (60) days after the winner becomes entitled to the prize.
- E. Neither MUSL nor the Party Lotteries shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the

actual amount purchased after the prize payment method is actually known to MUSL. In certain instances announced by the Product Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to the Funding of Guaranteed Prizes. If individual shares of the cash held to fund an annuity is less than two hundred fifty thousand dollars (\$250,000.00), the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand Prize Pool.

- F. All annuitized prizes shall be paid annually in thirty (30) graduated payments (increasing each year) by a rate determined by the Product Group. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000.00). Annual payments after the initial payment shall be made by the Lottery on the anniversary date or if such date falls on a non-business day, then the first business day following the anniversary date of the selection of the jackpot winning numbers. Funds for the initial payment of an annuitized prize or the lump sum cash prize shall be made available by MUSL for payment by the Party Lottery no earlier than the fifteenth (15th) calendar day (or the next banking day if the fifteenth (15th) day is a holiday) following the drawing. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the Party Lotteries. A State may elect to make the initial payment from its own funds after validation, with notice to MUSL.
- G. In the event of the death of a Lottery winner during the annuity payment period, the Product Group, in its sole discretion, upon the petition of the Estate of the Lottery winner (the "Estate") to the Lottery of the state in which the deceased Lottery winner purchased the winning ticket, and subject to federal, state, or district applicable laws, may accelerate the payment of all of the remaining Lottery proceeds to the Estate. If the Product Group makes such a determination, then securities and/or cash held to fund the deceased Lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Product Group.

19.14 LOW-TIER PRIZES

- A. All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash through the Party Lottery, which sold the winning ticket(s). A Party Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

19.15 PRIZES ROUNDED

- A. Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding

mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners. Prizes other than the Grand Prize under these rules may become single-payment, pari-mutuel prizes, or may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

19.16 ROLLOVER

- A. If the Grand Prize is not won in a drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize Pool for the following drawing. If a new high Grand Prize is not won in a drawing, the prize money allocated for the Match 5 Bonus Prizes shall roll over and be added to the Match 5 Bonus Prize Pool for the following drawing.

19.17 FUNDING OF GUARANTEED PRIZES

- A. The Product Group may offer guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount between drawings or make other changes in the allocation of prize money where the Product Group finds that it would be in the best interest of the game.
- B. If a minimum Grand Prize amount or a minimum increase in the Grand Prize amount between drawings is offered by the Product Group, then the Grand Prize shares shall be determined as follows. If there are multiple Grand Prize winners during a single drawing, each selecting the annuitized option prize, then a winner's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winners.
- C. If there are multiple Grand Prize winners during a single drawing and at least one of the Grand Prize winners has elected the annuitized option prize, then the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize.
- D. If no winner of the Grand Prize during a single drawing has elected the annuitized option prize, then the amount of cash in the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount divided by the average annuity factor of the most recent three (3) best quotes provided by MUSL's pre-approved qualified brokers submitting quotes. In no case, shall quotes be used which are more than two (2) weeks old; and if less than three (3) quotes are submitted, then MUSL shall use the average of all quotes submitted. Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in these rules. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in these rules becomes necessary.

19.18 LIMITED TO HIGHEST PRIZE WON

- A. The holder of a winning ticket may win only one (1) prize per board in connection with the winning numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

19.19 CLAIM PERIOD

- A. Prize claims shall be submitted within the period set by the Party Lottery selling the ticket. If no such claim period is established, all Grand Prize claims shall be made within one hundred eighty (180) days after the drawing date.
- B. All funds to pay a Grand Prize and a Match 5 Bonus Prize that go unclaimed shall be returned to Party Lotteries in proportion to sales by Party Lotteries for the Grand Prize or Match 5 Bonus Prize in question after the claiming period set by the Party Lottery selling the winning ticket expires.

19.20 GRAND PRIZE MAXIMUM INCREASE/MATCH 5 BONUS PRIZES

- A. When the Grand Prize is projected to reach a new high annuitized amount, the maximum amount to be allocated to the Grand Prize Pool from the Grand Prize percentage shall be the previous high amount plus twenty-five million dollars (\$25,000,000.00) (annuitized) or as set by the Group. Any amount of the Grand Prize percentage, which exceeds the twenty-five million dollar (\$25,000,000.00) (annuitized) increase, shall be added to the Match 5 Bonus Prize Pool. The Match 5 Bonus Prize Pool is hereby created and shall accumulate until the Grand Prize is actually won, at which time the Match 5 Bonus Prize Pool shall be divided equally by the number of game boards winning the Match 5 prize. If there are no Match 5 winners on the draw when the new high Grand Prize is won, the Match 5 Bonus Prize Pool shall be divided equally by the number of game boards winning the Match 4+1 prize.

19.21 TICKET VALIDATION

- A. To be a valid ticket and eligible to receive a prize, a ticket shall satisfy all the requirements established by a Party Lottery for validation of winning tickets sold through its on-line system and any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for tickets, which are altered in any manner.

19.22 TICKET RESPONSIBILITY

- A. Until such time as a signature or, if permitted by state or district law, a mark or printed name is placed on a ticket in the area designated for signature, mark, or name, a ticket shall be owned by the bearer of the ticket. When a signature, mark, or name is placed on the ticket in the place designated, the person whose signature, mark, or name appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements listed in Rule No. 19.21, "Ticket Validation", and state or district law) to any prize attributable thereto.
- B. The manner of payment of prizes for valid winning tickets bearing multiple signatures, marks, or names shall be determined by the rules of the Party Lottery making the prize payment.
- C. The Product Group, the MUSL, and the Party Lotteries shall not be responsible for lost or stolen tickets.

19.23 INELIGIBLE PLAYERS

- A. A ticket or share for a MUSL game issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such ticket or share shall not be paid to:
 - 1. a MUSL employee, officer, or director;
 - 2. a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;
 - 3. an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account, and all partners, shareholders, or owners in the local office of the firm;
 - 4. an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described above and residing in the same household;
 - 5. those persons designated by a Party Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game.

19.24 APPLICABLE LAW

- A. In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the ticket was purchased.

19.25 SPECIAL GAME RULES-POWERBALL® POWERPLAY® PROMOTION

- A. The PowerBall® Power Play® promotion is a limited extension of the PowerBall® game and is conducted in accordance with the PowerBall® game rules and other Lottery rules applicable to the PowerBall® game except as may be amended herein. The promotion will begin at a time announced by the Party Lottery and will continue until discontinued by the Lottery. The promotion will offer to the owners of a qualifying play a chance to multiply the amount of any of the eight lump sum Set Prizes (the lump sum prizes normally paying three dollars (\$3.00) to two hundred thousand dollars (\$200,000)) won in a drawing held during the promotion. The Grand Prize jackpot is not a Set Prize and will not be multiplied. Match 5 Bonus Prizes are awarded independent of the Power Play® option and are not multiplied by the Power Play® Multiplier.
- B. A qualifying play is any single PowerBall® play for which the player pays an extra dollar for the Power Play® option play and which is recorded at the Party Lottery's central computer as a qualifying play.
- C. A qualifying play which wins one of the eight (8) lump sum Set Prizes will be multiplied by the number selected (two (2) through five (5)), in a separate random Power Play® drawing announced during the official PowerBall® drawing.
- D. MUSL will conduct a separate random Power Play® drawing and announce results during each of the regular PowerBall® drawings held during the promotion. During each PowerBall® drawing, a single number from a series of sixteen (16) numbers will be selected. The numbers available for selection are 2, 2, 2, 2, 3, 3, 3, 3, 4, 4, 4, 4, 5, 5, 5.
- E. The prize pool for all prize categories shall consist of up to forty-nine and three tenths percent (49.3%) of each drawing period's sales, including tax, after the PowerBall® Prize Reserve Accounts are funded to the amounts set by the Product Group. Any amount remaining in the prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with state law.
- F. An additional one and one-half percent (1.5%) of sales, including tax, may be collected and placed in trust in one (1) or more prize reserve accounts until the Prize Reserve Accounts reach the amounts designated by the Product Group.
- G. Except as provided in these rules, all prizes awarded shall be paid as lump sum Set Prizes. Instead of the PowerBall® Set Prize amounts, qualifying Power Play® plays will pay the amounts shown below when matched with the Power Play® number drawn.

<u>Match</u>	PowerBall®		Power Play® Amounts			
	<u>Prize</u>	<u>5X</u>	<u>4X</u>	<u>3X</u>	<u>2X</u>	
5+0	\$200,000	\$1,000,000	\$800,000	\$600,000	\$400,000	
4+1	\$ 10,000	\$ 50,000	\$ 40,000	\$ 30,000	\$ 20,000	
4+0	\$ 100	\$ 500	\$ 400	\$ 300	\$ 200	
3+1	\$ 100	\$ 500	\$ 400	\$ 300	\$ 200	
3+0	\$ 7	\$ 35	\$ 28	\$ 21	\$ 14	
2+1	\$ 7	\$ 35	\$ 28	\$ 21	\$ 14	
1+1	\$ 4	\$ 20	\$ 16	\$ 12	\$ 8	
0+1	\$ 3	\$ 15	\$ 12	\$ 9	\$ 6	

In certain rare instances, the PowerBall® Set Prize amount may be less than the amount shown. In such case, the Power Play® prizes will be a multiple of the new PowerBall® prize amount. For example, if the Match 5 PowerBall® Set Prize amount of two hundred thousand dollars (\$200,000.00) becomes twenty-five thousand fifty dollars (\$25,050.00) under the rules of the PowerBall® game, then a Power Play® player winning that prize amount where a “5” has been drawn would win one hundred twenty-five thousand two hundred fifty dollars (\$125,250.00) (\$25,050.00 x 5).

- H. The following table sets forth the probability of the various Power Play® numbers being drawn during a single PowerBall® drawing.

Power Play® <u>Number</u>		<u>Probability of Prize Increases</u>
5X	Prize Won Times 5	1 in 4
4X	Prize Won Times 4	1 in 4
3X	Prize Won Times 3	1 in 4
2X	Prize Won Times 2	1 in 4

Power Play® does not apply to the PowerBall® Grand Prize or to any Match 5 Bonus Prize.

- I. The prize pool percentage allocated to the Power Play® Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw.
- J. If the total of the original PowerBall® Set Prizes and the multiplied Power Play® Set Prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the multiplied Set Prizes) awarded shall be drawn from the following sources, in the following order – if the amount allocated to the Set Prizes and carried forward from previous draws, if

any; an amount from the PowerBall® Set Prize Reserve Account, if available in the account, not to exceed twenty-five million dollars (\$25,000,000.00) per drawing. If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including multiplied prizes), then the highest Set Prize (including the multiplied prizes) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize, including the multiplied prize, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages.

- K. All Power Play® prizes shall be paid in one lump sum through the Party Lottery that sold the winning ticket(s). A Party Lottery may begin paying Power Play® prizes after receiving authorization to pay from the MUSL central office.
- L. Prizes, which, under these rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

MULTI-JURISDICTION WIDE-AREA PROGRESSIVE GAME – CA\$HOLA

19.26 DEFINITIONS

- A. The following definitions apply unless the content requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group.
 - 1. “Base Game Prize” means all other prizes except the Grand Prize that are advertised to be paid on a Ca\$hola designated Video Lottery Terminal (VLT) as established by the Party Lottery.
 - 2. “MUSL” means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.
 - 3. “MUSL Board” means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery.
 - 4. “MWAP” means the Multi-Jurisdiction Wide-Area Progressive Game” multi-jurisdiction progressive grand prize (jackpot) game

offered in conjunction with a base Video Lottery game administered by the MUSL Video Lottery Game Group (VLGG).

5. “Party Lottery” means the State Lottery or Lottery of a political subdivision or entity which has joined the MUSL and, in the context of these Product Group Rules, has joined in offering the Ca\$hola game.
6. “Qualifying Wager” or “Qualifying Play” shall mean a single play on a Ca\$hola designated VLT for two dollars and twenty-five cents (\$2.25). Cumulative play on a Ca\$hola designated VLT totaling two dollars and twenty-five cents (\$2.25) shall not be a qualifying wager.
7. “Venue” means an establishment authorized by a Party Lottery to offer the Ca\$hola game.
8. “VLT” shall mean a Video Lottery Terminal, which is a device authorized by a Party Lottery to function in an on-line, interactive mode with the Lottery’s jackpot management system for the purpose of offering play of Video Lottery games.
9. “Winning Combination” shall mean five (5) Ca\$hola symbols aligning on a designated winning formation on a Ca\$hola designated VLT when a qualifying wager has been made.

19.27 GAME DESCRIPTION

- A. Ca\$hola is a multi-jurisdiction progressive Grand Prize (jackpot) game offered in conjunction with a base Video Lottery game. The base Video Lottery game prizes and payouts operate independent of the Ca\$hola game.
- B. The Ca\$hola Grand Prize game is won when a Winning Combination of Ca\$hola symbols align in a designated winning formation on a Ca\$hola designated VLT when a qualifying wager has been made.
- C. The Ca\$hola game shall be offered continuously during the operational hours of Party Lottery venues.
- D. When the Ca\$hola Grand Prize is won, the Grand Prize is paid out at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on an annuitized basis or as a cash lump sum payment of the total cash held for this prize pool.

- E. All other prizes offered on a Ca\$hola designated VLT operate independently of the Ca\$hola game and shall be operated and paid in accordance with Party Lottery rules.
- F. To play Ca\$hola, a player shall make a qualifying wager of two dollars and twenty-five cents (\$2.25) on a single play on a Ca\$hola designated VLT. If the winning combination of Ca\$hola symbols aligns, that player has won the Ca\$hola Grand Prize.

19.28 CLAIMS

- A. The player playing the Ca\$hola game on a Ca\$hola participating VLT, which has the proper Grand Prize symbol alignment at the time of the Grand Prize win, shall be the sole winner of the Ca\$hola Grand Prize.
- B. Verification of the winning Ca\$hola prize and player shall be through verification of the VLT or venue-dispensed Ca\$hola Grand Prize claim ticket (if applicable), the Ca\$hola Jackpot Management System (JMS), venue security videotape, and venue employee witnesses as prescribed by the Party Lottery.

19.29 GRAND PRIZE AMOUNT

- A. In the event that a Ca\$hola Grand Prize is won, the amount won shall be the amount as recorded on the Ca\$hola JMS, regardless of whether that amount recorded on the JMS is accurately reflected on the Ca\$hola jackpot signage or Ca\$hola jackpot meters.
- B. If a Ca\$hola jackpot is won following another Ca\$hola jackpot win, but before the jackpot signage has been reset, the subsequent Ca\$hola jackpot amount shall be the reset jackpot amount as recorded on the JMS.

19.30 PLAYER RESPONSIBILITY

- A. It shall be the sole responsibility of the player to verify the accuracy of the game play. The placing of plays is done at the player's own risk through the Ca\$hola VLT at the venue.

19.31 ENTRY OF PLAYS

- A. Plays may only be entered manually by the player using the Ca\$hola VLT or by such other means approved by the Party Lottery.

19.32 PRIZE POOL

- A. The prize pool for the Ca\$hola Grand Prize shall consist of four percent (4%) of each Ca\$hola play, after the Prize Reserve Accounts are funded to the amounts set by the Product Group.
- B. Any amount remaining in the prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with state law.

19.33 PRIZE RESERVE ACCOUNTS

- A. An amount equal to up to one and one half percent (1.5%) of Ca\$hola play shall be deducted from a Party Lottery's Grand Prize Pool and placed in trust in the Prize Reserve Account until the Party Lottery's share of the Prize Reserve Account reaches the amounts designated by the Product Group.
- B. Once the Party Lottery's share of the Prize Reserve Account exceeds the designated amounts, the excess shall first be used to repay the Party Lottery(ies) for their initial Prize Reserve Account contributions, and then to repay the Party Lottery(ies) for any additional extraordinary jackpot contribution requirements, and after those have been paid shall become part of the Grand Prize pool.
- C. The Product Group, with the approval of the Finance and Audit Committee may establish a maximum balance for the prize reserve account.
- D. The Product Group may determine to expend all or a portion of the funds in the accounts for the payment of prizes or special prizes in the game; subject to the approval of the Finance and Audit Committee.
- E. The shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the Prize Reserve Account as may be needed to maintain the approved maximum balance and share of the Party Lotteries.
- F. Any amount remaining in a Prize Reserve Account at the end of this game shall be carried forward to a replacement Prize Reserve Account or expended in a manner as directed by the Product Group in accordance with state law.

19.34 PROBABILITY OF WINNING

- A. The probability of winning the Ca\$hola Grand Prize on a single qualifying wager is one in seven million (1:7,000,000).

19.35 PRIZE PAYMENT

- A. Grand Prizes shall be paid, at the election of the Grand Prize winner at the time of prize claim, with either an annuity or cash payment. If the payment election is not made by the Grand Prize winner, then the prize shall be paid as an annuity prize.
- B. An election made at the time of prize claim is final and cannot be revoked, withdrawn, or otherwise changed.
- C. The annuitized option prize shall be determined by multiplying the Grand Prize pool by the MUSL annuity factor. The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved borrowers made after it is determined that the prize is to be paid as an annuity prize.
- D. Neither MUSL nor the Party Lotteries shall be responsible or liable for changes in the advertised or estimated annuity prize amount, and the actual amount purchased after the prize payment method is actually known to MUSL. In certain instances announced by the Product Group, the Grand Prize shall begin with a starting seed amount determined pursuant to Rule 19.37.
- E. All annuitized prizes shall be paid annually in thirty (30) payments with the initial payment being made in cash, to be followed by twenty-nine (29) payments funded by the annuity. All annuitized prizes shall be paid annually in thirty (30) equal payments. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000.00).
- F. Annual payments after the initial payment shall be made by the Party Lottery or the venue where the Grand Prize was won (at the election of the Party Lottery) on the anniversary date or if such date falls on a non-business day, then the first business day following the anniversary date of the Grand Prize winning Ca\$hola play.
- G. Funds for the initial payment of an annuitized prize or the lump sum cash prize shall be made available by MUSL for payment by the Party Lottery or the venue where the Grand Prize was won (at the election of the Party Lottery) no earlier than the Tuesday following the Friday after the close of the Party Lottery's business week (or the next banking day if Tuesday is a holiday) following the prize claim win.
- H. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the Grand Prize pool is sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the Party Lotteries.

- I. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.
- J. In the event of the death of a Lottery winner during the annuity payment period, the Product Group, in its sole discretion, upon the petition of the estate of the Lottery winner (the "Estate") to the Lottery of the state in which the deceased Lottery winner made the winning Ca\$hola play, and subject to federal, state, or district applicable law, may accelerate the payment of all of the remaining Lottery proceeds to the Estate. If the Product Group makes such a determination, then securities and/or cash held to fund the deceased Lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Product Group.

19.36 PRIZE ROUNDED

- A. Annuitized payments of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners.

19.37 ROLLOVER

- A. The Grand Prize shall continue to accumulate until finally won or the game is discontinued by the Party Lotteries.

19.38 GRAND PRIZE SEEDING

- A. The Product Group may start Grand Prize jackpots with a seed amount. The seed amount shall be withdrawn from the Prize Reserve Account. If the Prize Reserve Account is insufficient to fund the starting seed amount, each Party Lottery shall make an equal extraordinary Prize Reserve Account contribution sufficient to fund the starting seed amount.

19.39 PRIZE CLAIM PERIOD

- A. Prize claims shall be submitted within the period set by the Party Lottery selling the qualifying play.

19.40 QUALIFYING PLAY VALIDATION

- A. To be valid, a winning Ca\$hola Grand Prize play must satisfy all validation requirements established by a Party Lottery and any other validation requirements adopted by the Product Group, the MUSL Board, and published as the Confidential MUSL Minimum Game Security Standards.

19.41 INELIGIBLE PLAYERS

- A. The Ca\$hola game shall not be played by, and a prize won by participation in the Ca\$hola game shall not be paid to:
1. a MUSL employee, officer, or director,
 2. a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures,
 3. an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm, or
 4. an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (1), (2), and (3) and residing in the same household.
- B. Those persons designated by a Party Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game.

19.42 APPLICABLE LAW

- A. In playing the Ca\$hola game, the participant agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the qualifying play was purchased.

CHAPTER TWENTY

VIDEO LOTTERY GAMES

20.1 VIDEO LOTTERY GAMES

- A. The following definitions shall apply to this Chapter:
1. “Approved Video Lottery Retailer” or “Retailer” means a pari-mutuel licensee approved by the Director to become a licensed Video Lottery Retailer.
 2. “Background Investigation” means the security and financial investigation by the Division or its designee of an applicant to be the Central Communications System Provider, a Technology Provider or an Approved Video Lottery Retailer.
 3. “Bonds” means bonds that all contractors must provide, as the Director shall require from time to time and in such amounts and issued by such companies, as the Director shall approve.
 4. “Capitalized Terms” means that unless otherwise defined, each capitalized term in these Rules and Regulations shall have the meaning given such term in the Rhode Island General Laws, Section 42-61.2-1, or in these Rules and Regulations.
 5. “Cash Slip” means the receipt issued from a Terminal for the payment by a Retailer of Credits.
 6. “Central Computer System Hardware” shall mean the hardware to support all required Video Lottery Terminals. The Central Computer System Provider will provide additional hardware if and when such becomes necessary to support all required Video Lottery Terminals, and as such additional hardware is provided, it shall also be “Central Computer System Hardware.”
 7. “Central Computer System Provider” (CCSP) means a person with whom the Division has contracted for the purpose of providing and maintaining a Central Communication System and the related facilities management services with respect to and servicing the terminals.
 8. “Central Site” shall mean the site where the Video Lottery Central Computer System shall be located, which shall be at the Division’s existing Data Center located at 1425 Pontiac Avenue, Cranston, Rhode Island.

9. "Certification" means the authorization by the Division in accordance with its inspection and approval process of Terminals and Video Games.
10. "Communications Network Equipment" shall mean the equipment necessary to support all required Video Lottery Terminals. CCSP will provide additional equipment if and when such equipment becomes necessary to support all required Video Lottery Terminals, and as such additional equipment is provided, it shall also be "Communications Network Equipment."
11. "Confidential Information" shall have the meaning given the term in any contractual agreements entered into by the Division.
12. "Credit" or "Video Lottery Credit" means the opportunity provided to a player to play a video game or redeem the credit for cash.
13. "Decal" means the stamp, which is displayed upon terminals that have been certified by the Division.
14. "Director" means the Director of Lotteries established by Rhode Island General Law 42-61-3.
15. "Display" means the visual presentation of video game feature shown on the screen of a terminal.
16. "Division" means the State Lottery Division established within the Department of Revenue under the provisions of Chapter 42-61 §42-61-1.
17. "Evaluation Committee" means the Committee described in Section 20.3 C hereof that shall make recommendations to the Director as to the selection of the CCSP and the licensing of Technology Providers.
18. "In-State Progressive Game" means a progressive grand prize (jackpot) game offered at the two Facilities in Rhode Island in conjunction with a base Video Lottery game.
19. "Insurance" means insurance that all contractors must provide as the Director shall require from time to time and in such amounts issued by such companies, as the Director shall approve.
20. "Lottery" means the activities authorized by Rhode Island General Laws 42-61-1 et seq. as carried out by the Director, the Division, and its officers and employees.

21. “Multi-Jurisdiction Wide-Area Progressive Game” (MWAP) means a multi-jurisdiction progressive grand prize (jackpot) game offered in conjunction with a base Video Lottery game. See Chapter 19 of these Rules and Regulations for game description, wagering, and payoff.
22. “Net Terminal Income” means an amount equal to total currency placed into a Terminal less total credits issued from that Terminal redeemable for cash by players.
23. “Pari-Mutuel Licensee” means any entity licensed and authorized to conduct dog racing, pursuant to Rhode Island General Laws 41-3.1-1 et seq.; and any entity qualified as a pari-mutuel licensee pursuant to Rhode Island General Laws 41-7-1 et seq.
24. “Person” means and includes an individual, general partnership, limited partnership, corporation, or other legal entity.
25. “Player” means a natural person who has attained the age of eighteen (18) who plays a video game.
26. “Premises” means the building and grounds occupied by a pari-mutuel licensee including those areas not normally open to the public.
27. “Progressive Game” means a game where a percentage of every wager played on a progressive game is contributed to a growing jackpot prize amount. Factors affecting the jackpot amount are the contribution percent, player participation, and the structure of the hit probability.
28. “Simultaneous Win” means a second player hitting the In-State progressive jackpot within five (5) seconds of the first winner, as recorded by the Central Computer System.
29. “Software” shall mean the CCSP software, all documentation related thereto, all updates, enhancements, and modifications of either, and all additional CCSP software and related documentation that CCSP may provide to the Division during the term of this agreement for use in connection with the Video Lottery Central Computer System.
30. “Technology Provider” means a person licensed by the Division to provide Terminals and with whom the Division has entered into an agreement to provide Terminals.
31. “Terminal” means any electronic computerized video game machine that upon insertion of cash or tokens enables a player to play a

32. "Video Game" means any game authorized by the Director such as a variation of poker, blackjack, pull tabs, instant, line-up or progressive games which can be varied at the Director's discretion.
33. "Video Game Event Outcome" means the result of a video game achieved by a player at a Terminal.
34. "VLCC System" shall mean, collectively, the Central Computer System Hardware, the communications network equipment, the validation and management terminals and the software.

20.2 APPROVAL OF RETAILERS

- A. Any pari-mutuel licensee desiring to obtain approval as a Retailer shall apply to the Division on forms specified by the Director from time to time. Such application form shall require the pari-mutuel licensee to furnish the following:
 1. the pari-mutuel licensee's legal name, form of entity (e.g. general or limited partnership, corporation, etc.), the names, addresses, social security numbers and dates of birth of its stockholders (other than a holder of less than five percent (5%) of the issued and outstanding capital stock if such stock is publicly traded), directors, officers, partner, or other owner, and principal supervisory employees;
 2. certified copies of its charter or partnership agreement;
 3. the name, address, social security number, or employer identification number, and date of birth of the record owner of the premises, the information required by Number 1 above with respect to all persons having an ownership interest in the premises and copies of all agreements pursuant to which the pari-mutuel licensee occupies the premises, copies of all documents relating to the premises including, without limitation, all mortgages, deeds of trust, bonds, debentures, pledges of corporate stock and voting trust agreements;
 4. the information required by Number 1 as to any operator or any business conducted by such pari-mutuel licensee and any other contractor of such pari-mutuel licensee which has received compensation from such pari-mutuel licensee in excess of fifty

thousand dollars (\$50,000.00) in any of the three (3) preceding fiscal years together with a copy of all agreements between such pari-mutuel licensee and such operator or contractor and a statement of all compensation paid to such operator or contractor;

5. copies of the pari-mutuel licensee audited financial statements for the preceding three (3) fiscal years and a copy of internally prepared financial statements for the current fiscal year as at the close of the most recent fiscal quarter;
 6. copies of all insurance policies insuring the pari-mutuel licensee and the premises;
 7. such other information as the Director may require.
- B. The Director shall cause a background investigation to be conducted with respect to the pari-mutuel licensee, its officers, directors, stockholders (other than a holder of less than five percent (5%) of the pari-mutuel licensee's issued and outstanding capital stock, if such stock is publicly traded), partners, other owners, and principal supervisory employees, its operators, and major contractors; and with respect to any other person having an ownership interest in the premises, its officers, directors, stockholders, partners, or other owners. Notwithstanding the preceding sentence, the Division, in its discretion, may rely on the results of a substantially similar background investigation performed for the benefit of any department of any state government or any agency, board, or commission thereof. The results of the background investigation must meet the criteria set forth in Section 20.6 and must be satisfactory to the Division, in its sole discretion, prior to the issuance of its approval.
- C. As a condition of the issuance of an approval, the pari-mutuel licensee must agree in writing to abide by the Rules and Regulations of the Division as promulgated from time to time and to the following:
1. The premises of a Retailer shall be open for inspection by authorized Division representatives or by local or state law enforcement personnel whenever the business is open to the public or for a private party.
 2. The Retailer shall not permit any visibly intoxicated person or any person under eighteen (18) years of age to play a video game.
 3. The Retailer shall attend all meetings, seminars, and training sessions required by the Division.
 4. The Retailer shall supervise its employees and their activities to ensure compliance with these Rules and Regulations.

5. The Retailer shall assume responsibility for the proper and immediate redemption of all credits. However, no credits may be redeemed by a person under eighteen (18) years of age.
 6. The Retailer shall provide dedicated power and proper terminal environment in accordance with the specifications of the Division.
 7. The Retailer shall furnish to the Director complete information pertaining to any change in ownership of the Retailer or the owner of the premises (other than a change in ownership by an owner of less than five percent (5%) of the issued and outstanding capital stock of the Retailer or premises owner if such stock is publicly traded) at least one hundred twenty (120) days prior to such transfer; and any such change is subject to the prior approval of the Division.
 8. Every licensed Video Lottery Retailer, authorized by Chapter 61.2 of this title, shall keep conspicuously posted on his/her premises the name and telephone number of a council on problem gambling recognized by an appropriate authority within state government or within the professional field of addiction disorders and a statement of its availability to offer assistance. The Division shall supply each licensee with the required notice.
 9. The Retailer shall submit to the Director a description of his/her system of internal procedures and administrative and accounting controls, which shall conform to the Rules and Regulations of the Division and be otherwise satisfactory to the Director in his/her sole discretion, and such other requirements as shall be specified by the Director.
- D. Upon the determination that a pari-mutuel licensee has satisfied all requirements of law and the Rules and Regulations of the Division, the Director shall issue a written approval of the pari-mutuel licensee as a Retailer.
- E. Any violation of law or of the Rules and Regulations of the Division by a Retailer shall be grounds for limitation, conditioning, restriction, suspension, or revocation of approval of the Retailer by the Division.

20.3 SELECTION OF CENTRAL COMMUNICATIONS SYSTEM

- A. The Division hereby finds that competitive sealed bidding is not a practicable or advisable method of selection of a CCSP in that:
1. because the compensation of the CCSP has been set by statute, specifications cannot be prepared that permit the award on the

basis of either the lowest bid price or the lowest evaluated bid price; and

2. optional offers as to the type and scope of the services to be provided are in the best interest of the Division.
- B. The Division shall issue a request for proposals and qualifications (“RFP&Q”) for the CCSP to a list of known vendors identified by the Director. The RFP&Q shall:
1. include the evaluation factors upon which the award shall be made and their relative importance;
 2. give notice of the possibility that the award may be made on the basis of the initial response;
 3. give notice that responders must submit to a background investigation, the cost of which must be borne by the responder;
 4. indicate that responders may be required to demonstrate a Central Communications System at a mutually agreeable site; and
 5. contain such other information, as the Director deems appropriate.
- C. Responses to the RFP&Q timely received shall be evaluated by an Evaluation Committee of three (3) members appointed by the Director. The Evaluation Committee shall require each responder to furnish the information required in Section 20.4 (B) 4-6 inclusive. The Evaluation Committee shall make a written recommendation to the Director.
- D. Upon receipt of the recommendations of the Evaluation Committee, the Director shall select a CCSP. In such selection, priority may be given to applicants who have demonstrated an ability to perform in accordance with time constraints established by the Division.
- E. Any violation of law or of the Rules and Regulations of the Division by the CCSP shall be grounds for limitation, conditioning, restriction, suspension, or cancellation of the contract between the CCSP and the Division.
- F. The Director shall cause a background investigation to be conducted with respect to the selected CCSP, its officers, directors, stockholders (other than a holder of less than five percent (5%) of the responder’s issued and outstanding capital stock if such stock is publicly traded), partners, or other owners. The results of the background investigation must meet the criteria set forth in Section 20.6 and must be satisfactory to the Director in his/her sole discretion, prior to the award of a contract

to the CCSP. All costs of the background investigation shall be borne by the responder.

- G. The CCSP shall furnish such bonds and provide evidence of such insurance as the Director shall require from time to time in such amounts and issued by such companies, as the Director shall approve.
- H. All terminals must be connected to a Central Communications System capable of providing the Director with auditing and other information of such types and at such intervals as the Director shall deem necessary for the integrity and security of the video game system consistent with the high standards of the Division.
- I. The Central Communications System shall provide a dedicated communications link to the terminals in a continually polling mode and must be capable of validating all cash slips and authorizing payment thereof from a Central Communications System validation file.
- J. CCSP shall design the VLCC System to support up to five thousand (5,000) Video Lottery Terminals, and the CCSP shall install, implement, operate, and maintain, on behalf of the Division, the VLCC System. The Division may employ the services of an independent technical testing laboratory expert to test any part of the Central System at the CCSP's expense.
- K. In the course of performing the functions set forth in Section J above, CCSP shall provide the Division with the following services:
 - 1. CCSP shall define requirements for the central site, accomplish necessary central site improvements, and furnish the central site. Following installation of the VLCC system, CCSP shall operate and maintain the central site;
 - 2. CCSP shall provide a disaster recovery system approved by the Division;
 - 3. CCSP shall provide, or cause to be provided, maintenance services with respect to the Central Computer System hardware, the communications network equipment, the validation and management terminals and the software;
 - 4. CCSP shall provide, or cause to be provided, field service maintenance (i.e., in the field terminal and module swapping and preventative maintenance) with respect to all Video Lottery Terminals connected to the VLCC System, regardless of manufacturer. The total number of such terminals shall be up to five thousand (5,000).

- L. The Division, and not the CCSP, shall determine the quantities, distribution, and placement of Video Lottery Terminals between and within the licensed Video Lottery Retailer locations.
- M. The term of any agreement with the CCSP shall be for an initial period of five (5) years and shall include five (5) one (1) year renewal options. Notice of the Division's intent to extend for the optional year(s) will be provided at least thirty (30) days prior to the end of the initial period/contract.
- N. The Division may terminate any agreement by notice to the CCSP in the event of any of the following:
 - 1. CCSP voluntarily liquidates, enters into receivership, or files a petition under any chapter of the U.S. Bankruptcy Code;
 - 2. CCSP is the subject of an involuntary bankruptcy petition and fails to have such petition dismissed, vacated, voided, or otherwise removed within sixty (60) days after its filing;
 - 3. CCSP breaches a material provision of this agreement and fails to cure such breach within forty-five (45) days after receipt by CCSP of notice specifying such breach; or,
 - 4. Any material statement, representation or warranty intentionally made or furnished by CCSP proves to be materially false or misleading; the Division suffers a loss in relying on such material statement, representation, or warranty; and CCSP fails to remedy such loss within thirty (30) days after receipt from the Division of notice specifying the statement, representation or warranty that was materially false or misleading and the loss suffered as a result.
- O. The Division throughout the term of any agreement with CCSP or any extensions thereof shall have the CCSP maintain insurance coverage, in such amounts as in its discretion is necessary, in the following categories:
 - 1. General Liability Insurance
 - 2. Property Insurance
 - 3. Errors and Omissions Insurance
 - 4. Automobile Liability Insurance
 - 5. Crime Insurance

- P. All bonds and insurance coverage, required under these Rules and Regulations, shall be issued by companies qualified to do business in the State of Rhode Island.
- Q. The Division may enter into an agreement for the assessment of liquidated damages for non-performance or non-compliance with any contractual obligation entered into with the CCSP.
- R. No agreement with the Division may be assigned without the prior written consent of the Division.

20.4 LICENSING OF TECHNOLOGY PROVIDERS

- A. As needed, the Director shall give public notice of the Division's intent to license Technology Providers by advertising in a newspaper of general circulation in Rhode Island and in two (2) trade publications requesting expressions of interest to serve as a Technology Provider.
- B. The Director shall issue a license application to all persons who have made a timely expression of interest to serve as a Technology Provider. The license application shall, among other things:
 - 1. set forth the selection criteria including, without limitation, experience in performing comparable projects, financial stability, technical and management abilities, likelihood of timely performance, maximum revenue generation, ability to pass a background investigation, and capability of interfacing with the selected Central Communications System;
 - 2. give notice that applicants must submit to a background investigation, the cost of which must be borne by the applicant;
 - 3. require the applicant to disclose its legal name, form of entity (e.g. general or limited partnership, corporation, etc.), the names, addresses, social security numbers, and dates of birth of its directors, officers, and stockholders (other than a holder of less than five percent (5%) of the applicant's issued and outstanding capital stock if such stock is publicly traded), partners, other owners, and principal supervisory employees;
 - 4. require the applicant to disclose the names, addresses, and compensation paid to any attorney, retailer, lobbyist, accountant, or other person who has assisted the applicant in its efforts to become a licensed Technology Provider;
 - 5. require the applicant to enclose copies of its audited financial statements for the preceding three (3) fiscal years and a copy of

internally prepared financial statements for the current fiscal year as at the close of the most recent fiscal quarter;

6. require the applicant to disclose the identity of all customers to whom it has furnished video games or other gambling equipment within the three (3) years immediately preceding the date of application;
 7. require the applicant to list all persons with whom the applicant has a communications protocol agreement.
- C. Applications timely received shall be evaluated by the Evaluation Committee, which shall make written recommendations to the Director. The Evaluation Committee shall give priority to applicants who have demonstrated an ability to interface with the selected Central Communications System.
- D. The Director shall cause a background investigation to be conducted with respect to each application for a license, its officers, directors, stockholders (other than a holder of less than five percent (5%) of the applicant's issued and outstanding capital stock if such stock is publicly traded), partners, other owners, and principal supervisory employees. The results of the background investigation must meet the criteria set forth in Section 20.6 and must be satisfactory to the Director in his/her sole discretion prior to the granting of a license. All costs of the background investigation shall be borne by the responder.
- E. Upon receipt of the recommendations of the Evaluation Committee, the Director shall license such Technology Providers as meets the requirements of law and the Division's Rules and Regulations. In making a licensing decision, priority shall be given to those applicants who demonstrate an immediate ability to interface with the selected Central Communications System and to meet the time requirements set by the Division. The Division may limit the number of licensees at any time and from time to time upon finding that it is in the best interest of the Division to do so.
- F. Any violation of law or of the Rules and Regulations of the Division by a licensed Technology Provider shall be the grounds for limitation, continuing, restriction, suspension, or revocation of its license.

20.5 CONTRACTS WITH TECHNOLOGY PROVIDERS

- A. The Director shall enter into contracts with that number of licensed Technology Providers as the Director shall determine; pursuant to which the Technology Providers shall furnish that number of terminals for such video games as the Director shall recommend from time to time based on the needs of the Division.

- B. All contracts with Technology Providers shall include, without limitation, the following provisions:
1. The Technology Provider must furnish a person to work with the Lottery and its consultants to provide assistance as needed in establishing, planning, and executing acceptance tests. Technology Provider assistance may be requested in troubleshooting communication and technical problems that are discovered when terminals are initially placed at the Retailer.
 2. The Technology Provider must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operational manuals, program source codes, and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the Director for purposes of analyzing and testing the terminal. All terminals must be capable of accepting coins, and/or tokens and/or currency. Currency in the denominations of one dollar (\$1.00), five dollars (\$5.00), ten dollars (\$10.00), twenty dollars (\$20.00), fifty dollars (\$50.00) and one hundred dollars (\$100.00) shall be acceptable.
 3. For testing, examination, and analysis purposes, the Technology Provider must furnish working models of a terminal, associated equipment, and documentation at locations designated by the Director. The Technology Provider shall pay all costs of any testing, examination, analysis, and transportation of the terminals. The testing, examination, and analysis of the terminals may include entire dismantling of the terminal and some tests that may result in damage or destruction to one or more electronic components of the terminal. The Division and its Retailers shall have no liability for any such damage or destruction. The Division may require that the Technology Provider provide specialized equipment or the Division may employ the services of an independent technical laboratory expert to test the terminal at the Technology Provider's expense.
 4. Technology Providers must submit all hardware, software, and test equipment necessary for testing of their terminals.
 5. No terminal shall be put into use prior to certification of its model by the Director.
 6. Technology Providers shall agree to promptly report any violation or any facts or circumstances that may result in a violation of these Rules and Regulations; provide immediate access to all its records and its physical premises for inspection at the request of

the Director; attend all trade shows or conferences as required by the Director; provide the Director with keys and locks subject to the Director's specifications for each approved terminal.

7. Technology Providers will provide spare modules (CRT's, printers, bill and coin acceptors, CPU boards, etc.) to the CCSP and provide training on the maintenance of their terminals. Broken modules will be returned to the Technology Provider for repair or replacement on an as-needed basis.
 8. Technology Providers must agree to modify their hardware and software to accommodate video game changes directed by the Division from time to time.
 9. Technology Providers must provide such bonds and provide evidence of such insurance as the Director shall require from time to time and in such amounts and issued by such companies as the Director shall approve.
 10. Technology Providers must be qualified to do business in Rhode Island.
 11. Technology Providers shall be allowed to conduct promotions, including lottery-like promotions, subject to the approval of the Director and those that the Director shall recommend from time to time, based on the convenience and needs of the public.
- C. Each terminal certified by the Director shall bear a decal and must conform to the exact specifications of the terminal model tested and certified by the Director.
- D. No terminal may be transported out of the State until the decal has been removed.
- E. Technology Providers shall be solely liable for any claims, loss, cost, damage, liability, or expense arising out of any hardware or software malfunction resulting in the wrongful award or denial of credits or any error on the cash slip and will hold harmless the Division, the State of Rhode Island, the CCSP, and the applicable Retailer, their respective retailers, employees, officers, and directors.

20.6 GENERAL CRITERIA

- A. No Retailer shall be approved and no contract shall be awarded to the CCSP nor any license issued to a Technology Provider until the Director determines that the proposed Retailer, CCSP, or Technology Provider, as appropriate, meets all the following qualifications:

1. The applicant, its officers, directors, stockholders, partners, other owners, principal supervisory employees, its operator or contractor, as applicable, and any person having an interest in the premises are of good character, honesty, and integrity.
 2. The applicant, its officers, directors, stockholders, partners, other owners, principal supervisory employees, its operator or contractor, as applicable, and any person having an interest in the premises are persons whose backgrounds, including criminal, civil, and financial records, reputation, and associations do not pose a threat to the public interest of the State or to the security and integrity of the Division.
 3. The applicant demonstrates business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made and for this purpose provides the Division a sworn notarized statement that:
 - a. it has not entered, and does not intend to enter, into any joint venture, partnership, or teaming agreement in order to fulfill its obligations, without prior approval of the Director;
 - b. it has not engaged, and does not intend to engage, any subcontractors, without prior approval of the Director;
 - c. it is not acting as a distributor of products manufactured by another entity, without prior approval of the Director;
 - d. it has not entered, and does not intend to enter now or in the future, into any agreement whereunder the proceeds of any agreements with the Division would be shared with one or more other persons or entities, without prior approval of the Director.
 4. The applicant demonstrates adequate financing for the business proposed under the type of contract for which application is made. The Director shall consider whether financing is from a source that meets the qualifications in subdivisions one (1), two (2), and three (3) of this section and is in an amount to ensure the likelihood of success in the performance of the contract.
- B. The Division may deny approval as a Retailer to any pari-mutuel licensee, may refuse to issue a license to any Technology Provider, and may decline to award a contract to a CCSP in the event that the proposed Retailer, Technology Provider or CCSP, or any of their respective officers, directors, shareholders, other owners, partners, principal supervisory employees, its operator or contractor, as applicable:

1. has been convicted of any crime in any jurisdiction;
 2. has been convicted of any gambling offense in any jurisdiction;
 3. is subject to a civil judgment based in whole or in part upon conduct which allegedly constituted a crime, which judgment is not subject to appeal;
 4. failed to disclose any material fact to the Division or its authorized agents during the background investigation or any subsequent background or security investigation;
 5. makes a misstatement or untrue statements of a material fact;
 6. associates with persons of known criminal background, or persons of disreputable character that may adversely affect the general credibility, security, integrity, honesty, fairness, or reputation of the Division.
 7. the Division determines that any aspect of the applicant's past conduct would adversely affect the integrity, security, honesty, or fairness of the Division.
 8. in evaluating whether to deny a Video Lottery game license or contract based on subdivisions one (1), two (2), and three (3) of this section, the Division may consider the following factors:
 - a. the nature and severity of the conduct that constituted the offense or crime;
 - b. the time that has passed since satisfactory completion of the sentence, probation imposed, or payment of fine;
 - c. the number of offenses or crimes; and
 - d. any extenuating circumstances that affect or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Division.
- C. The determination by the Division that a proposed Retailer shall be approved, that a Technology Provider shall be licensed, or that an award shall be made to a CCSP shall be final.

20.7 GAME REQUIREMENTS AND CREDIT PRICE

- A. The Director shall authorize such video games to be played on the premises as it shall determine from time to time shall be in the best interest of the Division.
- B. Video games offered may be based on credits between one cent (\$.01) and one dollar (\$1.00) each, at the discretion of the Director. The amount of the maximum bet for any single video game event outcome shall be set by the Director in his/her discretion. Each video game must display the amount wagered and the amount awarded for each possible winning occurrence based on the number of credits wagered. The percentage payout of each terminal shall be established by the Director from time to time in his/her discretion based on marketing data furnished to the Director by the CCSP. Each video game must provide a method for players to view payout tables.
- C. Retailers shall redeem cash slips presented by a player in accordance with procedures presented by the Retailer and approved by the Director prior to the opening of the premises for video game play. Such procedures may be modified by the Director at any time.
- D. Cash slips may be redeemed by a player:
 - 1. At the designated place on the premises where the video game issuing the cash slip is located during the one (1) year redeeming period commencing on the date the cash slip was issued.
 - 2. No cash slip shall be redeemed more than one (1) year from the date of issuance. Funds reserved for the payment of a cash slip shall revert to the General Fund of the State of Rhode Island one (1) year and one (1) day from the date of issuance of the cash slip.
- E. In the case of a simultaneous win on an In-State progressive game (i.e. a second jackpot win within a five (5) second time period of the first hit, as recorded by the Central Computer System), the jackpot amount shall be paid to both parties. Any hit after the five (5) second time period will pay the new jackpot amount as calculated by the Central Computer System.
- F. In the event of a discrepancy between an In-State progressive game jackpot amount shown on the metered signage and the Central Computer System, the jackpot amount calculated by the Central Computer System shall always prevail.
- G. In the event an MWAP jackpot is won, the amount won shall be the amount as recorded on the jackpot management system, regardless of whether that amount recorded on the jackpot management system is

accurately reflected on the jackpot signage or on the MWAP VLT jackpot meters. See Chapter 19 of these Rules and Regulations for game description, wagering, and payoff.

20.8 ACCOUNTING PROCEDURES

- A. The CCSP shall develop and provide an accounting mechanism for the video game system as a whole, which mechanism shall achieve compliance with the standards of integrity and control established by the Division.
- B. Each Retailer shall submit to the Director a comprehensive program for cash management, which must be approved by the Director prior to commencement of video game play. Such system shall provide, among other things, for the segregation of all funds relating to video games in trust for the Division in such a manner that legal counsel and the Auditor General shall approve to insure that such fund shall at all times remain the sole property of the Division.
- C. Each Retailer, the CCSP, and all Technology Providers shall submit to the Director such financial and operating information as the Director shall require from time to time at such times and in such format as the Director shall specify.
- D. The Division or its designated agents shall have the right to audit the books and records including, without limitation, tax returns, of any Retailer, the CCSP, and each Technology Provider.

20.9 PAYMENT OF PRIZES – SET OFF FOR CHILD SUPPORT DEBTS

- A. The following set off provisions shall apply to the payment of any prize requiring the issuance of Internal Revenue Service Form W-2G by a Video Lottery Retailer to a patron:
 - 1. The Division of Lotteries shall furnish the Retailer with a list or compilation of names of individuals, together with such identifying information, who, as of the date of the list or compilation, have an unpaid child support order in excess of five hundred dollars (\$500.00) shown on the Rhode Island Family Court/Department of Human Service Child Support Enforcement Computer System (CSE System).
 - 2. The Video Lottery Retailer shall set off against the amount due to that person an amount up to the balance of the child support arrearages. Payment shall be made to the Rhode Island Family Court.

3. The Video Lottery Retailer shall pay to this person the remaining balance of the prize amount, if any, after reduction of the amount set off above for child support.

20.10 TRANSPORTATION OF TERMINALS

- A. No person shall ship or transport a terminal into the State without first obtaining a written authorization for transport from the Director. Transporting or shipping into the State means the starting point is outside the State and terminates in the State.
- B. The written authorization required under Subsection A of this Section shall include the:
 1. serial number of each terminal being transported;
 2. full name and address of the person from whom the terminal was obtained;
 3. full name and address of the person and venue to whom the terminal is being sent or transported.
- C. The written authorization shall accompany, at all times, any terminal in transport.