

Retailer Operating Procedures



Issued by The Rhode Island Lottery

Version 26.01 | Effective August 1, 2026

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1. Introduction

The Rhode Island Lottery (“Lottery” and/or “Division”) depends upon a network of Retailers to sell Lottery Tickets (Draw Game Tickets and Instant Tickets) throughout the state. The Lottery / Retailer relationship is extremely important to the Lottery. The Lottery is committed to building and supporting the Retailer network so we all can operate in a manner that maximizes contributions to the state while maintaining the trust and best interest of the citizens. The Lottery also strives to maintain a business-friendly framework and environment, so that Retailers and the Lottery can be successful.

The information contained in this Retailer Operating Procedures document is not intended to be all-inclusive. Rather, it provides a framework for the relationship between the Lottery and the Retailer.

The following documents define the overall expectations and requirements for Retailers:

- Lottery Rules and Regulations
- Retailer Operating Procedures
- Retailer Reference Guides (Retailer Pro and GT28)

In the event of any discrepancies or inconsistency among these documents, the Lottery Rules and Regulations shall prevail.

Failure to comply with the expectations and requirements set forth in these documents may result in suspension or revocation of the Lottery Retailer License.

The Lottery, in its sole discretion, may amend the Retailer Operating Procedures from time to time. The most current version of the Retailer Operating Procedures will be published at www.rilot.com, in the Retailer’s Corner section of the website – easily accessible from the footer. The Lottery may separately create and publish additional policies, procedures, forms and/or directives that are applicable to Retailers, and which are intended to support the Retailer Operating Procedures document.

2. Sales License

2.1 Application and Licensing Requirements

- 1) Individuals seeking to become a Lottery Retailer must fully complete and submit a Retailer License Application along with a non-refundable \$50 application fee in the form of a certified bank check or money order payable to the Rhode Island Lottery. A separate application and fee are required for each location.
- 2) Applicants must comply with criminal background check requirements of the Rhode Island Lottery, as it deems appropriate, including that individuals shall apply to the Bureau of Criminal Identification of the Rhode Island State Police or the Rhode Island Office of the Attorney General for a national criminal records check with fingerprinting. The applicant shall be responsible for the payment of the costs of said criminal records check. The Rhode Island State Police or the Rhode Island Office of the Attorney General, as applicable, shall transmit the results of such criminal records check to the Rhode Island Lottery. Upon receipt by the Rhode Island Lottery, the Rhode Island State Police and the Rhode Island Office of the Attorney General shall promptly destroy said fingerprint record(s).
- 3) Once licensed as a Lottery Retailer, individuals must remain in good standing and maintain their experience, character, and general fitness in a manner consistent with the public interest.
- 4) Biennially, each Lottery Retailer must submit a completed License Renewal Form provided by the Lottery at least (30) days prior to the Lottery Retailer's current license expiration date to avoid service interruption. Late submissions shall incur a \$50 late fee. Lottery Retailers must also notify the Division in writing within five (5) calendar days of any change affecting information provided in the initial application or renewal.
- 5) Lottery Retailers must have and maintain a valid State of Rhode Island Permit to Make Sales at Retail issued by the Rhode Island Division of Taxation.
- 6) Lottery Retailers may be required to achieve a minimum sales requirement established by the Lottery, in the Lottery's sole discretions, within thirteen (13) weeks of being notified by the Lottery that such requirement is being imposed.
- 7) Lottery Retailers must immediately inform the Lottery of any plans to temporarily close your business and provide the dates and times when you plan to be closed and a contact telephone number for the closure period.
- 8) Lottery Retailers seeking a change in ownership must provide written notification to the Lottery at least thirty (30) days prior to any change in ownership. The license is not transferable, and the new owner must complete the Retailer application process.
- 9) Lottery Retailers must provide written notification to the Director at least sixty (60) days prior to relocating the Lottery Retailer location. The Director shall have sole discretion to determine whether the Lottery Retailer license will continue based on the proposed relocation.
- 10) Lottery Retailers must immediately stop selling and redeeming all Lottery Tickets in the event the Lottery terminal is placed in inactive status. Lottery Retailers must contact the Rhode Island Lottery at 401-463-6500 for further assistance.
- 11) Lottery Retailers must return all Instant Tickets and other Lottery Game supplies and equipment in the Retailer's possession upon revocation or termination of the license, as directed by the Lottery, and remain liable for any monies due or owed to the State.

2.2 License Restrictions

- 1) Individuals shall not seek to obtain a Lottery Retailer License to sell Lottery Receive if the sale of Lottery Tickets is the Retailer's only product line or business.
- 2) Lottery Retailers shall not promise, represent, or advertise a Lottery Retailer License as part of the sale or transfer of their business.

3. General Responsibilities

3.1 Retailer Operational Requirements

- 1) Lottery Retailers are responsible for complying with the Retailer Operating Procedures, the Rhode Island Lottery Rules and Regulations, and all State Laws related to Lottery.
- 2) New Lottery Retailers must attend the Division's training program and participate in any periodic training programs offered by the Lottery.
- 3) Lottery Retailers are responsible for ensuring that all current and future employees at their location are properly trained in Lottery operations.
- 4) Lottery Retailers must provide high-quality, respectful service to all Lottery players, including but not limited to providing reasonable answers to player questions. If a Lottery Retailer is unable to answer a player's questions, the Lottery Retailer shall direct the player to contact the Lottery directly at 401-463-6500.
- 5) Within their location, Lottery Retailers must conspicuously post their Lottery Retailer License, the Lottery's "Authorized Retailer" sign, and the name and telephone number of the Problem Gambling Hotline.
- 6) Lottery Retailers are required to maintain an operable customer facing display (Customer Display LCD or Vacuum Fluorescent Display) that is clearly visible to the player at their location.
- 7) Lottery Retailers are responsible and liable for all Instant Tickets delivered to and accepted by the Retailer at their location. Refer to Section 6.1, Instant Ticket Shipments, for additional information.
- 8) Lottery Retailers are responsible and liable for all Draw Game Tickets generated by an employee or agent of the Retailer at their location. Refer to section 7.2, Selling Draw Game / Monitor Game Tickets, for additional information.
- 9) Lottery Retailers must make Lottery Responsible Gambling materials available to players and to any individual who inquiries about Responsible Gambling. These materials may be provided by your Sales Representative and/or may be available on www.rilot.com.

3.2 Retailer Restrictions

- 1) Lottery Retailers shall not sell Lottery Tickets to any person under eighteen (18) years of age.
- 2) Lottery Retailers shall not permit anyone holding an ownership interest in the Retailer to purchase a Monitor Game Ticket (Keno and Bingo) at the location where the owner is authorized to sell or redeem Tickets.
- 3) Lottery Retailers shall not use the Rhode Island Lottery insignia, logo, or trademark, or the name of any Lottery Game without the Lottery's approval.
- 4) Lottery Retailers shall not extend credit or lend money for the purchase of a Ticket. This does not restrict a Lottery Retailers right to sell Tickets by accepting debit cards issued by a bank, savings association, credit union, or credit card company.
- 5) Lottery Retailers shall not display or publish Lottery-related material(s) which may be considered derogatory or adverse to the operation or dignity of the Lottery and/or the State of Rhode Island or fail to remove the material(s) immediately upon request of the Lottery.
- 6) Lottery Retailers shall not accept the return of a purchased Ticket from a purchaser except as provided in the Lottery Rules and Regulations, or with the Lottery's approval.
- 7) Lottery Retailers shall not enter into an agreement or an arrangement with a purchaser who profits from buying Tickets for a third party.

- 8) Lottery Retailers shall not print Draw Game Tickets prior to the time of purchase or sell printed Draw Game Tickets after the time of the selected drawing. Tickets shall only be printed at the time of purchase on behalf of the purchaser, and the purchaser must be physically present at the Retailer location where the ticket is being printed, unless granted permission by the Lottery.
- 9) Lottery Retailers shall not accept a wager and/or purchase by telephone or any other prohibited means.

4. Theft, Loss, or Damage

4.1 Incident Reporting and Security Responsibilities

- 1) Lottery Retailers shall, upon discovery of any theft, loss, destruction, or damage to Lottery items:
 - a. Immediately notify local law enforcement and file a police report. A copy of the police report shall be provided to the Lottery upon request when available.
 - b. Take all reasonable steps to protect remaining Tickets, supplies, and equipment from further damage or loss.
 - c. Report to Lottery and Brightstar Lottery as follows:
 - i. **Tickets:** Immediately notify the Lottery's Finance Department by calling (401) 463-6500 during regular business hours (Monday through Friday, 8:00 a.m. – 4:00 p.m.). If the incident occurs outside of regular business hours, call the Brightstar Lottery Hotline at 1-800-322-3334.
 - ii. **Supplies:** Immediately notify the Lottery's Sales Department by calling (401) 463-6500 during regular business hours (Monday through Friday, 8:00 a.m. – 4:00 p.m.). If the incident occurs outside of regular business hours, call the Brightstar Lottery Hotline at 1-800-322-3334.
 - iii. **Equipment:** Immediately notify the Brightstar Lottery Hotline at 1-800-322-3334. Equipment issues may be reported at any time, 24 hours a day.
- 2) Lottery Retailers shall cooperate with designated Lottery employees, Lottery agents, and law enforcement agencies in the investigation of lost, stolen, altered, or counterfeit Tickets and with respect to any administrative proceeding or lawsuit arising out of the sale, validation, or redemption of any Tickets. This includes providing the Lottery with any video and/or audio evidence available. Retailers are responsible for maintaining their own inventory and assisting in identifying any missing Instant Tickets, no credit will be issued without a police report.
- 3) Lottery Retailers must maintain Instant Ticket inventory records in a manner sufficient to identify and account for any stolen or missing Tickets.
- 4) Lottery Retailers must immediately contact the Brightstar Lottery Hotline at 1-800-322-3334 for any Lottery equipment issues.

4.2 Equipment Restrictions

- 1) Lottery Retailers shall not attempt to perform any mechanical or electrical maintenance or repairs on the equipment, or modifications to the equipment, at the Retailer's location except as authorized by the Lottery.

5. Game and Ticket Integrity

5.1 Integrity Monitoring and Reporting

- 1) Lottery Retailers shall immediately report to the Lottery any knowledge of unlawful or suspicious activities or other improprieties that concern any Lottery Game, any sale of Tickets, or otherwise affect the operation or integrity of the Lottery.
- 2) Lottery Retailers shall direct players with disputes or grievances about Tickets to contact the Lottery for review by calling (401) 463-6500 during regular business hours (Monday through Friday, 8:00 a.m. – 4:00 p.m.).
- 3) Lottery Retailers shall make all Tickets and related Lottery Game supplies and equipment available for inspection by the Lottery and/or its authorized Vendor(s), as requested by the Lottery, to ensure that Tickets and related Lottery Game supplies and equipment are not defaced, scratched, marked, or otherwise lacking in integrity, and that Lottery equipment is in proper working order. The Lottery recognizes that Retailers conduct other business activities at the selling location, and any inspection or investigation conducted by Lottery will be conducted in a manner meant to avoid unnecessary interference with the Retailer's business activities.

5.2 Ticket Condition Restrictions

- 1) Lottery Retailers shall not sell any Instant Tickets that have been defaced or damaged in any way.
- 2) Lottery Retailers shall not sell any Draw Game and/or Monitor Game Tickets that have been defaced or damaged in any way.
- 3) Lottery Retailers shall contact their Sales Representative regarding any defaced or damaged Lottery Tickets.

6. Instant Tickets (Scratch tickets)

6.1 Instant Ticket Shipments

- 1) Lottery Retailers shall provide the Lottery with the name, address, and date of birth of one or more people who are authorized to request and receive delivery of Instant Tickets at each sales location.
- 2) Lottery Retailers shall receive periodic shipments of Instant Tickets, either weekly or biweekly. The number of games and packs in each shipment is based on multiple factors, including recent Retailer sales, current inventory at the Retailer location, new game launches, Retailer requests, etc.
- 3) Lottery Retailers shall contact their Sales Representative or the Instant Ticket Hotline at (401) 463-8665 if additional Instant Tickets are needed.

6.2 Receiving Instant Tickets

- 1) Lottery Retailers shall confirm an Instant Ticket order and acknowledge receipt as soon as possible after receiving the package by scanning the barcode on the receipt into the Lottery terminal.
- 2) Lottery Retailers shall properly and accurately account for all Instant Tickets provided by the Lottery. This includes ensuring that the number of packs received matches the number listed on the receipt. If the counts do not align, the Retailer must contact the Instant Ticket Hotline at (401) 463-8665 immediately.
- 3) Lottery Retailers shall accept and sell only Instant Tickets received from an authorized Lottery Sales Representative and/or the Lottery's authorized delivery service.

6.3 Selling Instant Tickets

- 1) Lottery Retailers shall carry an adequate Instant Ticket inventory in Lottery provided or approved Ticket dispensers, including Instant Ticket Vending Machines, which shall be displayed near a cash register, customer service desk, or other final point of purchase at Retailer's sales location.
- 2) Lottery Retailers shall sell Instant Tickets in the manner prescribed by the Lottery and at the prices established by the Lottery.
- 3) Lottery Retailers shall be responsible for all money they collect from Instant Ticket sales.
- 4) Lottery Retailers shall sell Instant Tickets only from the location to which those Tickets were delivered to the Retailer by the Lottery.

6.4 Returning Instant Tickets

- 1) Lottery Retailers shall return full Instant Ticket packs (no Tickets sold) and partial Instant Ticket packs (one or more Tickets sold) of ended games to their Sales Representative for credit or refund.
- 2) Lottery Retailers shall return non-activated full Instant Ticket packs (no Tickets sold) of non-ended games to their Sales Representative.

6.5 Returning Instant Tickets - Restrictions

- 1) Lottery Retailers shall not return partial Instant Ticket packs (one or more Tickets sold) of non-ended games without Lottery approval.

Additional Conditions:

- a) Instant Ticket packs of ended games that are not returned to the Sales Representative and remain with a Retailer after the game's final validation date, which is one year from the game end date, will no longer be eligible for return, credit, or refund.
- b) Credit authorization or a refund for returned Instant Tickets that are defaced, previously scratched, played, or otherwise damaged will be granted at the sole discretion of the Lottery.

6.6 Credit for Theft, Loss, or Damage

- 1) Lottery Retailers shall be solely responsible for the care, control, and security of all their Instant Ticket inventory.
- 2) Lottery Retailers shall maintain complete and accurate inventory records of all affected Instant Tickets and provide such records to the Lottery upon request.
- 3) Lottery Retailers shall be permitted to petition the Lottery for a refund or a credit against liability for stolen, lost, or damaged Instant Tickets. Any refund or credit shall be at the sole discretion of the Lottery.
- 4) Lottery Retailers shall be permitted to petition the Lottery for a refund or a credit for Instant Tickets lost due to fire, flood, earthquake, or similar hazards. Any refund or credit shall be at the sole discretion of the Lottery.

Lottery Retailers Are Not Eligible for Credit or Refund If:

- 1) Lottery Retailers fail to immediately notify the Lottery of the incident.
- 2) Lottery Retailers fail to immediately notify law enforcement and file a police report.
- 3) Lottery Retailers receive or retain compensation through insurance, restitution, or any other form of indemnity.

Additional Conditions:

- a) Approved credit for paid tickets will equal the amount paid, less the applicable commission.
- b) If Tickets are unpaid and active, Retailers shall only be charged for Tickets sold.
- c) Lottery Retailers found ineligible for credit or refund shall reimburse the Lottery for any previously issued amounts.

6.7 End of Game Procedures

- 1) Lottery Retailers shall comply with all Lottery schedules regarding Instant Tickets, including last date to sell, redeem, and last return.
- 2) Upon receipt of a forced "Stop Selling this Game" message, Lottery Retailers shall immediately remove all active Instant Tickets of that game from dispensers. The terminal will remain inactive until the message is acknowledged.
- 3) Lottery Retailers shall return all full or partial Instant Ticket packs of ended games to their Sales Representative during the next visit.

Additional Conditions:

- a) Any Instant Tickets that remain with a Retailer after the game's final validation date, which is one year from the game end date, are no longer eligible for return or credit.
- b) The Game closing process may occur before all prizes, including top prizes, are claimed.

7. Draw Games / Monitor Games

7.1 Draw Game Information

- 1) Powerball / Power Play – Multi-State Lottery jackpot game with drawings three days per week (Monday, Wednesday, & Saturday). Tickets cannot be cancelled.
- 2) Mega Millions - Multi-State Lottery jackpot game with drawings two days per week (Tuesday and Friday). Tickets cannot be cancelled.
- 3) Wild Money – Rhode Island Lottery jackpot game with daily drawings. Tickets may only be cancelled on the same day of purchase and from the same terminal from where the Ticket was issued. Such cancellation must occur prior to the purchase deadline for the applicable drawing. For multi-draw Tickets, cancellation is only allowed before the first drawing date listed on the Ticket, Tickets cannot be cancelled after that date.
- 4) The Numbers / Instant Match – number match game with drawings twice per day, midday and evening. Tickets can be cancelled on the same day of purchase at the same terminal from which the Ticket was purchased. Such cancellation must occur prior to the purchase deadline for the applicable drawing. Numbers Tickets purchased with an Instant Match feature cannot be cancelled. Retailers must request credit separately.
- 5) Keno / Keno Plus / Keno Overtime – monitor number match game with games occurring every 4 minutes during the gaming day. Tickets can be cancelled on the same day of purchase at the same terminal from which the Ticket was purchased. Such cancellation must occur prior to the purchase deadline for the applicable game. For multi-draw Tickets, cancellation is only allowed before the first drawing date listed on the Ticket, Tickets cannot be cancelled after that date.
- 6) Bingo – monitor bingo pattern match game with games occurring every 8 minutes during the gaming day. Tickets can be cancelled on the same day of purchase at the same terminal from which the Ticket was purchased. Such cancellation must occur prior to the purchase deadline for the applicable game. For multi-draw Tickets, cancellation is only allowed before the first drawing date listed on the Ticket, Tickets cannot be cancelled after that date.
- 7) Millionaire for Life –Multi-State Lottery jackpot game with daily drawings. Tickets cannot be cancelled.

7.2 Selling Draw Game / Monitor Game Tickets

- 1) Lottery Retailers shall provide space for a free-standing play center that is adequately supplied with Play Slips, pencils, and brochures, unless granted an exception by the Lottery.
- 2) Lottery Retailers shall accept Play Slips authorized by the Lottery which are clearly and legibly marked.
- 3) Lottery Retailers shall print tickets at the time of the customer purchase and payment. Important Note: Customer must be physically present in the Retailer's store / place of business at the time of the ticket purchase and payment.
- 4) Lottery Retailers shall not permit anyone holding an ownership interest in the Retailer to purchase a Monitor Game Ticket (Keno and Bingo) at the location where the owner is authorized to sell or redeem Tickets.
- 5) Lottery Retailers shall promptly deface any canceled Tickets by marking, shredding, tearing the Ticket in multiple pieces, or punching a hole through a canceled Ticket.

7.3 Equipment Maintenance

- 1) Lottery Retailers shall promptly replenish Ticket stock and Play Slips, clear paper jams, and perform other routine maintenance as necessary to avoid interruptions in services at the Retailer's location.

7.4 Credit for Errors or Damage

- 1) Lottery Retailers shall request credit for Draw Game and Monitor Game Tickets that are damaged, mis-cut, or printed in error.
- 2) Lottery Retailers shall complete a Lottery credit slip and attach all applicable Tickets.
- 3) Lottery Retailers shall submit completed credit slip and supporting documentation to the Retailer's Lottery Sales Representative or mail to the Lottery at 1425 Pontiac Avenue, Cranston, RI 02920.
- 4) Lottery Retailers shall submit requests for credit within sixty (60) days of the Ticket date. Requests received after this period will not be honored.
- 5) Lottery Retailers shall receive credit only for valid requests supported by appropriate documentation, subject to review by the Rhode Island Lottery Finance Department.
- 6) Lottery Retailers shall be subject to approval or denial of any credit request at the sole discretion of the Rhode Island Lottery.
- 7) Lottery Retailers shall allow two (2) to four (4) weeks for processing of approved credits.

7.5 Terminal Paper

- 1) Lottery Retailers shall receive and sign for terminal paper delivered by their Lottery Sales Representative or its authorized vendor.
- 2) Lottery Retailers shall maintain custody and control of terminal paper at the Retailer's location.
- 3) Lottery Retailers shall contact their Sales Representative or the Instant Ticket Hotline at (401) 463-8665 for additional terminal paper during regular business hours (Monday through Friday, 8:00 a.m. – 4:00 p.m.), or call the Brightstar Lottery Hotline at 1-800-322-3334, which is available 24 hours a day.

7.6 Terminal Paper Restrictions

- 1) Lottery Retailers shall not accept terminal paper from another store.
- 2) Lottery Retailers shall not provide terminal paper to another store, even if the store is within the same chain or under common ownership.

8. Ticket Redemptions and Prize Payments

8.1 Prize Payment Thresholds

- 1) Lottery Retailers shall validate and pay all winning Tickets with prizes less than or equal to \$100 regardless of where the winning Ticket was sold. Prizes may be paid in cash or new Tickets, as requested by the Ticket Holder.
- 2) Lottery Retailers shall, at their discretion, validate and pay Tickets with prizes over \$100 but under \$600. Prizes may be paid using any combination of cash, check, money order, or new Tickets, as requested by the Ticket Holder.
- 3) Lottery Retailers shall inform Ticket holders with prizes of \$600 or more that claims must be submitted by mail (detailed instructions available on the Lottery's website) or in person at Lottery Headquarters, 1425 Pontiac Avenue, Cranston, RI 02920.

Additional Conditions:

- a) Tickets that cannot be redeemed at the Retailer due to the prize amount must be returned to the Ticket holder. The original Ticket is required to claim a prize.
- b) A Claim Receipt alone is not valid for prize payment.

8.2 Validating Tickets and Paying Prizes

- 1) Lottery Retailers shall validate and pay prizes in accordance with this document, the Lottery Rules and Regulations, the applicable Game Rules, and governing law.
- 2) Lottery Retailers shall validate all winning Tickets using the bar code reader provided by the Lottery.
- 3) Lottery Retailers shall verify that each Ticket presented for payment is visually consistent with the features of a valid Ticket and examine it for any alterations.

8.3 Validating Tickets and Paying Prizes – Restrictions

- 1) Lottery Retailers shall not Pay prizes to anyone under eighteen (18) years of age.
- 2) Lottery Retailers shall not attempt to validate a Ticket that appears altered, torn, misprinted, illegible, or damaged. Such Tickets must be claimed at the Rhode Island Lottery, 1425 Pontiac Avenue, Cranston, RI 02920.

Additional Conditions:

- a) Any Retailer not following Lottery procedures for validating a Ticket (e.g., a Retailer that does not use the Lottery terminal to validate a Ticket) is solely responsible for any improper or duplicate payment made by the Retailer.

8.4 Defacing Redeemed Tickets

- 1) Lottery Retailers shall, upon payment of a prize, deface the winning Ticket by marking it paid, shredding or tearing the Ticket in multiple pieces, or punching a hole through the Ticket.

9. Marketing Support and Promotions

9.1 Point-of-Sale Materials

- 1) Lottery Retailers shall reasonably and conspicuously display and maintain all point-of-sale materials, hardware, and other game-related information provided by the Lottery.
- 2) Lottery Retailers shall display only Lottery material in the counter mats.
- 3) Lottery Retailers shall obtain Lottery approval prior to displaying any point-of-sale materials, hardware, and other game related information not provided by the Lottery.

9.2 Lottery-Sponsored Promotions

- 1) Lottery Retailers shall abide by promotion rules and procedures published by the Lottery when participating in Lottery-sponsored promotions.
- 2) Lottery Retailers shall support Lottery-sponsored promotions with additional signage and staffing if necessary.

9.3 Retailer-Sponsored Promotions

- 1) Lottery Retailers shall obtain Lottery approval prior to conducting a Retailer-sponsored promotion involving the sale of Tickets.
- 2) Lottery Retailers shall abide by all rules established or approved by the Lottery for the promotion.
- 3) Lottery Retailers shall ensure that all promotional activities are consistent with the dignity and integrity of the State of Rhode Island and comply with the Lottery's advertising standards.

Additional Conditions:

- a) The lottery may revoke approval or impose additional restrictions on a Retailer-sponsored promotion at any time upon notice to the Retailer.

9.4 Retailer Grievances Regarding Promotions

- 1) Lottery Retailers shall submit complaints regarding a promotion authorized by the Lottery and conducted by another Retailer in writing to the Director or the Director's designee within ten (10) days of the conclusion of the promotion.
- 2) Lottery Retailers shall include a brief description of the promotion and the factual basis for alleging that the complaining Retailer is aggrieved or adversely affected by the promotion.

Additional Conditions:

- a) The Director or the Director's designee will respond in writing to submitted complaints within a reasonable time.
- b) The only remedies available to an aggrieved Retailer are:
 - a. The revocation of approval of the subject promotion.
 - b. Updates and/or changes made to the subject promotion by the Lottery.
 - c. Denial of approval for the same or similar promotions.

10. Provided Equipment

10.1 Ownership

General Conditions:

- 1) All equipment provided to the Retailer by the Lottery, or its authorized Vendor, remains the property of the Lottery or its authorized Vendor, and the Retailer shall acquire no ownership of the equipment.

10.2 Care and Maintenance

- 1) Lottery Retailers shall provide space for both the equipment and the electrical and telecommunication service that the Lottery may require for operation of the equipment, at a location on the Retailer's premises approved by the Lottery.
- 2) Lottery Retailers shall pay all costs associated with modifications to the Retailer's telecommunication systems and other facilities which are reasonably necessary to facilitate the installation, operation, and maintenance of any Lottery related equipment.
- 3) Lottery Retailers shall properly care for the equipment at the Retailer's location and reasonably safeguard against damage to or theft of the equipment.
- 4) Lottery Retailers shall have the owner/manager attend and successfully complete all training programs prescribed by the Lottery for the operation of Lottery equipment. Other individuals from the business location may also attend such training.
- 5) Lottery Retailers shall promptly replenish Ticket stock and Play Slips, clear paper jams, and perform other routine maintenance as necessary to avoid interruptions in services at the Retailer's location.
- 6) Lottery Retailers shall pay or reimburse the Lottery for costs and expenses associated with damaged or lost equipment and associated peripherals issued to the Retailer by the Lottery, including any locking mechanism and keys, regardless of whether the loss or damage is caused directly or indirectly by the Retailer.
- 7) Lottery Retailers shall cooperate with, assist, and facilitate the maintenance, repair, or operation of the equipment by reasonably responding to requests for information or sales data.
- 8) Lottery Retailers shall provide reasonable access to the Retailer's premises for employees of the Lottery, the equipment manufacturer, or other persons designated by the Lottery to service the equipment at the Retailer's location.

10.3 Care and Maintenance Restrictions

- 1) Lottery Retailers shall not attempt to perform any mechanical or electrical maintenance or repairs on the equipment, or modifications to the equipment, at the Retailer's location except as authorized by the Lottery.

Additional Conditions:

- a) The premises shall include any location where Tickets are sold or any other location under the control of the Retailer where the Director may have good cause to believe Lottery materials, equipment, or Tickets are stored or kept.

10.4 Self-Service Ticket Vending Machines

General Conditions:

If the Lottery provides a Lottery Retailer with a self-service Ticket Vending Machine (“Vending Machine”), the requirements of this section shall apply.

- 1) Lottery Retailers shall keep the Vending Machine loaded and operational at all times while the Retailer is open for business, unless other arrangements are authorized by the Lottery.
- 2) Lottery Retailers shall make the owner/manager and at least two (2) additional employees available for training if the Lottery and the Vending Machine manufacturer deem it necessary at the time of installation. Training will be scheduled with forty-eight (48) hours advance notice and at times and locations designated by the Lottery.
- 3) Lottery Retailers shall, unless the sales location is restricted to persons age eighteen (18) or over, or the Vending Machine utilizes age-verification technology, place the Vending Machine at a site within its sales location, subject to Lottery approval, within sight of a customer service area or at least two (2) checkout stations that are always staffed, to ensure proper monitoring and prevent access by persons younger than eighteen (18).
- 4) Lottery Retailers shall maintain a remote-controlled shut-off device provided by the Lottery, if applicable, for purposes of prohibiting the operation of the Vending Machine by any person under the age of eighteen (18) years.
- 5) Lottery Retailers shall make keys to the Vending Machine’s Instant Ticket inventory compartment (excluding the cash box) available to Lottery or Brightstar Lottery employees upon request.
- 6) Lottery Retailers shall immediately contact the Brightstar Lottery Hotline at 1-800-322-3334 for any Vending Machine equipment issues.

11. Accounting and Payments

11.1 Record Retention

- 1) Lottery Retailers shall maintain and retain financial and accounting records of all Lottery transactions for a minimum of three years from the date of the transaction.
- 2) Lottery Retailers shall make all Lottery-related books, documents, papers, and records available for inspection, review, and copying at any time upon request by the Lottery.
- 3) Upon request of the Director, Lottery Retailers shall submit to the Lottery an audit report conducted by an independent certified public accountant regarding the Retailer's Lottery-related activities. The Retailer shall be responsible for the cost of up to one (1) such audit during any biennial license period.

11.2 Bank Accounts

- 1) Lottery Retailers shall establish and maintain a dedicated Lottery trust bank account (checking or savings) for the purpose of receiving money from Ticket sales, making payments to the Lottery, and receiving funds from the Lottery via Electronic Funds Transfer (EFT).
- 2) Lottery Retailers shall be personally liable for all proceeds. Failure to pay the Lottery monies owed, upon demand, from the sales or misappropriation of funds shall constitute embezzlement under R.I. General Laws § 11-41-3.
- 3) Lottery Retailers shall deposit and hold the proceeds from the sale of Tickets and iDeposits, less the amount retained as Retailer commission and the amount paid out as prizes, until the scheduled electronic transfer of those funds to the Lottery. This information is available for review on the Retailer's terminal under Reports > Invoice > Current Week.
- 4) Lottery Retailers shall complete an EFT Authorization Form during onboarding and when updating account information, to allow the Lottery to properly deposit and withdraw funds related to Lottery transactions.
- 5) Lottery Retailers shall notify the Lottery in writing at least thirty (30) days in advance of its intent to change the EFT account it uses for Lottery transactions and submit an EFT Authorization form for the new account.

Additional Conditions:

- a) In the event of a Retailer Closure, the EFT account must remain open until the final invoice amount has been swept, and the appropriate account reconciliations / adjustments have occurred.

11.3 Settlement Policy

- 1) Lottery Retailers shall deposit all proceeds due to the Lottery from Ticket sales into a dedicated Lottery trust bank account on Monday of each week. If Monday is a banking Holiday, deposits must be made on the next banking day.
- 2) Lottery Retailers shall ensure that sufficient funds are available in the dedicated Lottery trust bank account.

Additional Conditions:

- a) Automatic sweep of the dedicated Lottery trust bank account will occur weekly overnight on Tuesday. If Tuesday falls on a holiday observed by banks, the sweep will occur the next banking day.
- b) If the Lottery dedicated bank account cannot be swept for any reason including but not limited to, insufficient funds, a closed account, or a frozen account.
 - i. The Lottery Retailer shall remain personally liable for all proceeds due to the Lottery. Failure to remit monies owed to the Lottery upon demand, including funds derived from sales or misappropriation of funds, shall constitute embezzlement under R.I. General Laws § 11-41-3.
 - ii. The Lottery upon notification from the bank will deactivate the Retailer's terminal.
 - iii. The Lottery Retailer's terminal will not be reactivated until the Lottery has been made whole. The Retailer must contact the Lottery's Finance department at (401) 463-6500 to remit any funds due. The Lottery will accept payment only in the form of a money order or certified check.
 - iv. If the dedicated Lottery bank account cannot be swept the Lottery will impose the following fee structure:
 - 1) First occurrence – no fee
 - 2) Second occurrence - \$50 fee
 - 3) Third and each subsequent occurrence - \$250 fee

11.4 Invoicing Process

General Conditions:

- 1) For all games / tickets – weekly invoicing is performed, with a week being defined as Sunday through Saturday.
 - a. Draw Games and Monitor Games - weekly invoice amounts are based upon actual game sales, cancellations (if applicable), validations, and redemptions.
 - b. Instant Tickets - Instant Ticket packs are consigned to Retailers, and the weekly invoice amount is based upon the Instant Ticket pack(s) that settle during the week and the Instant Ticket validations and redemptions. Instant Ticket Packs settle in the following ways:
 - i. Manual Settlement - Settled by either the Retailer or the Lottery Sales Representative.
 - ii. Seventy Percent (70%) validation – Packs for games with a Ticket price of \$10 or less settle when 70% of the low-tier prizes (prizes ≤\$25) have been validated and claimed.
 - iii. Automatic Settlement – A Pack automatically settles 90 days after activation (i.e., when the pack is scanned out of “received” status and made active for sale).
 - iv. Activation of Another Pack - When another Pack of the same game is activated (1 pack privileges). Please note: if a Retailer sells Instant Tickets from multiple locations within the same store, they may request two (2) pack activation privileges. With two (2) pack privileges, the first pack activated will settle when the third pack of the same game is activated.

12. Commissions, Incentives, and Bonuses

- 1) Lottery Retailers commissions and incentives may be subject to change by the Lottery, at its sole discretion.
- 2) Lottery Retailers must be in good financial standing with the Lottery to receive commissions, incentives, or bonuses. Payment of commissions, incentives, or bonuses by the Lottery may only be made for a Lottery Retailers transaction that complies with Title 42, Chapter 61 of the State Law.
- 3) Per IRS rules and regulations, any Lottery Retailer required to receive a 1099-NEC will receive the form by mail in accordance with the Rhode Island state filing deadlines. The form will be sent to the business address on file with the Lottery.

12.1 Sales Commissions

- 1) Draw and Monitor Games – 8% of sales
- 2) Instant Tickets – 5% of settled packs

12.2 Cashing Commissions (validations)

- 1) Instant Tickets
 - a. 1% of the dollar value of any Instant Ticket validated and paid at the Retailer location.
 - b. 1% of the dollar value of any winning instant Ticket of \$1,000 or more sold at the Retailer location and validated and paid at Lottery Headquarters.

12.3 iLottery Player Account Deposit (iDeposit) Commission

- 1) 5% of the amount a player deposits to their iLottery Account.

12.4 Bonuses / Incentive Programs

- 1) From time to time, the Lottery may offer incentive programs and/or bonus programs for Retailers. Information related to any incentive / reward program will be communicated to Retailers via the Lottery website, Sales Representative, and/or message(s) on the terminal.

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