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DIVISION 5

DEFINITIONS

177-005-0000	Definitions
	(1) "Benefit" means anything, property or money, favorable consideration or advantage, profit, privileges, gain or interest to which a person is not otherwise entitled.

(2) "Commission" or "State Lottery Commission" means the five-member commission established and appointed as provided in Article XV, Section 4, Subsection 3 and 4 of the Oregon Constitution, and ORS 461.100.

(3) "Commissioner" means a member of the Oregon State Lottery Commission.

(4) "Control Person" of a Lottery Game Retailer means:

(a) Except for a private club as defined in ORS 472.100, in a privately owned corporation, the officers, directors, and stockholders of the parent company and, if applicable, each of its subsidiaries;

(b) In a publicly owned corporation, the officers and directors of the parent company and each of its subsidiaries. Additionally, stockholders who own five percent or more of the corporation's stock are control persons;

(c) In a trust, the trustee and all persons entitled to receive income or benefit from the trust;

(d) Except for a private club as defined in ORS 472.100, in an association, the members, officers, and directors;

(e) In a partnership or joint venture, the general partners, limited partners, or joint venturers;

(f) In a private club as defined in ORS 472.100, the treasurer, officers, directors, trustees who oversee or direct the operation of the food, beverage, lottery or other gambling-related activities of the private club and each manager in charge of the food, beverage, lottery or other gambling-related activities of the private club;

(g) The spouse, children, brother, sister, or parent by blood or adoption of any of the people listed above is a control person if the person is involved in the business;

(h) A subcontractor of a retailer is a control person if the subcontractor performs more than half of the vendor's contract with the Oregon State Lottery;

(i) A sole proprietorship, if the retailer is a sole proprietor;

(j) Any person who is a manager and acts, or who has the authority to act on behalf of, the owner in all matters concerning the operation of the owner's business during all business hours. For purposes of this rule definition, a manager does not include a "shift manager" or a "store manager" unless qualified otherwise by the following examples of managers who are defined as control persons under this definition:

(A) A general manager who operates the retailer's location for a corporation or absentee owner;

(B) An area manager who operates multiple locations or supervises multiple store managers; or

(C) Any manager who, acting on behalf of the owner, performs duties that amount to full responsibility for the daily operation of the retailer's business. Full responsibility means the performance of all of the following duties: the hiring and firing of employees, making purchasing decisions relating to the buying of supplies and inventory; and conducting banking functions for the business.

(5) "Control Person" of a Lottery Vendor means a person in a position that is primarily defined according to organizational type. The following are control persons:

(a) In a privately owned corporation, the officers, directors, and stockholders of the parent company and, if applicable, each of its subsidiaries;

(b) In a publicly owned corporation, the officers and directors of the parent company and each of its subsidiaries. Additionally, stockholders who own 15 percent or more of the corporation's stock are control persons;

(c) In a trust, the trustee and all persons entitled to receive income or benefit from the trust;

(d) In an association, the members, officers, and directors;

(e) In a partnership or joint venture, the general partners, limited partners, or joint venturers;

(f) The spouse, children, brother, sister, or parent by blood or adoption of any of the people listed above is a control person if the person is involved in the business;

(g) A subcontractor of a Vendor is a control person if the subcontractor performs more than half of the vendor's contract with the Oregon State Lottery.

(6) "Director" means the Chief Administrative Officer of the Oregon State Lottery or any other person to whom the Director's authority has been delegated, in writing, by the Director prior to the action being delegated.

(7) "Fiscal Year" means a period beginning on the first Sunday in July and ending at the end of the business day which falls immediately before the first Sunday of the following July.

(8) "Gift" means a transfer, exchange or delivery of anything, property or money, of any value whatsoever, with or without an expectation by the giver to receive anything, tangible or intangible, in return.

(9) "Immediate Family" or "family member" means a natural person's spouse, children, brother, sister, or parent by blood or adoption of any contractor, vendor, retailer, member, or employee of the Lottery Commission.

(10) "Invitation to Bid" means the solicitation of competitive offers in which specifications, price, and delivery (or project completion) will be the predominant award criteria.

(11) "Lottery" or "State Lottery" means the Oregon State Lottery, established and operated pursuant to the constitution and the Oregon State Lottery Act of 1984.

(12) "Lottery Contract" or "Contract" means any contract entered into either by the State Lottery or for the Lottery by another public agency, for the purchase, lease, or sale of goods or services.

(13) "Lottery Contractor" or "Contractor" means a person with whom the Lottery has contracted for the purpose of providing goods and services for the Lottery.

(14) "Lottery Employee" or "Employee" means any person who works full or part time for the Lottery.

(15) "Lottery Game" or "Game" means any procedure authorized by the Commission whereby prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares which provide the opportunity to win such prizes.

(16) "Lottery Game Retailer" or "Retailer" means a person with whom the Lottery Commission has contracted for the purpose of selling tickets or shares in Lottery games to the public.

(17) "Lottery Vendor" or "Vendor" means any person who submits a bid, proposal, or offer to provide goods or services to the Commission or Lottery.

(18) "Major Procurement" means any and all contracts for the printing of tickets used in any Lottery game, any goods or services involving the receiving or recording of number selections in any Lottery game, or any goods, services, or products involving the determination of winners in any Lottery game.

(19) "Person" means any natural person or corporation, trust, association, partnership, joint venture, subsidiary, or other business entity.

(20) "Prize" means any award, financial or otherwise, awarded by the Director.

(21) "Request for Proposal" means the solicitation of competitive proposals, or offers, to be used as a basis for making an acquisition, or entering into a contract, when specification and price will not necessarily be the predominant award criteria.

(22) "Sensitive Procurement" means those procurement actions or contracts, other than "major procurements", which may either directly or indirectly affect the integrity, security, honesty, and fairness of the operation and administration of the Lottery. A typical example of this class of procurement is the acquisition of security systems required to protect the security and integrity of the Lottery.

(23) "Subcontractor" means any third party not in the employment of a Contractor, who is performing all or part of the work in the Contractor's Agreement with the Lottery under a separate contract with the Contractor. The term "subcontractor" means subcontractor(s) of any tier.

(24) "Temporary Retailer" means a retailer under contract with the Lottery for a temporary or seasonal period. A temporary contract may be made subject to such special conditions or limitations as the Director may deem prudent. These limitations or conditions may include, but are not limited to:

(a) Length of ticket sale period;

(b) Hours or days of sale;

- (c) Location of sale;
- (d) Specific persons who may sell lottery tickets;
- (e) Specific sporting, charitable, social, or other special events where lottery tickets may be sold.

(25) "Ticket" means a lottery ticket or share issued by the Director for sale to the general public.

(26) "Ticket Bearer" means the individual who has signed the ticket or has possession of the unsigned ticket.

(27) "Total Annual Revenue" or "Annual Revenue" means the sum of all proceeds and accrued interest earned and recognized from the sale of tickets in a fiscal year. Total annual revenue does not include any income which is characterized as a reduction or recovery of expenses.

(28) "Traditional games" means all on-line, scratch-it, and breakopen games.

(29) "Unclaimed Prize" means any award, financial or otherwise, for which exists physical, tangible evidence of eligibility but for which the prize has not been paid within the specified game claim period.

Stat. Auth.: Or. Const., Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.010

Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 5-1985, f. & ef. 3-26-85; SLC 6-1985(Temp), f. & ef. 4-16-85; SLC 8-1985, f. & ef. 6-21-85; SLC 20-1986, f. & ef. 8-26-86; LC 4-1987, f. & ef. 3-24-87; LC 18-1987, f. & ef. 9-28-87; LC 23-1988, f. & cert. ef. 9-30-88; LC 4-1990, f. & cert. ef. 4-3-90; LC 3-1992, f. & cert. ef. 4-27-92; LC 6-1993, f. & cert. ef. 7-2-93; LC 4-1995, f. & cert. ef. 5-1-95; LC 1-1996, f. & cert. ef. 3-5-96; LC 8-1996, f. & cert. ef. 8-1-96; LOTT 2-1998, f. & cert. ef. 5-28-98; Administrative correction 5-24-99; LOTT 9-1999, f. & cert. ef. 5-27-99, cert. ef. 6-27-99

DIVISION 10

GENERAL PROVISIONS

177-010-0000

Purpose

(1) These rules and regulations are established by the Oregon State Lottery Commission to define and regulate the operation and administration of the Oregon State Lottery.

(2) The rules of the Commission are adopted and promulgated under the authority of Subsection 4 of Section 4 of Article XV of the Oregon Constitution.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.020

Hist.: SLC 8-1985, f. & ef. 6-21-85; LC 4-1990, f. & cert. ef. 4-3-90

177-010-0005

Oregon State Lottery Commission

The Oregon State Lottery Commission hereinafter called "the Commission", is the Commission appointed by the Governor pursuant to Subsection 4, Section 4, Article XV, of the Oregon Constitution. The Commission is charged with the authority and duty to regulate lottery activities in the state of Oregon. Consistent with the Constitution, the Commission will conduct the State Lottery so as to make as large a contribution as is practicable to benefit the public purpose set forth in the Constitution.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.100

Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 8-1985, f. & ef. 6-21-85; LC 4-1990, f. & cert. ef. 4-3-90

177-010-0007

Notice of Proposed Rules

Prior to the adoption, amendment, or repeal of any rule, other than a temporary rule which shall be adopted in accordance with ORS 183.335(5), the Oregon State Lottery Commission shall give notice of the intended action:

(1) In the Secretary of State's Bulletin referred to in ORS 183.360 at least 21 days before the effective date of the intended action;

(2) By mailing a copy of the notice at least 28 days before the effective date of the intended action to persons on the Oregon State Lottery Commission's mailing list established pursuant to ORS 183.335(7) and to the persons specified in ORS 183.335(14);

(3) By delivering a copy of the notice to the Capitol Press Room;

(4) By listing any rule changes on the agenda for the Commission's monthly meeting.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.120(2)

Hist.: LC 5-1990, f. & cert. ef. 4-3-90; LOTT 2-1998, f. & cert. ef. 5-28-98

177-010-0009

Model Rules of Procedure

The Attorney General's Model Rules of Procedure under the Administrative Procedures Act (September 15, 1997) are hereby adopted by reference as the general administrative procedural rules of the Oregon State Lottery.

[ED. NOTE: The full text of the Attorney General's Model Rules of Procedure is available from the office of the Attorney General or Lottery Commission.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.120(2)

Hist.: LC 5-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93; LOTT 2-1998, f. & cert. ef. 5-28-98

177-010-0020

Public Meeting Law

Meetings of the Oregon State Lottery Commission shall be held in accordance with Oregon's Public Meeting Law, ORS 192.610 - 192.690.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.020

Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 8-1985, f. & ef. 6-21-85

177-010-0025

Director of the Oregon State Lottery

(1) The Director of the Oregon State Lottery, hereinafter called "the Director", is the Director appointed by the Governor pursuant to Subsection 4, Section 4, Article XV, of the Oregon Constitution. The Director is responsible for the operation of the Oregon State Lottery and for managing the affairs of the Commission.

(2) The Director shall have the authority to implement and execute such procedures as he or she may deem appropriate for the efficient administration of the Lottery.

(3) Except for approving the salaries of the Director and Deputy Director, and cost-of-living increases, the Director shall have the authority to establish and implement Personnel Rules pertaining to the employment, termination, and compensation of all Lottery staff.

(4) The duties and responsibilities of the Director which are not otherwise specified in Oregon law or the rules adopted by the Commission will be maintained as a policy of the Commission for the purpose of establishing a working relationship between the Director and the Commission.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.150

Hist.: SLC 13-1986(Temp), f. & ef. 6-13-86; SLC 19-1986, f. & ef. 7-29-86; LC 4-1990, f. & cert. ef. 4-3-90

177-010-0040

Lottery Budgets and Financial Statements

The Director shall prepare annual financial plans for approval by the Commission. The financial plans shall be prepared in accordance with generally accepted accounting principles.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.170

Hist.: SLC 8-1985, f. & ef. 6-21-85; LC 4-1990, f. & cert. ef. 4-3-90

177-010-0045

Contingency Reserve

(1) The Commission may, on the advice of the Director, allot from moneys available to pay administrative expenses an amount to be transferred to a Contingency Reserve established by the Commission. The money allotted can include amounts retained to fund specific future expenses or can be undesignated as to purpose.

(2) The Commission shall determine the amount necessary for a reasonable contingency reserve.

(3) Upon approval of the Commission, money in the Contingency Reserve may be authorized to be used for specific purposes of the Oregon State Lottery or to be used to fund general administrative expenses in the event of a revenue shortfall. Expenses funded from the contingency reserve shall not be included with other administrative expenses for purpose of determining compliance with current administrative expenditure limitations.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.510
Hist.: SLC 8-1985, f. & ef. 6-21-85

177-010-0050

Special Drawings

(1) The Director may conduct special drawings to award prizes, such as vacation trips, automobiles, or other tangible items in addition to, or in lieu of, cash awards. The nature and number of awards will be determined by the Director for each special drawing. Special drawings for promotional awards may be held independently of the Lottery's regular prize drawings or may be incorporated therein. The promotional drawings may be co-sponsored and conducted in conjunction with Lottery retailers or other independent businesses. In view of the temporary nature and indeterminate frequency of the promotional or special prize awards drawings, a press announcement and normal advertising media will be used to inform the public of the play rules and prizes for each special drawing. Complete rules for any special drawings shall be made available at the Lottery's office.

(2) Notwithstanding the provisions of section (1) of this rule, the Director may, at his or her discretion, award in lieu equivalent cash awards to the winners of tangible items, in those instances where deemed appropriate. The value of noncash items shall be estimated by using either the cost of the item or by its fair-market value.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.230
Hist.: SLC 9-1986, f. & ef. 5-28-86; LC 4-1990, f. & cert. ef. 4-3-90

177-010-0055

Retail Ticket Price Discounts

(1) Notwithstanding the price adopted for the retail sale of a ticket in the rules for a specific Lottery game, the Commission may offer discounts for the retail sale of lottery tickets.

(2)(a) Discounts for the retail sale of lottery tickets may be offered to the public through the use of coupons approved by the Director or by any other method approved by the Director;

(b) Coupons which offer a discount on the retail price of lottery tickets shall be distributed using methods designed to reach the public. These methods may include, but are not limited to, the use of direct mail, newspaper advertising, or by having coupons available at Lottery offices and retail locations.

(3) Rules for a promotion conducted by the Lottery using retail ticket discounts shall be announced and made available by the Director.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.250
Hist.: SLC 23-1986, f. & ef. 8-26-86; LC 3-1988, f. & cert. ef. 1-26-88; LC 18-1988, f. & cert. ef. 6-28-88; LC 4-1990, f. & cert. ef. 4-3-90

177-010-0060

Allocation of Revenues for Prizes and Economic Development

(1) Purpose: The primary objective of the Oregon State Lottery is to produce the maximum amount of net revenues commensurate with the public good, to benefit the public purposes of creating jobs, furthering economic development, and financing public education in Oregon. In accomplishing this objective, the Lottery shall meet the statutory requirements by returning at least 50 percent of its total annual revenues in the form of prizes, and at least 84 percent of its total annual revenues in the form of prizes and net revenues benefitting the public purpose. The Lottery may design and conduct games which return more than 50 percent of the revenues received from the sale of tickets in the form of prizes as an incentive to increase the total amount of game sales over the

level of sales which otherwise would have been reasonably expected using a lower prize percentage. Increasing the percentage allocated for prizes is based upon the theory that a game which allocates a higher percentage for prizes by reducing the amount allocated for economic development, job creation or public education will produce higher sales and a higher total number of dollars for economic development, job creation or public education than a game which allocates a smaller percentage for prizes and a higher percentage for these public purposes.

(2) Prize Payments: In addition to cash prize payments, money set aside by the Lottery and restricted for the payment of prizes shall be considered in satisfying the requirement of returning at least 50 percent of total revenues to the public in the form of prizes.

(3) Averaging Game Prize Payments: Notwithstanding the prize structure adopted for a Lottery game, the Director may reallocate the amount of revenue returned for prizes among all the games offered by the Lottery so long as at least 50 percent of the total revenue earned from all games is returned to the public in the form of prizes.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.500
Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 8-1985, f. & ef. 6-21-85; LC 4-1990, f. & cert. ef. 4-3-90; LOTT 2-1998, f. & cert. ef. 5-28-98

177-010-0065

Sports Lottery Account

Notwithstanding any other rule, proceeds from all electronic lottery games which began after July 1, 1991 and which are based upon the results of sporting events, shall be separately recorded and transferred to the Executive Department as funds earned for the Sports Lottery Account of the Intercollegiate Athletic Fund.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.213
Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 4-1991, f. & cert. ef. 8-27-91

177-010-0070

Ownership of Lottery Tickets

(1) Except for tickets claimed jointly in accordance with the provisions of section (3) of this rule, until such time as a name of an individual is imprinted or placed upon a lottery ticket in the area designated for "name," the ticket shall be owned by the bearer of said ticket. When a name is placed on the ticket in the place designated therefore, the individual whose name appears in that area shall be the owner of said ticket and shall be entitled to any prize attributable thereto.

(2) If more than one name appears on a ticket, the ticket must be claimed in accordance with the joint ownership procedures listed in section (3) of this rule.

(3) If a ticket is claimed to be owned by two or more people, the following steps shall be taken for payment of the prize:

(a) All people claiming ownership shall complete and sign a request and release form. Each of the individuals signing the form shall indicate his or her proportionate share of the prize;

(b) At least one of the people claiming ownership of the ticket must sign the ticket; that individual's signature must also appear on the request and release form;

(c) Price checks shall be issued to each individual whose name appears on the request and release form. However, the Director reserves the right to issue a single prize check to the individual whose name appears on the ticket instead of multiple prize checks to the owners of a ticket if the value of each individual prize check would be less than \$50 or if the number of individuals claiming a share of the prize exceeds 100;

(d) Multiple winners of a lottery prize shall be paid only through the Salem Lottery office. Lottery retailers shall not be required to pay more than one winner of a single prize.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.250
Hist.: LC 21-1988, f. & cert. ef. 8-23-88; LC 3-1992, f. & cert. ef. 4-27-92

177-010-0080

Sale of Tickets

(1) The Director shall contract with retailers for the sale of Lottery tickets. The contract shall include the terms and conditions and incorporate by reference the rules applicable to the sale of all Lottery tickets sold by the retailer.

(2) The Director may also develop procedures for the sale of Lottery tickets directly to the public. The procedures shall contain measures to ensure the accountability and security of all tickets sold to the public by Lottery employees.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.260

Hist.: LC 12-1990, f. & cert. ef. 10-2-90; LC 6-1993, f. & cert. ef. 7-2-93

177-010-0085

Unclaimed Prize Money

Any prize not claimed within the specified period for a lottery game shall be forfeited and credited to the public purpose. The transfer shall take place at the same time the Lottery's next scheduled transfer of proceeds allocated for the public purpose is made.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 2-1995, f. 4-27-95, cert. ef. 5-1-95

177-010-0090

Child Support Validation Check

Following Procedures shall be followed as part of the validation process for claims submitted for prizes in excess of \$600:

(1) Lottery information systems personnel shall work with the Adult and Family Services Division of the Department of Human Resources (AFS) and the Support Enforcement Division of the Department of Justice (DOJ) to maintain a current file of delinquent child support obligors on the Lottery's central computer system.

(2) The claimant's name, address, date-of-birth, and social security number shall be entered into the central computer. The computer shall perform a search of the AFS information for a possible match.

(3) If the computer search produces the message "Possible AFS Match", immediately call and FAX a copy of the claimant's claim form to DOJ.

(4) If DOJ responds with a confirmation that the prizewinner is delinquent on child support payments, the prizewinner's claim shall be placed on a 30-day hold pending the submission of garnishment proceedings.

(5) If a garnishment action is initiated within the 30-day period, further action on payment of the claim shall be suspended until the garnishment is received and processed by the Lottery. If the prize claim exceeds the amount of the garnishment, the prizewinner shall be paid the balance remaining after deduction of the garnishment. If the garnishment exceeds the amount of the prize claim, the prizewinner shall be informed that the entire amount of the prize claim was used to satisfy the garnishment.

(6) If a garnishment action is not initiated within the 30-day holding period, the prizewinner shall be paid the entire amount of the prize claim.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.715

Hist.: LC 6-1992, f. & cert. ef. 6-23-92

177-010-0096

Non-Sufficient Funds Policy

(1) The non-sufficient funds (NSF) procedures contained in the Retailer Agreement shall be administered in accordance with the requirements contained herein.

(2) All payments by a retailer that are rejected because of non-sufficient funds shall be included as part of the retailer's account history; provided, however, that the Director may excuse one NSF in a 12-month period which is caused by the retailer's financial institution. The retailer shall provide documentation from the retailer's financial institution which explains and substantiates the bank's error in causing the NSF.

(3) In the event a retailer's account becomes past due because of a payment(s) rejected for non-sufficient funds, and the retailer has qualified for a retailer bonus payment, the Lottery may withhold the bonus payment until the NSF is covered if it is the retailer's first NSF in a 12-month period. If the retailer has two NSFs in a 12-month period and has qualified for a bonus, the Lottery may cancel the bonus payment, notwithstanding payment by the retailer to cover the second NSF.

(4) The Director may make exceptions to these requirements based upon the facts and circumstances of any particular payment(s) by a retailer which is rejected for non-sufficient funds.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 6-1997, f. 9-30-97, cert. ef. 10-1-97

177-010-0100

Requests and Fees for Copies of Public Records

(1) A request to inspect or obtain copies of a public record in the custody of the Lottery may be made in person at the offices of the Lottery, by telephone, or addressed in writing to Director, Oregon State Lottery, P.O. Box 12649, Salem, Oregon 97309. The Lottery prefers that such requests be in writing, with the name, address and telephone number of the requester; furthermore, any request which is complex or which relates to the security of the Lottery or its retailers must be made in writing. However, the requirement to make a request in writing shall not be used as a means of denying a person's access to the public records maintained by the Lottery.

(2) For records which are maintained in paper form, a fee of \$0.05 (five cents) per page copied shall be charged.

(3) For standard computer reports which are maintained in machine readable or electronic form, the following fee schedule shall apply:

(a) \$7.50 for a computer-generated paper copy;

(b) \$10.00 for producing a copy of the report on a floppy disk.

(4) For requests which require the Lottery to create a record from data that is stored in machine readable or electronic form, the fee schedule shall consist of the actual costs in terms of staff time and materials which were incurred to create the requested record. The fees for processing the request shall be agreed upon by the Lottery and the person making the request before the record is produced by the Lottery.

(5) For records which are maintained on audio or video tape, the fee schedule shall consist of the actual costs of producing a copy of the tape.

(6)(a) Nothing in this rule shall be construed as limiting the Lottery's discretion under ORS 192.440(4) to waive or reduce the fees charged in accordance with that subsection.

(b) Generally, no fees shall be charged to other state and local agencies or government lotteries for providing copies of records which are not exempt from disclosure under the Public Records Law.

(c) The Lottery reserves the right to charge a fee calculated to reimburse the Lottery for its actual costs in making records available to any individual, or public or private entity, when, in the discretion of the Lottery, the volume or character of the records requested require significant amounts of Lottery staff resources to provide.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 192.440

Hist.: LC 6-1994, f. 7-22-94, cert. ef. 8-1-94; LOTT 2-1998, f. & cert. ef. 5-28-98

177-010-0110

Lottery Trade or Service Marks

(1) All requests from the public for use of trade or service marks registered by the Lottery must be approved by the Assistant Director for Marketing or the designee of the Assistant Director for Marketing. Trade or service marks registered by the Lottery include the Lottery's official logo and various game names.

(2) All requests shall be in writing and shall include a sample of the proposed use of the trade or service mark. The request shall

also explain how and where the trade or service mark shall be used.

(3) Permission for use of a trade or service mark shall be granted in the exercise of the sole and exclusive discretion of the Lottery, taking into account the particularly sensitive nature of the lottery and insuring the integrity of its operations and image. Approval for use of a trade or service mark shall not be given for display of the mark in an inappropriate manner or format.

(4) Nothing in this rule shall be construed as granting or creating any expectation in or right to display, publish or use, in any manner, in whole or in part, any trade or service mark registered by the Lottery. Any display, publication or use of any trade or service mark registered by the Lottery without the express, written prior consent and agreement of the Lottery is unauthorized and unlawful, and the lottery expressly reserves to itself the right to take any action to enforce its rights in such trade and service marks.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.150

Hist.: LC 4-1994, f. 3-31-94, cert. ef. 4-1-94; Administrative Correction 4-15-98

177-010-0200

Anonymous Donation of a Scratch-It or On-Line Ticket

(1) For purposes of this rule:

(a) "Donor" means a Person who anonymously sends a Traditional Game Ticket to the Lottery with the request that the Prize associated therewith be paid to an Intended Ticket Holder.

(b) "Intended Ticket Holder" means an organization exempt from taxation under 26 U.S.C. § 501(c)(3) that is designated by a Donor for receipt of the Prize associated with the Donor's Ticket.

(c) "Surrogate Of The Intended Ticket Holder" means a natural person at least 18 years of age who is authorized by an Intended Ticket Holder to claim a Prize that the Intended Ticket Holder is not competent under applicable law to claim due to the Intended Ticket Holder being a Person other than a natural person.

(d) "Ticket" means a ticket for a Lottery game operated pursuant to OAR Chapter 177, Division 50 (Scratch-It Games) or OAR Chapter 177, Division 70 (On-Line Games).

(2) Notification of Intended Ticket Holder. Upon receipt of a Ticket and payment request from a Donor, the Lottery shall notify the Intended Ticket Holder if:

(a) The Lottery is unable to determine the identity of the Donor based on reasonably reliable information; and

(b) The Lottery can identify the Intended Ticket Holder through the use of reasonably reliable information.

(3) Qualification for Prize Payment to the Surrogate of the Intended Ticket Holder. If a Surrogate of the Intended Ticket Holder acts to claim a Prize, the Lottery shall honor the Donor's payment request if:

(a) The Prize associated with the Donor's Ticket is payable in a single cash payment pursuant to applicable Game rules;

(b) The Intended Ticket Holder, through a duly authorized representative, informs the Lottery in writing of the identity of the Surrogate of the Intended Ticket Holder;

(c) An authorized representative of the Intended Ticket Holder provides the Lottery with a copy of an agreement specifying the transfer of the Lottery Prize from the Surrogate of the Intended Ticket Holder to the Intended Ticket Holder, signed by the authorized representative of the Intended Ticket Holder and the Surrogate of the Intended Ticket Holder. In specifying the transfer of the Lottery Prize from the Surrogate of the Intended Ticket Holder to the Intended Ticket Holder, the agreement may take into account any expenses, including tax obligations, that may be incurred by the Surrogate of the Intended Ticket Holder in relation to claiming the Prize; and

(d) The Surrogate of the Intended Ticket Holder appears in person at the Lottery's office in Salem to claim the Prize associated with the Donor's Ticket, pursuant to subsection (4)(b) of this rule, within the period for Prize claims specified by the applicable Game rules.

(4) Prize Payment Procedure.

(a) Subsequent to receipt of acceptable proof of identification, along with a completed claim form, from a Surrogate of the Intended Ticket Holder, and the Lottery's review and approval of the documentation submitted pursuant to section (3) of this rule, a Lottery employee shall present the Surrogate of the Intended Ticket Holder with the Donor's Ticket. The Surrogate of the Intended Ticket Holder shall immediately return the Ticket to the Lottery employee after placing his or her signature upon the back thereof, thereby submitting the Ticket for Prize payment. Except to the extent that they conflict with this rule, OAR 177-010-0200, in which case this rule shall apply, the Lottery shall pay a Prize to the Surrogate of the Intended Ticket Holder in accordance with applicable Game rules, including Ticket validation requirements contained therein.

(b) The Lottery shall pay any Prize awarded under this rule in a single cash payment, less any withholding required under applicable federal or state law.

(5) Identified Donor Prize Payment.

(a) If the Lottery can identify a Donor through the use of reasonably reliable information, the Lottery shall not pay a Prize associated with the Donor's Ticket pursuant to this rule and shall make reasonable efforts to so notify the Donor.

(b) The Donor may retrieve the Ticket in person at the Lottery's office in Salem upon presenting acceptable proof of identification.

(6) The State of Oregon, its agents, officers, employees and representatives, including, but not limited to, the Lottery, its Director, agents, officers, employees and representatives, shall be discharged of all liability upon payment of a Prize in accordance with this rule and, to the extent that they do not conflict therewith, applicable Game rules. The Lottery shall not be responsible in any way for the fulfillment of the agreement between an Intended Ticket Holder and a Surrogate of the Intended Ticket Holder referenced in subsection (3)(c) of this rule. The Lottery's decisions and judgements in respect to the determination of a winning Ticket or any questions or dispute arising from the payment of Prizes shall be final and binding upon all participants in the Lottery unless otherwise provided by law or applicable rules set forth in OAR Chapter 177. In the event a question arises relative to a winning Ticket, a claim form, or the payment of a Prize, the Lottery may deposit the Prize into an escrow fund until it resolves the controversy, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy.

[Publications: The publications referenced in this rule are available for review at the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.250

Hist.: LOTT 11-1999(Temp), f. & cert. ef. 7-28-99 thru 1-2-00

DIVISION 35

LOTTERY CONTRACTING RULES

177-035-0110

General Policy

(1)(a) It shall be the policy of the Oregon Lottery to conduct its procurement efforts so as to maximize revenue for the public purposes set forth in ORS 461.200. The purpose of this rule is to provide a framework for Lottery procurement processes. The Director will, every three years, evaluate and report to the Commission on the procurement processes and day-to-day procurement decisions that have been delegated to others to ensure they are consistent with the Lottery's objectives of maximizing revenue and the efficient and effective operation and administration of the Lottery. Considerations for procurement and contracting decisions may include, but are not limited to: The appropriate legal and ethical method for obtaining goods, services, and equipment; the time required to complete the solicitation process; and the specific business objective or objectives of the procurement effort. In all procurement decisions the Director shall consider the particularly sensitive nature of the Lottery and promote and ensure the integrity, security, honesty, and fairness of the State Lottery.

The security and integrity of the Lottery's games shall be the fundamental and overriding consideration in all procurement decisions.

(b) It shall be the policy of the State Lottery, to the extent that is reasonable given the objective of maximizing the net revenues of the Lottery, to conduct its contracting affairs in an open, competitive manner in accordance with ORS 461.440. As a general rule, the State Lottery will implement this policy by soliciting contracts for the acquisition or leasing of systems, equipment, materials, supplies, services other than personal, personal services, information technology, and for the acquisition of interests in real property and for projects for improvements to real property, in the following manner:

(A) When the contract is reasonably anticipated not to exceed \$15,000, the Director may, for efficiency, directly award contracts or otherwise acquire or lease without competitive quotes;

(B) When the contract is reasonably anticipated to exceed \$15,000 but not to exceed \$75,000 for information technology and personal services, or \$100,000 for goods and services other than personal, the Director should, when reasonable, secure and document three competitive quotes;

(C) When the procurement or contract is reasonably anticipated to exceed \$75,000 for information technology and personal services or \$100,000 for goods and services other than personal the Director shall generally issue a request for proposal (RFP) or, where the product to be procured can be reasonably identified and its characteristics described by relatively precise specifications, the Director shall generally issue an invitation to bid. The Director shall ensure that when using the request for proposal or invitation to bid, preestablished evaluation criteria will be contained in the solicitation document. The Director shall ensure that an objective and impartial selection process is instituted to consider responses to requests for proposal or invitations to bid. The Assistant Director for Security will normally be one of the appointees to evaluate the responses for any project involving the security of the State Lottery. The process for selecting vendors shall be based upon the evaluation criteria and result in a selection recommendation to the Director. The Director, after reviewing the recommendation, shall award the contract, or if required by these rules, refer the Director's recommendation to the Commission for consideration.

(c) Because of the specialized character of many State Lottery procurements, the Lottery will not normally publish requests for proposals or invitations to bid. Rather, the Lottery may circulate requests for proposals and invitations to bid to Vendors known to specialize in the specific type of procurement or to those the Lottery may reasonably expect to have an interest in the procurement specified in the solicitation announcement. The Lottery may provide notice of such solicitations through the use of electronic media.

(2) Although the Lottery Commission is exempt from ORS chapter 279, which governs public contracts and purchasing, in implementing this policy the State Lottery reserves the right to use, as guidelines to govern its procurement actions, relevant provisions of ORS chapter 279, the Attorney General's Model Public Contracting Rules (OAR chapter 137, divisions 30 and 40) and the Public Contract Exemption Rules published by the Oregon Department of Administrative Services (OAR chapter 125, divisions 300 to 360).

(3)(a) Notwithstanding sections (1) and (2) of this rule, the State Lottery reserves the right and the Director is authorized to use an alternate procurement method if, in the Director's opinion, that method will be more likely to:

(A) Maximize net revenue;

(B) Achieve the specific business objective or business objectives of the procurement; or

(C) Aid the Director in fulfilling the statutory mandate to operate and administer the Lottery.

(b) Alternative procurement methods may include, but are not limited to, specialized Vendor prequalifications, single Vendor negotiations, competitive negotiations between two or more Vendors, performance incentives and disincentives, solicitations emphasizing the request for proposal process, brand name solicita-

tions, cooperative procurements, single source procurements, or sole source procurements.

(c) The Director shall include as part of the procurement record a concise statement explaining the rationale leading to the selection of a procurement method other than a method described in subsections (1)(b)(B) and (C) of this rule.

(4) The selection of the proposal submitted by a Vendor shall be based upon the qualifications, past performance, and the content of the response from the Vendor. Considerations may include, but are not limited to: Vendor credentials, background, responsiveness, experience, historical performance, and references; product or service quality, applicability, fitness, and adherence to specifications; the likelihood of timely performance; demonstrated experience in comparable projects; financial reliability and stability; the qualifications of personnel; price, cost savings, and cost avoidance; scheduling; the level of specialized expertise; and other special considerations as may be applicable.

(5)(a) Notwithstanding section (1) of this rule, upon the presentation of a written justification by the Director and approval of the Commission, the Director may undertake field-test procurements of Video Lottery terminals and similar devices or of Video Lottery games. After consideration of the results of the field tests and other applicable factors, the Director may, upon approval of the Lottery Commission, select contractors for the leasing or acquisition by the Lottery of Video Lottery terminals and similar devices and Video Lottery games (including the equipment and services necessary to operate and maintain the devices or games). If a contractor is selected based upon the results of field tests, such results will be documented and be made part of the procurement record.

(b) The Director will establish the level of Vendor disclosure required when testing and evaluating Video Lottery terminals, components, systems, or software. These items are not a Major Procurement as defined in OAR 177-035-0210 when such items are isolated from active Lottery gaming systems and are offered by the Vendor at no cost to the Lottery.

(6) The Director may purchase samples and undertake testing of products to assess the likelihood that such devices, concepts, or strategies would enhance the Lottery's ability to meet its business objectives. Based on the results of these tests, the Director may initiate procurement of such devices following subsection (3)(c) of this rule.

(7) The Director may take reasonable steps to ensure that information related to the procurement of products, services other than personal, or personal services that is deemed to be proprietary or confidential be so protected.

Stat. Auth.: ORS 461.120

Stats. Implemented: ORS 461.410 & ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0115

Vendor Contract Award

(1) Unless otherwise provided in the solicitation document, the Lottery shall provide notice of the Lottery's intent to award a contract to all Vendors who submitted a responsive bid or proposal. The Lottery's notice of intent to award a contract shall not be final until the later of either:

(a) Unless otherwise provided in the solicitation document, ten (10) working days after the date of the notice; or

(b) A written response has been issued to any timely filed protest of the contract award, and the response denies the protest.

(2) Unless otherwise provided in the solicitation document, a Vendor (i) who submitted a bid or proposal to the Lottery, and (ii) is eligible for award of the contract as the best proposer or the lowest bidder, and (iii) is next in line to receive the contract award, has ten (10) working days after the date the Lottery's intent to award the contract was issued to submit to the Director a written protest of the contract award. The written protest of the contract award must be timely and must specify and substantiate the grounds for protest. The protest of the contract award must claim that all higher scored proposers or all lower bidders are ineligible to receive the contract award (i) because their proposals or

bids were non-responsive, or (ii) because the Lottery committed a material violation of a provision in the solicitation document or of an applicable statute or administrative rule, and but for the alleged material violation the protestor would have been the highest ranked proposer or the low bidder.

(3) Upon receipt of a protest of the contract award from a proposer or bidder qualified to make such a request under section (2) of this rule, the Director will issue a written decision addressing its timeliness and those grounds for protest that merit consideration. If, after consideration by the Director the protestor still disputes the contract award decision, the protestor may submit a subsequent written protest of the contract award to the Lottery Commission no more than ten (10) working days after the date of the Director's written decision. The Lottery Commission will not consider grounds or arguments in favor of the protest that were not first presented to the Director. The Commission's decision shall be final.

(4) All avenues of administrative review under this rule must be exhausted before seeking judicial review of the Lottery's contract award decision.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: 461.210, 461.220, 461.230, 461.240 & 461.250
Hist.: LOTT 4-1999, f. 4-2-99, cert. ef. 4-4-99

177-035-0120

Delegation of Purchasing Authority

(1)(a) The Director is authorized to initiate procurements and, except for major procurements described by ORS 461.410 and OAR 177-035-0210, to enter into contracts that exceed the delegated authority granted the Director in subsections (2)(a) and (b) of this rule when a specifically named and described item or items are detailed and approved by the Commission in the annual financial plan (as it may be amended) or are otherwise pre-approved in concept at a Commission Meeting.

(b) The Director is required by statute and rules to operate and administer the Lottery, so the Commission delegates to the Director the authority to initiate procurements or contracts that exceed the amounts specified in subsections (2)(a) and (b) when those procurements and contracts are a part of the day-to-day operation of the Lottery. These procurements and contracts are intended to support, maintain, or continue ongoing and pre-established activities and programs including, but not limited to, spare part or monitor replacement, replenishment of goods and supplies, equipment replacement, maintenance agreements, and periodic updating of existing systems, equipment or technologies. This does not include contracts which could be reasonably construed as a departure from pre-established activities or programs.

(c) The Director will confer with the Commission and make available upon request books, records, files, or other information and documents related to contracting and procurement actions. All contract awards will be reported to the Commission as a part of the monthly financial report to the Commission.

(2) The Commission hereby delegates authority to the Director to initiate procurements and enter into all contracts and contract extensions for the acquisition or lease of systems, equipment, materials, supplies, services other than personal, personal services, information technology, and for the acquisition of interests in real property and for projects for improvements to real or leased property, on behalf of the Commission and the Oregon State Lottery, except as follows:

(a) New, unbudgeted contracts and contract extensions for the acquisition or leasing of systems, equipment, materials, supplies, services other than personal, and for the acquisition of interests in real property and for projects for improvements to real or leased property that are not part of preestablished activities or programs and are anticipated to exceed \$100,000 over the life of the contract.

(b) New, unbudgeted contracts and contract extensions for the acquisition of personal services and information technology products and services, or any combination thereof, that are not part of preestablished activities or programs and are anticipated to exceed \$75,000 over the life of the contract.

(c) Contracts for Major Procurements.

(3) Notwithstanding the provisions of section (1) of this rule, the Commission having once approved a planned contract action authorizes the Director to execute the contract without further action by the Commission.

(4) The Commission, having once approved a particular contract, delegates authority to the Director to make all disbursements and payments as provided in the contract and any contract extension, without further, specific approval action by the Commission. In addition, the Director may, without further, specific approval action by the Commission, execute any amendment to a contract that results in a reduction of the price paid by the Lottery per item, unit or other measure of the product or services provided under the contract, and may exercise any option under a contract previously approved by the Commission where the option terms of the approved contract establish a specific price for the items or services to be acquired under the option.

(5) The Commission delegates authority to the Director to enter into emergency contracts or make other emergency procurements that exceed the delegated authority granted the Director in section (2) of this rule when immediate and decisive action is required to:

(a) Protect the security, credibility, or integrity of the Lottery or a Lottery game; or

(b) Avoid or mitigate conditions that may lead to a substantial loss of revenue, a serious interruption of services, or damage or destruction to Lottery property.

(c) In an emergency as defined by this subsection, the Director may also establish an extension of a contract for a Major Procurement where the original contract specifically provides for the extension, the extension does not result in any change in the provisions of the contract other than an increase in its duration, and the Vendor has maintained its status as an approved Major Procurement vendor.

(d) The Director shall make reasonable efforts to report to the Commission in writing, within five days of the contract award date, any emergency contracts entered into by the Director under subsection (5) of this rule. However, the inability or failure to report to the Commission within this time shall not affect the validity of any emergency contract. Unless reported in writing prior to the next scheduled Commission meeting, a contract entered into under section (5) of this rule shall be reported to the Commission at its next meeting following the contract award date. Such procurement actions may be taken without the issuance of invitations to bid or requests for proposal.

(e) Unless approved at a meeting of the Commission, an emergency contract for a Major Procurement shall be subject to Commission action by telephonic or electronic vote as provided in ORS 192.670 and the meeting notice requirements of ORS 192.640.

(6) Pursuant to ORS 461.180(7), the Director may delegate, in writing, to any of the employees of the Oregon State Lottery or the Assistant Director for Security the exercise or discharge of any of the powers, duties or functions delegated to the Director in these rules.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.400 & ORS 461.440
Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0130

Advertising and Promotional Contracts

(1) Because advertising and promotional contracts involve unique marketing strategies for Lottery games, the Director may procure such services and materials directly without using competitive procurement procedures. This policy applies to advertising and promotional contracts whether placed through the Lottery's advertising agency or directly by the Commission or the Director. For the purpose of this rule, advertising and promotional contracts, include but are not limited to: Agreements with radio and television stations; acquisition of prizes; media selection; placement of advertising contracts, promotional printing, and

placement of or creation of art work; and development and placement of all forms of commercials and display presentations.

(2) Section (1) of this rule does not apply to the selection of the Lottery's primary advertising agency which will be governed by OAR 177-035-0220 pertaining to Sensitive Procurements.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0140

Oregon Preference; Foreign Vendors

(1) In all contracts, the State Lottery shall prefer goods or services that have been manufactured or produced in this State if price, fitness, availability, and quality are otherwise equal.

(2)(a) Where a Lottery contract is awarded to a foreign contractor and the contract price exceeds \$10,000, the contractor shall promptly report to the Department of Revenue on forms to be provided by the Department of Revenue the total contract price, terms of payment, length of contract, and such other information as the Department of Revenue may require before final payment can be received on the Lottery contract. The State Lottery shall satisfy itself the requirement of this subsection has been complied with before it issues a final payment on a Lottery contract.

(b) For the purposes of this subsection, a foreign contractor is one who is not domiciled in or registered to do business in the state of Oregon (adaptation of ORS 279.021).

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0150

Investment Contracts

The Director may enter into contracts to acquire structured settlements, place investments, or acquire annuities related to the pay-off of major prizewinners without following competitive bidding procedures.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0160

Security Study

(1) In accordance with ORS 461.180, the Lottery shall contract with an independent firm to conduct, every other year, a study and evaluation of aspects of security in the operation of the Lottery.

(2) Any firm that performs a service that is subject to the study and evaluation is prohibited from participating in the solicitation for the firm to conduct the study and evaluation.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.180

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0200

Classification of Lottery Procurements

(1) State Lottery procurements or contracts for the acquisition or leasing of systems, equipment, materials, supplies, services and personal services, information technology, and for the acquisition of interests in real property and projects for improvements to real property are classified according to relative sensitivity, which in turn determines the level of review and the extent of disclosure required to be made by Lottery Vendors. The factors used to classify a procurement include, but are not limited to: The type of services, goods, or products to be provided; the risk to Lottery games technology and data associated with the services, goods, or other product; the type of company involved in providing such services, goods or other product; and any other factors which may, in the opinion of the Director, affect the honesty, fairness, integrity, or security of the Lottery. The three levels of classification are as follows:

(a) Major Procurements: Procurements that are the most sensitive; the provisions governing this classification of procurements are contained in ORS 461.410, ORS 461.700, and OAR 177-035-0210.

(b) Sensitive Procurements: Procurements that are of intermediate sensitivity; the provisions governing this classification of procurements are contained in OAR 177-035-0220.

(c) General Procurements: Procurements that are least sensitive; the provisions governing this classification of procurements are contained in OAR 177-035-0230.

(2) The decision to classify a procurement as Major, Sensitive, or General shall be made by the Director in consultation with the Assistant Director for Support Services and the Assistant Director for Security prior to the Lottery's solicitation of proposals, bids, or offers. The classification of a procurement and requirements and instructions for disclosure will be stated in the procurement solicitation documentation or in the procurement advertisement.

(3) The Director's decision to classify a particular procurement under sections (1) and (2) of this rule is not binding on the Lottery and in no way limits the Commission or the Director from changing the classification or changing the amount of personal information to be submitted.

Stat. Auth.: ORS 461.120

Stats. Implemented: ORS 461.410 & ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0210

Major Procurements

(1) Under ORS 461.410, a Major Procurement includes those procurements involving ticket printing Vendors, drawing equipment Vendors, Video Lottery Terminal Vendors, Instant Ticket Vending Machine Vendors, and Vendors of central computer systems responsible for generating games and revenue. All bid announcements, invitations, requests for information or proposal covering Major Procurements shall identify the planned acquisition as a Major Procurement.

(2) All contracts or procurement actions classified as Major Procurements shall be subject to all disclosure requirements specified in ORS 461.410 and OAR 177-035-0300, and any other special disclosure requirements deemed necessary by the Director. Vendor applicants for Major Procurements shall submit application and disclosure information on forms provided by the Lottery for Major Procurements.

(3) Each Lottery contractor for a Major Procurement shall maintain its disclosure filing in a current status during the tenure of the contract as described in OAR 177-035-0300, unless other standards are established in the Vendor contract.

(4) Each Lottery contractor for a Major Procurement shall post a performance bond with the Commission as provided in ORS 461.430 and OAR 177-035-0400.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.410 & ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0220

Sensitive Procurements

(1) Sensitive Procurements are of intermediate sensitivity and are for materials, supplies, equipment, services other than personal, or personal or professional services which may have a direct impact upon Lottery games. A Sensitive Procurement includes, but is not limited to, such items as drawing auditors, security auditors, technology consultants who have direct access to gaming computer systems or programs involved in the receiving or recording of gaming information, locks and keys for terminals, and the Lottery's primary advertising agency.

(2) All contracts or procurement actions classified as Sensitive Procurements shall be subject to all disclosure requirements specified in the solicitation document and any other special disclosure requirements deemed necessary by the Director. Vendor applicants for Sensitive Procurements shall submit all of the required application and disclosure information on forms provided by the Lottery for Sensitive Procurements.

(3) Each Lottery Vendor for a Sensitive Procurement shall maintain its disclosure filing in a current status during the tenure of the contract as described in OAR 177-035-0300, unless other standards are established in the Vendor contract.

(4) Each Lottery Vendor for a Sensitive Procurement may be required to post a performance bond with the State Lottery as described in OAR 177-035-0400.

Stat. Auth.: ORS 461.120

Stats. Implemented: ORS 461.400, ORS 461.410 & ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0230

General Procurements

(1) A General Procurement is defined as all procurements other than those classified by rule or by the Director as Major or Sensitive. A General Procurement is generally related to goods and or services that will not directly impact the production or security of a Lottery game. Examples include, but are not limited to, office supplies and equipment, courier services, billboards, auto parts, and building maintenance or security services.

(2) Disclosure forms are not normally required for this class of procurements; however, the Director may require any level of disclosure and any other special disclosure requirements deemed necessary. If disclosure is required of a General Procurement applicant, the Vendor applicant shall submit application and disclosure information on forms provided by the Lottery for General Procurements. If disclosure is required of a General Procurement applicant, the Lottery Vendor shall maintain its disclosure filing in a current status during the tenure of the contract and as described in OAR 177-035-0300, unless other standards are established in the Vendor contract.

(3) Each Lottery Vendor for a General Procurement may be required to post a performance bond with the State Lottery as described in OAR 177-035-0400.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.400 & ORS 461.440

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0300

Vendor Application and Contract Disclosure Requirements

(1) The Director may require any degree or type of Vendor disclosure deemed necessary to assure the security and integrity of the Lottery and Lottery games.

(2) The Director shall approve all the forms and procedures to be used by all Persons who wish to apply for approval as a Lottery Vendor or Control Person.

(3) All applicants for Lottery Vendor contracts must provide all the information required by the Director and these rules. All applicants, Control Persons, and others as determined by the Director, must complete the required application, disclosure, or personal disclosure form within the guidelines and time lines set forth in the solicitation document or as required by the Director and the Assistant Director for Security. All applicants, Control Persons, and others as determined by the Director, must provide any documents required in the application or disclosure process, or other documents as determined by the Director and the Assistant Director for Security.

(4) The Director may reject an application if the applicant has not provided all the information requested in the application or if any information provided is not accurate, current or truthful.

(5) Each Lottery Vendor required to provide disclosure shall accurately maintain and keep current its disclosure during the approval and Vendor selection process.

(6) Unless other standards are established in a Vendor contract once executed, any changes in the status of the Vendor or of any of the listed Control Persons, or the addition of any other Control Persons, shall be reported to the Lottery Director within 30 days of the known change, and those whose status has changed or who have been added as Control Persons will be required to submit the required disclosure information. If there has been no change in Vendor status or Control Persons, the Vendor shall be required to certify annually on their vendor contract anniversary date that there has been no change.

(7) The burden of proof for satisfying the Lottery's disclosure requirements resides with the applicant.

(8) Each Lottery Vendor applicant must consent in writing to the examination of all accounts, bank accounts, and Vendor re-

cords under the applicant's possession or control. If required by the Lottery Director, an applicant must permit an examination of the applicant's premises.

(9) The Director may charge a Vendor an amount necessary to reimburse the Lottery for the estimated costs associated in processing the Vendor's application.

(10) Each Lottery Vendor applicant must accept any risk of adverse public notice, embarrassment, criticism, damages, or financial loss which may result from any disclosure or publication by a third party of any material or information requested by the Lottery in response to a Vendor application. In submitting a Vendor application to the Lottery, the Vendor applicant expressly waives any claim against the Lottery, the Director, the Commission, the State of Oregon and their officers and employees for damages as a result thereof.

(11) All disclosure filings are subject to review by the Assistant Director for Security and approval of the Director. Failure of any Lottery Vendor contract applicant to properly execute, fully complete, or timely submit the required disclosure may be grounds for rejection of the bid or proposal or termination of an existing Vendor contract.

(12) By submitting a proposal, bid, or offer, each Vendor binds itself, its officers, employees, agents, and any subcontractors to comply with all disclosure and other requirements established by the Director. The Vendor's failure or refusal to comply with any applicable requirement may result in the Director's denial or revocation of the award of the contract. In the event of denial or revocation of the award due to a Vendor's refusal or failure to comply with any applicable requirement, the Vendor shall be liable under the bid bond or shall forfeit any security posted for the procurement, and the Vendor shall be responsible for compensating the Lottery for the Lottery's expenses that result from, and any losses arising out of, the denial or revocation. These losses include any difference in the contract price proposal or bid submitted by the Vendor and the contract price proposal or bid made by the Vendor that is finally chosen.

(13) Vendors, including manufacturers, shall have a contract with the Lottery before performing any work requested by the Lottery.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300 & ORS 461.410

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0310

Criteria For Denying a Vendor or Control Person Application or Contract

(1) A background investigation shall be conducted by the Assistant Director for Security in response to all apparent Vendor application finalists related to Major and Sensitive procurements and for any other background investigation specified by the Director.

(2) The Director may deny a Vendor application, Vendor Control Person application, or contract when the applicant:

(a) Does not demonstrate, either individually or through his or her employees, the business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made.

(b) Does not demonstrate 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 subsections (a), (b), and (c) of this subsection and is in an amount likely to ensure success in the performance of the contractor's duties and responsibilities.

(c) Has been convicted of any crime in any jurisdiction.

(d) Has been convicted of any gambling offense in any jurisdiction.

(e) Has been imposed with a civil judgment based in whole or in part upon conduct which allegedly constituted a crime.

(f) Has omitted any material fact that was to be disclosed to the Lottery or its authorized agents during an initial or subsequent background or security investigation.

(g) Is a person whose background, including criminal, civil, and financial records, reputation, and associations, poses a threat to the public interest of the state or to the security and integrity of the Lottery.

(h) Is not a person of good character, honesty, and integrity.

(i) Has provided a material misstatement or untrue statement of material fact.

(j) Has engaged in conduct the Director determines may, in any way, adversely affect the integrity, security, honesty or fairness of the Lottery.

(k) Refuses to provide access to their records or to the entire physical premises of the business for inspection.

(l) Has an association with persons or businesses of known criminal background, or persons of disreputable character or conduct, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Lottery.

(m) Is qualified, but there is an ownership interest in the applicant's business operation by a Person who is unqualified or disqualified to hold a Lottery contract, regardless of the qualifications of the Person who seeks approval as a Lottery Vendor or Vendor Control Person.

(3) In evaluating whether to deny a contract based on subsections (2) of this rule, the Director may consider the following factors:

(a) The nature and severity of the conduct, incident, or circumstance;

(b) The passage of time;

(c) Any intervening circumstances;

(d) The number of offenses, crimes, or incidents;

(e) The materiality and relevancy to the work to be performed; or

(f) Any extenuating circumstances that affect or reduce the impact of the conduct, incident, offense or crime on the security, integrity, honesty, and fairness of the Lottery.

(4) No contract or other agreement for the purpose of providing services to the Lottery shall be entered into, renewed, or extended with any Person, unless the Person certifies in writing, under penalty of perjury, that the Person is not in violation of any tax laws described in ORS 305.380(4). A copy of the certification form may be obtained from the Lottery or the Department of Revenue. The original certification shall be retained in the Lottery's contract file.

(5) The denial by the Director of a Vendor application based upon a background investigation shall be final.

(6) The denial criteria described in this rule may also constitute sufficient grounds for termination, immediate or otherwise of an existing Vendor contract.

(7) The Director is authorized to terminate an existing Vendor contract if there has been a violation of any term or condition of the contract or as otherwise authorized in these rules.

Stat. Auth.: OOr. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.430

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0400

Performance Bonds

(1) All Vendors who receive a contract classified as a Major Procurement shall post a performance bond. The performance bond shall be included and incorporated as part of the Vendor's contract with the Lottery.

(2) Vendors who are required by the Director to post a performance bond under OAR 177-035-0220 or 177-035-0230 shall have the performance bond included and incorporated as part of the Vendor's contract with the Lottery.

(3) The Director shall determine the amount of the performance bond to be posted by a Vendor. In determining the amount of the bond, the Director shall consider all factors relating to the Vendor's ability to perform the contract.

(4) The performance bond shall be issued by a surety licensed to do business in this state and shall be for the duration specified in the procurement announcement or, if not specified, for the term of the contract.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.430

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

177-035-0600

Video Lottery Vendor Restrictions

(1) Any Person applying to become a Video Lottery Game Vendor or Video Lottery Vendor Control Person shall disclose to the Director any interest in gambling activities in any jurisdiction including, but not limited to, any ownership, possession, operation, or manufacture related to such activities, or of any income or reimbursement gained from such activities.

(2) Any person who manufacturers, offers or makes available a Video Lottery device in Oregon must be approved by the Director. The Director shall not include on the approved list, the name of any manufacturer or distributor who does not grant the Oregon State Lottery access to its business and financial records.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.430

Hist.: LOTT 2-1999, f. 2-26-99, cert. ef. 3-1-99

DIVISION 40

CRITERIA FOR REVIEW OF RETAILER APPLICATIONS

177-040-0000

Retailer's Application

Any person interested in becoming a Lottery Game Retailer must first file an application on forms provided by the Director. The application shall include, but not be limited to, an applicant's personal, financial, and criminal history, the source of funds and financing used for the purchase and operation of the applicant's business, and an authorization to investigate the applicant's criminal, financial, and credit history.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 8-1985, f. & ef. 6-21-85; LC 11-1987, f. 6-22-87, ef. 7-1-87; LOTT 2-1998, f. & cert. ef. 5-28-98

177-040-0005

Criteria Precluding Issuing Contract

The following criteria shall preclude the Director from entering into a Retailer Contract with an applicant. No contract shall be made with an applicant:

(1) Who is under 18 years of age.

(2) Who will be engaged exclusively in the business of selling tickets.

(3) Who is an employee of the Lottery.

(4) Who is, or is owned or controlled or affiliated with, a supplier of instant tickets or a manufacturer of computer equipment used to determine winners in on-line games.

(5) Who is a corporation or other form of business that is not incorporated in this state or authorized to do business in this state.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 8-1985, f. & ef. 6-21-85; LC 4-1990, f. & cert. ef. 4-3-90; LOTT 2-1998, f. & cert. ef. 5-28-98

177-040-0010

Criteria Which May be Grounds for Refusal

Before contracting with an applicant, the Director shall consider the factors set out below. In considering these factors, the Director shall seek to determine which applicants will best serve the economical and efficient operation of a statewide lottery through their ticket sales. If the facts in respect of a particular applicant which are relevant to any of these factors lead the Director to determine that contracting with the applicant would not so promote the economical and efficient operation of a statewide lottery consonant with the public interest, or would not serve the public interest, convenience, or trust the Director may deny the application:

(1) The Director shall consider the financial responsibility and security of the person and the person's business or activity.

The Director shall consider the person's creditworthiness and integrity in past financial transactions. In this connection, the Lottery may conduct an investigation into the creditworthiness of the applicant utilizing the services of a commercial credit reporting agency. The Director shall also consider the physical security of the applicant's place of business to determine that tickets which are sold to the applicant, and the proceeds from ticket sales, will be kept safe.

(2) The Director shall consider the accessibility of an applicant's place of business or activity to the public. The Director's purpose shall be to contract with applicants who have regular contact with significant numbers of persons at the applicant's place of business. Before contracting with any organization that has restricted membership policies, the Director shall determine whether such restrictions are generally acceptable to the public and whether contracting with such groups or organizations would best serve the interests of the Lottery.

(3) The Director shall consider the sufficiency of existing retailers to serve the public interest. The Director shall seek to maximize total ticket sales by encouraging retailers with the highest potential volume in a particular area or neighborhood.

(4) The Director shall consider the volume of expected sales by the applicant. In determining the anticipated actual sales volume of the applicant, the Director may rely upon the experience and knowledge of the Lottery's staff as well as any other available professional expertise. The Director should determine that the volume of an applicant's sales will be such that contracting with the applicant will be economically feasible.

(5) The Director shall consider the types of products, services, or entertainment offered at the applicant's place of business. The Director shall determine whether the aforementioned products, services, or entertainment are generally acceptable to the public and whether they bear adversely upon the general credibility, integrity, and reputation of the Lottery.

(6) The Director shall consider the experience, character, or general fitness of the applicant. Entering into a contract with the applicant must be consistent with the public interest, convenience, and trust.

(7) The Director shall consider the veracity and completeness of the information submitted with the retailer's application.

(8) The Director shall consider the criminal history of the applicant and any control person in accordance with the following guidelines:

(a) The Director shall refuse to enter into a contract with any applicant when the applicant or any control person has been convicted of violating any gambling laws of any state, general or local, or when the applicant or any control person is a party to a lease, rental agreement or other arrangement that violates ORS 91.240, which prohibits the renting or leasing space, rooms or premises for gambling purposes, or if any premises owed, controlled or subject to the management or control of the applicant or any control person are the subject of any lease, rental agreement or other arrangement that violates ORS 91.240.

(b) The Director shall refuse to enter into a contract with any applicant when the applicant or any control person of an applicant has been convicted within 10 years of the application date of any felony, any offense involving prostitution, or any offense involving the manufacture, sale, delivery, or felony possession of a controlled substance.

(c) The Director may refuse to enter into a contract with any applicant when the applicant or any control person of an applicant has a conviction more than 10 years old at the date of application for any of the crimes listed in subsection (b) of this section. In determining whether to approve the application, the Director shall consider the nature and severity of the conduct that constituted the offense or crime, the time that has passed since satisfactory completion of the sentence imposed for the conviction, the number of offenses or crimes, and any extenuating circumstances that affect or reduce the impact of the offense or crime on the security, integrity, fairness, and honesty of the Lottery.

(d) The Director may refuse to enter into a contract with any applicant when the applicant or any control person of an applicant

when the Director has reasonably reliable information that the applicant or any control person of an applicant has engaged in conduct which constitutes a violation of any gambling law, of any statute which defines a felony, of any statute which defines an offense involving prostitution, or of any statute which defines an offense involving the manufacture, sale, delivery, or felony possession of a controlled substance.

(e) The Director may refuse to enter into a contract with any applicant when the applicant or any control person has been held responsible, by judgement, settlement, consent decree or otherwise, in any civil suite, court proceeding, or proceeding before an administrative board, agency or body which was based in whole or in part on allegations of conduct which would amount to fraud, deceit, misrepresentation, embezzlement, breach of fiduciary responsibility, or similarly misleading or dishonest conduct, or the director has reasonably reliable information that the applicant or any control person has engaged in conduct which would amount to such activity.

(f) The Director may refuse to enter into a contract with any applicant when the applicant or any control person has been convicted of, or otherwise subject to official sanction for, any offense other than an offense described in subsections (a) and (b) of this section, except traffic infractions. The Director may also refuse to enter into a contract with the applicant when the Director has reasonably reliable information that the applicant, or any control person of an applicant, has engaged in conduct which constitutes an offense as described under this subsection except traffic infractions.

(9) The denial by the Director of an application for a lottery game retailer contract shall be final.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: SLC 3-1985(Temp), f. & ef. 1-15-85; SLC 8-1985, f. & ef. 6-21-85; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93; LC 4-1995, f. 4-27-95, cert. ef. 5-1-95

177-040-0012

Criteria for Sale of Business Applications

(1) The following criteria shall apply to a retailer application received from an Applicant/Buyer who intends to buy an existing Lottery retailer's (Retailer/Seller) business before the date of sale of the Retailer/Seller's business:

(a) Application Packet. The Applicant/Buyer submits a completed standard retailer application packet and a statement of financing on forms provided by the Lottery. The statement of financing shall include a verification of the source of funds used for the purchase of the Retailer/Seller's business and the sale expenses.

(b) Purchase Agreement. The Applicant/Buyer submits a copy of the unexecuted purchase agreement between the Seller (the existing Lottery retailer) and the Applicant/Buyer. The purchase agreement must include the anticipated closing date for the sale of the business and a possession date of the business by the Applicant/Buyer. To provide the Lottery with sufficient time to compare the final closing documents with the proposed documents submitted with the Applicant/Buyer's retailer application, there should be at least two weeks between the closing date and the possession date. In all cases, the date of possession must follow the closing date. The Applicant/Buyer shall assume responsibility for all Lottery equipment on the Retailer/Seller's premises upon the date of possession.

(c) Presite Agreement. The Applicant/Buyer submits a signed presite agreement form provided by the Lottery. The presite agreement form requires the Applicant/Buyer to assume responsibility for the cost of keeping telecommunications service active to the premises, and for making prize payments for valid unpaid winning scratch-it and on-line game tickets sold by the Retailer/Seller prior to the date of possession. Valid unpaid winning video lottery game tickets sold by the Retailer/Seller prior to the date of possession must be referred to the Lottery for payment.

(2) After a complete application has been received, the Lottery shall process it as part of the normal retailer application process. The average time required to process an application is 30-45

days but may take as long as 60 or more days depending on the complexity of the background investigation; thus, the Lottery does not make any guarantee or warranty that a person's application shall be processed and completed by a specified date. Therefore, the Lottery shall not be held responsible or accept any claim for the failure of a proposed sale of business based upon a delay in the time required to process a person's retailer application.

(3) If, after completing the background investigation, the Director decides to approve Applicant/Buyer's application, the Director may grant a conditional approval for up to 120 days to the Applicant/Buyer as a Lottery retailer. Terms and conditions of the conditional approval shall include, but not be limited to, a requirement that the Applicant/Buyer shall not operate Lottery games prior to the possession date and that the Applicant/Buyer provide executed copies of all closing documents to the Lottery purchase agreements, leases, etc.).

(4) Upon receipt of the executed closing documents, the Lottery will review and compare them with the draft documents provided with the application to ensure that the actual closing transaction is the same or consistent with the proposed transaction contained as part of the person's application.

(5) If the Applicant/Buyer is deemed qualified by the Director as a lottery retailer and has met all the terms and conditions of the Conditional Approval, the Director will give final approval for the Applicant/Buyer to contract with the Lottery as a Lottery retailer. The Lottery equipment at the Retailer/Seller's location may be disabled for 24 hours immediately prior to the time the Applicant/Buyer is scheduled to take possession of the premises. The purpose of disabling the equipment is to provide time for a final accounting of the Retailer/Seller's lottery transactions to take place.

(6) If the Lottery has not completed its investigation of an Applicant/Buyer's application and granted Conditional Approval before the closing date, or if final approval has not been granted by the possession date, unless otherwise requested by the Retailer/Seller to continue operation as a Lottery retailer, all Lottery equipment will be disabled until the investigation is completed and final approval has been granted to the Applicant/Buyer. If the equipment must be disabled for more than two weeks, the equipment may be removed from the Retailer/Seller's premises and may not be reinstalled until final approval has been provided to the Applicant/Buyer.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 9-1996, f. 7-31-96, cert. ef. 9-1-95

177-040-0025

Retailer Compensation

(1) Base Retailer compensation for the sale of Traditional games is determined by a Retailer's weekly sale of Traditional games at a particular retail location. For purpose of calculating base compensation, a Retailer's weekly sales of Traditional games shall be the sum of actual on-line sales, scratch-it Tickets activated by the Retailer and breakopen packs shipped by the Lottery, less scratch-it Ticket and breakopen share returns recorded by the Lottery, and other sales-related adjustments made during the week. Sales Per Week Compensation - % of Gross Sales: [Table not included. See ED. NOTE.]

(2) Notwithstanding the compensation structure established in section (1) above, the minimum commission rate paid to a Lottery Retailer for the sale of breakopen shares shall be 8% regardless of a Lottery Retailer's weekly sales of Traditional games. If a Retailer's weekly sales of Traditional games is less than \$3,000, the Lottery shall compensate the Retailer for the sale of breakopen shares at 8% and shall include the breakopen sales to calculate the rate at which the Retailer's sales of other Traditional games shall be compensated in accordance with section (1) above. For example: If a Retailer's weekly sales of Traditional games equals \$2,620 with \$1,620 representing breakopen sales, then the compensation rate for on-line and scratch-it sales of \$1,000 is 7.5% and the compensation rate for breakopen sales of \$1,620 is 8%.

(3)(a) For selling any winning and validated scratch-it or on-line prize of \$10,000 or more, a Lottery Retailer shall receive a bonus of one percent (1%) of the prize paid up to a maximum bonus of \$100,000 rounded to the nearest dollar. For example: For selling a winning and validated annuitized prize of \$8,000,000, the selling Lottery Retailer shall receive a bonus of \$80,000 regardless of the payment option(s) chosen by the winner(s); for selling a winning and validated scratch-it prize of \$25,000, the selling Lottery Retailer shall receive \$250.

(b) Prior to the implementation of a Traditional game that includes one or more prizes with a value that is, in the opinion of the Director, variable or in some other way ambiguous including, but not limited to, circumstances such as non-monetary prizes or annuities of unspecified duration, the Director shall assign a prize value to any such prize for the purposes of determining the Retailer selling bonus pursuant to subsection (a) of this section.

(4) This rule shall apply to the sales period beginning June 27, 1999.

[ED. NOTE: Copies of the Table referenced in this rule are available from the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.010

Hist.: LC 4-1995, f. 4-27-95, cert. ef. 5-1-95; LC 12-1996, f. & cert. ef. 12-27-96; LOTT 9-1999, f. 5-27-99, cert. ef. 6-27-99

177-040-0030

Retailer Bond or Letter of Credit

The Director may require a bond or an irrevocable letter of credit issued by a commercial bank in the amount of \$5,000 from any lottery game retailer.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 9-1992, f. & cert. ef. 8-26-92

177-040-0040

Sales Improvement Program

(1) All Lottery retailers shall sell all of the Lottery's on-line games and a minimum of three scratch-it or breakopen games. This requirement does not apply to retailers who sell only breakopen tickets or video lottery games nor does the requirement to sell all on-line games require that retailer sell video lottery games.

(2) The minimum weekly sales average for all Lottery products shall be \$1,000. The minimum weekly sales average is determined by using the sales history for all products from a retailer's location over a consecutive 13-week period. The purpose of the minimum weekly sales average is to have a measure by which the Lottery can use to recruit and maintain retailers. This minimum weekly sales average shall not apply to the sale of video lottery games.

(3) A retailer who fails to meet the minimum weekly sales average specified in section (2) of this rule after six months of on-line sales, shall be placed on a 13-week Sales Improvement Program. Participation in the Sales Improvement Program shall be agreed upon in writing by the retailer and the Lottery. Results of the program shall be reviewed at the end of the 13-week period. If the retailer's sales average has not sufficiently improved to meet the minimum weekly sales average, the retailer may be continued in the Sales Improvement Program by the Assistant Director for Retail Operations upon reviewing the following factors: the retailer's past sales history, the average sales for the area where the retailer is located, seasonal sales trends, the retailer's actions that demonstrated motivation and willingness to promote the sale of Lottery products, the retailer's degree of active participation in the Sales Improvement Program, the number of other retailers in the community, the availability of ticket sales to the public by type of location (i.e., on-premise and off-premise locations or if the retailer is a nonprofit, fraternal, or charitable organization) and any other factors to determine whether the retailer should be continued in the Sales Improvement Program. If the retailer fails to achieve an increase in sales necessary to meet the minimum sales average after completion of the initial 13-week program, and is not continued in the program by the Assistant Director for Retail Operations after a review of the criteria listed above, the retailer's agreement

may be terminated by the Director. Before terminating a retailer's contract on the basis of failing to meet the minimum sales average, the Director shall notify the retailer of the Lottery's intent to terminate the retailer's agreement and offer the retailer the opportunity to offer any information as to why the agreement should not be terminated. Unless a substantial change in circumstances can be demonstrated, any retailer whose contract has been terminated under this section must wait one year from the date of termination before reapplying for a contract to sell non-video lottery games.

(4) A retailer that is subject to termination for failing to meet the minimum weekly sales average, and who has not actively participated in the Sales Improvement Program, may avoid termination by paying an amount that is calculated on the retailer's quarterly sales to continue the retailer's contract with the Lottery. The Lottery's quarterly cost of supporting a retailer is approximately \$1,000. Based upon this amount, a retailer who fails to meet the \$1,000 sales average would pay an amount to maintain the retailer's contract equal to \$1000 less five cents for each dollar of traditional games sold during the last sales quarter. For example, if a retailer's quarterly sales are \$7800, the retailer's weekly sales average for the quarter is \$600 per week and the retailer's contribution to the quarterly support cost is \$390. Thus, the amount the retailer would be required to pay to maintain the retailer's contract with the Lottery is \$610, the difference between the Lottery's retailer support cost of \$1000 and the retailer's actual contribution of \$390 for the quarter.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 6-1993, f. & cert. ef. 7-2-93; LC 5-1994, f. 6-15-94, cert. ef. 7-1-94; LC 10-1995, f. & cert. ef. 9-29-95; LC 4-1996, f. & cert. ef. 4-1-96; LOTT 5-1999(Temp), f. & cert. ef. 5-26-99 thru 6-26-99, Administrative correction 11-17-99

177-040-0050

Retailer Duties

(1) This rule contain duties to be performed by a Lottery retailer. The duties listed herein are not meant to be exclusive, other duties and requirements for retailers may be contained in the rules for the Lottery's games. The duties are divided into three categories. The first category - General - list the duties to be performed by all retailers; the remaining two categories are classified based upon the type(s) of Lottery game(s) offered by a retailer, i.e., Traditional or Video Lottery.

(2) General. These duties shall be performed by all retailers regardless of the type(s) of game(s) offered at the retailer's location:

(a) Except for video lottery games, a retailer shall monitor the sale of games to assure that no person under the age of 18 years is permitted to buy Lottery tickets.

(b) Provide a secure storage area for Lottery tickets and ticket stock and a secure area for the terminal;

(c) Replace ribbons, ticket stock and clear paper jams as may be required for any of the equipment or terminals provided by the Lottery for the sale of Lottery games.

(d) Exercise due diligence in the operation of the Lottery terminal(s); including immediately notifying the Lottery of any telephone line, radio, or terminal malfunction, such as the issuance of invalid on-line ticket, the inability to sell or redeem an on-line or scratch-it ticket, or the nonissuance of an on-line ticket.

(e) Have at least one employee per location who has been trained and certified by the Lottery in the sale of Lottery games and maintenance of Lottery equipment. The training certification must be kept current by attending training sessions as offered by the Lottery; such training sessions will be offered by the Lottery at reasonable times and locations.

(f) To take reasonable steps and actions to safeguard the safety and security of Lottery employees who enter the Retailer's premises to provide or service Lottery games or equipment.

(3) Traditional Game Duties: Traditional games include scratch-in tickets, all on-line games, and breakopen tickets; duties for these games include;

(a) Selling all of the Lottery's on-line games and a minimum of three scratch-it or breakopen games; this duty does not apply to retailer who sell only Breakopen games;

(b) Selling Lottery tickets for the listed price except for any amounts authorized by the Lottery;

(c) Validating a scratch-it ticket prize through the Instant Ticket System (ITS) and destroying it after validation and payment of the prize;

(d) Validating an on-line game prize through the on-line terminal. After validating and paying an on-line prize, the ticket and pay authorization slip should be verified against the invoice before it is destroyed.

(e) Paying scratch-it and on-line game prize of \$600 or less during the specified redemption hours; prize may be paid by cash, check, money order, or any combination thereof;

(f) Selling scratch-it and on-line games during all hours and days when the retailer's business is open and the on-line system in functioning. The retailer's hours for redeeming winning ticket shall be posted if they are different from the normal business hours.

(g) Selling scratch-its, if sold, at all cash registers; cash registers include those where general merchandise or grocery items are sold;

(h) Merchandising the retailer's establishment and promoting the sale of games as agreed upon with the Lottery.

(i) Breakopen lottery games. A retailer who sells breakopen games shall pay all Breakopen prizes in cash on the same date a winning ticket is purchased by a player at the retailer's location; after validation and payment of the prize, the retailer shall destroy the breakopen ticket.

(4) Video lottery games. Duties to be performed by video lottery game retailers include:

(a) Validating and redeeming cash slips during the retailer's hour of operation through the clerk validation terminal (CVT). After validation, the cash slip and the CVT payout slip shall be verified with the invoice and then destroyed;

(b) Problem cash slips shall be validated in accordance with the Lottery's software validation procedures; after validation, problem cash slips and the software validation report shall be retained for one year;

(c) Retaining each audit roll used in a terminal for a period of one year; after one year the audit roll may be destroyed;

(d) Paying all prizes immediately by cash or by check upon validation; no prize shall be paid by the use of tokens, chips, or merchandise;

(e) Preventing any person under the age of 21 from playing video lottery games.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 4-1995, f. 4-27-95, cert. ef. 5-1-95; LOTT 5-1999(Temp), f. & cert. ef. 5-26-99 thru 6-26-99, Administrative correction 11-17-99

177-040-0070

Retailer Wheelchair Accessibility Program

(1) Purpose. To ensure that all new and existing retailers provide access to lottery games and services to people who use wheelchairs. Access to video lottery games may be achieved by providing access to at least one video lottery game terminal, regardless of slight variations in game theme or play between the different types of video lottery game terminals.

(2) General Requirements. All lottery retailers shall provide access to people who use wheelchairs to enable their full and equal enjoyment of lottery related services. If necessary, this Oregon Lottery Retailer Wheelchair Accessibility Program is to be accomplished by installing required accessibility features, removing identified barriers through structural modifications, and/or creating alternative methods of providing access to the service. Alternative methods of providing access to the service must be simple for the consumer, and will apply only when accessibility to the service does not require physical access by people who use wheelchairs to a specific area of the retail establishment (e.g. playing Keno does not require physical access to the lottery terminal).

nal if retail staff provide table service to people who use wheelchairs; conversely, playing video lottery games does require access to a video lottery terminal).

(3) **Retailer Wheelchair Accessibility Affidavit.** A retailer shall submit a signed Wheelchair Accessibility affidavit to the Oregon Lottery that the retail location is wheelchair accessible. The affidavit form shall be provided by the Lottery and shall contain the Lottery's wheelchair accessibility standards. The affidavit must be completed and signed by each retailer. All new and sale of business retailers will provide this affidavit prior to a contract agreement; all existing retailers will provide this affidavit prior to renewal of their current contract agreements.

(4) **Barrier Removal.**

(a) All barriers must be removed that deny wheelchair access to lottery services. Examples of steps to remove barriers shall include, but are not limited to, the following actions:

- (A) Installing ramps;
- (B) Making curb cuts in sidewalks and entrances;
- (C) Creating designated accessible parking spaces;
- (D) Widening doors;
- (E) Rearranging tables, chairs, vending machines, display racks, and other furniture;
- (F) Installing offset hinges to widen doorways;
- (G) Installing accessible door hardware; and/or
- (H) Any alternative method which provides access to Lottery games.

(b) The retailer shall be responsible for all costs related to improvements made for the purpose of making the retailer's location wheelchair accessible.

(5) **Permitted Exemptions.**

(a) The following exemptions to the requirements of this rule may be granted by the Director. The Director shall review the circumstances and supporting documentation provided by a retailer to determine if a retailer's request for an exemption should be granted. The Director shall determine the type and scope of documentation to be required for each exemption classification. All decisions made by the Director shall be final; any retailer whose request for an exemption is denied by the Director shall be required to satisfy the requirements of this rule as a condition for maintaining its eligibility for a Lottery retailer contract.

(A) **Historic Properties.** To the extent a historic building or facility is exempt under federal law, this rule shall not apply to a qualified historic building or facility that is listed in or eligible for listing in the National Register of Historic Places under the National Historic Preservation Act or is designated as historic under State or local law.

(B) **Legal Impediment to Barrier Removal.** Any law, act, ordinance, state regulation, ruling or decision which prohibits a Lottery retail location from removing a structural impediment or for making a required improvement may be the basis for an exemption to this rule. A Lottery retailer requesting an exemption under this subsection will not be required to seek a zoning variance to establish the legal basis for the impediment, but will be required to document that whatever permit(s) that are necessary to remove the barrier(s) has been applied for and rejected by the applicable authority.

(C) **Landlord Refusal.** An exemption may be granted based on the refusal of a landlord to grant permission to a Lottery retailer to make the structural improvements required by the Lottery under this rule. The exemption shall only apply to the retailer's current lease term. To request such an exemption, the retailer must submit documentation to the Director that the retailer requested the landlord's permission to make the required structural improvements, that such request was denied by the landlord, and the reasons for the denial. In making a decision on the exemption request, the Director shall take into consideration, but not be limited to, the sufficiency of the reasons provided by the landlord for denying the retailer's request.

(D) **Undue Financial Hardship.** A limited exemption may be granted if a retailer can demonstrate that the cost of removing a structural barrier or of making the required structural modification(s) to the retailer's location is an undue financial hardship in

that the cost of making such a change(s) exceeds 25 percent of the retailer's compensation from the Lottery for the prior calendar year (An annualized sales figure based upon the retailer's most current 13-week sales period shall be used for those retailer locations with less than a full year's history of sales.). Under the terms of this limited exemption, a retailer would be required to annually make those improvements and modifications that can be financed within an amount that is approximately equal to 25 percent of the total compensation earned from the Lottery in the prior calendar year.

(b) This requirement would continue on a year-to-year basis until all the improvements and modifications required by this rule have been completed. A retailer shall provide all supporting documentation requested by the Director to substantiate the cost estimates of making the required improvements to the retailer's location.

(6) **Complaints Relating to Non-Accessibility.** The Lottery Director or designee(s) will receive and process all accessibility complaints concerning lottery retailers as follows:

(a) **Initial Complaint/Investigation.** Complaints must be in writing and, where possible, submitted on a Lottery Retailer Wheelchair Accessibility complaint form. The complaint shall be investigated. If the lottery contracted facility is found to be in compliance with this rule, a letter will be mailed to the retailer and complainant.

(b) **Letter of Impending Rule Violation.** If the Lottery determines that there are violations of this rule, the Lottery shall issue a letter of impending rule violation. The lottery contracted facility shall submit within, but no later than 30 days after mailing of the letter of impending rule violation, a response for the apparent non-compliance with this rule. The Lottery Director or designee(s) shall determine if the lottery contracted facility's response is acceptable under guidelines of this rule. If the lottery contracted facility is found to be in compliance with this rule, a letter will be mailed to the retailer and the complainant.

(c) **Letter of Rule Violation.** If the retailer's response to the Lottery's letter of impending rule violation is unacceptable under the guidelines of this rule, or if the lottery contracted facility does not provide an explanation in the 30 day response period, the Lottery, within 15 days after the 30 day response period, shall issue a letter of rule violation. The letter of rule violation shall describe the deficiencies found at the retailer's location under the terms of this rule.

(d) **Rule Compliance Plan.** The lottery retailer shall submit a plan for compliance with this rule to the Lottery within 30 days of the issuance of the letter of non-compliance. The plan shall describe in detail how the lottery retailer will achieve compliance with this rule. The Lottery may grant the lottery retailer additional time to submit the plan for good cause. The Lottery shall notify the applicant/lottery retailer of the Lottery's acceptance or rejection of the plan. If the plan is rejected, the notification shall contain the reasons for rejection of the plan and the corrections needed to make the plan acceptable to the Lottery. If the retailer agrees to make the required corrections, the Lottery shall accept the plan as modified. If a retailer fails to submit a plan within 30 days of issuance of the letter of non-compliance and has not requested an extension of time to submit a plan, or if a retailer has requested an extension but lacks good cause for requesting an extension, the Lottery may proceed to initiate termination proceedings.

(e) **Time Line for Implementation of Corrective Actions.** Modifications must be made within 60 days of the date of acceptance of the retailer's plan for corrective actions. If within the 60 days, the lottery retailer has not eliminated the deficiencies cited in the letter of rule violation, but has submitted a written request for an extension of time, the Lottery may grant an extension for up to 90 additional days for good cause. Notice of the extension will be sent to the complainant and the Lottery retailer. Any such extension will commence immediately upon expiration of the 60 day period. In no event shall the total amount of time allowed by the Lottery for the retailer to make the necessary improvements exceed 180 days from the date of issuance of the letter of rule violation.

(f) Notice of Rule Compliance. If the corrective action taken by the lottery retailer corrects the deficiencies specified in the letter of rule violation, the Lottery will issue a notice of rule compliance. Until this notice is issued, a complaint will be considered pending.

(g) Termination. Failure to make modifications within the required time period and in agreement with this Retailer Wheelchair Accessibility rule compliance plan may result in the initiation of proceedings to terminate the retailer's contract with the Lottery.

(h) Effective Date. This rule shall become effective July 1, 1997; provided, retailers with agreements, or applicants who have submitted complete applications to the Lottery as of this date, shall have until July 5, 1998 to comply with all the provisions of this rule.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: Americans with Disabilities Act of 1990
Hist.: LC 5-1997, f. 6-13-97, cert. ef. 7-1-97

DIVISION 50

SCRATCH-IT TICKET GAME OPERATING RULES

177-050-0000

Scratch-it Games — Authorized — Director's Authority

(1) The Commission hereby authorizes scratch-it games which meet the criteria set forth in these rules.

(2) The Director is hereby authorized to select, operate, and contract relating to and for the operation of scratch-it games which meet the criteria set forth in these rules.

Stat. Auth.: ORS Ch. 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: SLC 4-1985(Temp), f. & ef. 1-29-85; SLC 8-1985, f. & ef. 6-21-85; LC 6-1993, f. & cert. ef. 7-2-93

177-050-0002

Definitions

(1) "Pack" means a book of shrink-wrapped fanfolded scratch-it game tickets which are attached to each other by perforations, which perforations a retailer tears when selling a ticket.

(2) "Pack-Ticket Number" means the uncovered number printed on the front of the ticket; the number consists of a game number, a unique pack identification number, and a ticket number.

(3) "Play Symbols" mean the figures printed in gray-black ink which appear under each of the ruboff spots on the front of the ticket.

(4) "Play Symbol Caption" means the small printed material appearing below each play symbol which repeats or explains the play symbol; only one of these play symbol captions appears under each play symbol and is printed in gray-black ink.

(5) "Retailer Validation Code" means the three small letters found under the removable rub-off latex that covers the play symbols on the front of the ticket, which the ticket retailer may use to verify winners of \$9 and less; the letters appear in varying locations beneath the removable rub-off latex and among the play symbols.

(6) "Scratch-It" means a game in which a ticket is purchased and upon removal of a latex covering on the front of the ticket, the ticket bearer determines his or her winnings, if any.

(7) "Ticket Validation Number" means the unique number covered by latex on the front of the ticket.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.010
Hist.: LC 7-1987, f. & ef. 4-29-87; LC 13-1987(Temp), f. & ef. 7-27-87; LC 15-1987, f. 8-24-87, ef. 9-1-87; LC 4-1988, f. & cert. ef. 1-26-88; LC 6-1993, f. & cert. ef. 7-2-93

177-050-0010

Sale of Tickets

(1) No person other than a retailer under a contract for the sale of tickets with the Lottery may sell lottery tickets except that nothing in this section shall be construed to prevent a person who

may lawfully purchase tickets from making a gift of lottery tickets to another.

(2) Unless authorized by the Lottery, tickets may not be sold at a location other than the address listed on the Retailer's contract with the Lottery.

(3) Nothing in this section shall be construed to prohibit the Commission from designating certain of its agents and employees to sell lottery tickets directly to the public.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.300
Hist.: SLC 8-1985, f. & ef. 6-21-85; LC 23-1988, f. & cert. ef. 9-30-88; LC 2-1991, f. & cert. ef. 7-24-91; LC 8-1993, f. 9-22-93, cert. ef. 10-18-93; LC 2-1995, f. 4-27-95, cert. ef. 7-1-95

177-050-0020

Scratch-It Ticket Price

The price of a scratch-it ticket shall be at least \$1, except to the extent of any discounts authorized by the Commission. No person may sell a ticket at a price other than that established in accordance with these rules.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.240
Hist.: SLC 4-1985(Temp), f. & ef. 1-29-85; SLC 8-1985, f. & ef. 6-21-85; LC 7-1987, f. & ef. 4-29-87; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93

177-050-0021

Prize Structures

(1) Prize structures for each Scratch-it ticket game shall be approved by the Director.

(2) The Director shall provide to all lottery game retailers a detailed tabulation of the estimated number of prizes of each particular prize denomination that are expected to be awarded in each lottery game and the close approximation of the odds of winning such prizes.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 220
Hist.: LC 29-1988, f. & cert. ef. 11-29-88; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93

177-050-0023

Official Start of Game

The Director shall publicly announce the starting date of a new game by use of a press release or any other appropriate means. The Director shall also issue game information which includes a description of the game, odds of winning a prize, and the number and value of prizes.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.220
Hist.: LC 7-1987, f. & ef. 4-29-87; LC 4-1990, f. & cert. ef. 4-3-90

177-050-0024

Determination of Winners

(1) Winners of a scratch-it game are determined by the matching or specified alignment of the play symbols on the tickets. The play symbols are revealed by scratching or rubbing off the latex covered spots on the ticket. The ticket bearer must notify the Lottery or a retailer of the win and submit the winning ticket as specified in these rules. The winning ticket must be validated by the Lottery or a retailer through use of the validation number or by any other means as specified by the Director.

(2) Only the highest prize amount will be paid on a given ticket, except for games which are designed to offer multiple prizes.

(3) No portion of the play symbol captions, retailer validation codes, display printing nor any extraneous matter whatever shall be usable or playable as a part of the game.

(4) The ticket validation number or any portion thereof is not a play spot and is not usable or playable as such.

(5) In all events, the determination of prize winners shall be subject to the general ticket validation requirements set forth in OAR 177-050-0027 of these rules set out below and the requirements set out on the back of each game ticket.

(6) The Director shall determine the method used to determine the prize-winners for games which offer prizes other than those which are determined by the procedures outlined above.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.230

Hist.: LC 7-1987, f. & ef. 4-29-87; LC 4-1990, f. & cert. ef. 4-3-90; LC 8-1990(Temp), f. & cert. ef. 6-26-90; LC 11-1990, f. & cert. ef. 8-21-90; LC 6-1993, f. & cert. ef. 7-1-93

177-050-0025

Payment of Prizes

The procedures for claiming scratch-it ticket prizes are as follows:

(1) Scratch-it ticket prizes of \$600 and less shall be claimed by one of the following methods:

(a) By presenting the winning ticket to any scratch-it retailer. The retailer shall validate the claim with the Lottery and, if authorized by the Lottery, make payment of the amount due the claimant. In the event the retailer cannot verify the claim, the claimant shall fill out a claim form, which the retailer shall provide, and present the completed form together with the disputed ticket to the Director. If the claim is validated by the Director, a check shall be forwarded to the claimant in payment of the amount due. In the event that the claim is not validated by the Director, the claim shall be denied and the claimant shall be promptly notified;

(b) A retailer may pay prizes in cash or by business check, or money order, or any combination thereof. A retailer that pays a prize with a check which is dishonored may be subject to suspension or termination of the retailer's contract;

(c) By bringing the ticket to the Salem lottery office or by completing a claim form and mailing it with the winning ticket to the Oregon State Lottery, P.O. Box 14515, Salem, OR 97309 (registered mail recommended). Claim forms may be obtained from any lottery game retailer or from the Lottery at the post office box listed above;

(d) Upon validation by the Director, a check shall be forwarded to the claimant in payment of the amount due. In the event that the claim is not validated by the Director, the claim shall be denied and the claimant shall be promptly notified.

(2) To claim a prize of more than \$600, the claimant must either bring the winning ticket to the Salem Lottery office or complete a claim form and mail the completed form together with the winning ticket to the Oregon State Lottery, P.O. Box 14515, Salem, OR 97309 (registered mail recommended). Upon validation by the Lottery, a check shall be forwarded to the claimant in payment of the amount due, less any applicable federal income tax withholding.

(3) Any ticket not passing all the validation checks is void and ineligible for any prize and shall not be paid. However, the Director may, solely at the Director's option, replace an invalid ticket with an unplayed ticket (or tickets of equivalent sales price from any other current game). In the event a defective ticket is purchased, the only responsibility or liability of the Lottery shall be the replacement of the defective ticket with another unplayed ticket (or tickets of equivalent sale price from any other current game).

(4) All prizes shall be paid within a reasonable time after they are awarded and after the claims are verified by the Director. For each prize requiring annual payments, all payments after the first payment shall be made on the anniversary date of the first payment in accordance with the type of prize awarded. The Director may, at any time, delay any payment in order to review a change of circumstances relative to the prize awarded, the payee, the claim, or any other matter that may have come to his or her attention. All delayed payments will be brought up to date immediately upon the Director's confirmation and continue to be paid on each original anniversary date thereafter.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: SLC 4-1985(Temp), f. & ef. 1-29-85; SLC 8-1985, f. & ef. 6-21-85; SLC 4-1986, f. & ef. 2-25-86; SLC 27-1986, f. & ef. 11-24-86; LC 7-1987, f.

& ef. 4-29-87; LC 4-1990, f. & cert. ef. 4-3-90; LC 8-1993, f. 9-22-93, cert. ef. 10-18-93

177-050-0027

Ticket Validation Requirements

Besides meeting all of the other requirements in these rules or as may be printed on the back of each ticket, the following validation requirements shall apply with regard to scratch-it game tickets:

(1) To be a valid game ticket, all of the following requirements must be met:

(a) Where applicable, each of the play symbols must have a play symbol caption underneath, and each must agree with its play symbol caption;

(b) Each of the play symbols must be present in its entirety and be fully legible;

(c) Each of the play symbol captions must be present in its entirety and be fully legible;

(d) Each of the play symbols and its play symbol caption must be printed according to game specifications;

(e) The game number, pack number, ticket number, barcode, barcode number, and VIRN number must be present to the extent that all information corresponds with the Lottery's computer records. The above-mentioned numbers shall correspond, using the Lottery's codes, to the play symbols on the ticket;

(f) The ticket must not be altered, unreadable, reconstituted, or tampered with in any manner and it must meet all positive identification of the Lottery's security requirements;

(g) The ticket must not be counterfeit in whole or in part;

(h) The ticket must have been issued by the Lottery in an authorized manner;

(i) The ticket must not appear on any list of omitted or stolen tickets on file at the Lottery, and must be accepted by the Instant Ticket System (ITS) as a valid winner;

(j) The play symbols, play symbol captions, game number, pack-ticket number, and VIRN number must be right-side-up and not reversed in any manner;

(k) The ticket must have exactly one pack-ticket number;

(l) The VIRN number of an apparent high-tier winning ticket shall appear on the Lottery's official record of winning ticket VIRN numbers; and a ticket with that VIRN number shall not have been paid previously;

(m) The ticket must not be blank or partially blank, misregistered, defective, or printed or produced in error;

(n) Each of the following must correspond precisely to the artwork on file at the Lottery: play symbols on the ticket, play symbol captions, pack-ticket numbers, game numbers, retailer validation code; and ticket VIRN number;

(o) The display printing must be regular in every respect and correspond precisely with the artwork on file at the Lottery;

(p) The ticket is subject to all additional confidential validation tests of the Lottery including validation through the Lottery's computer system.

(2) The Director may, solely at the Director's option, replace an invalid ticket with an unplayed ticket (or tickets of equivalent sales price) from any other current Lottery game. In the event a defective ticket is purchased, the only responsibility or liability of the Lottery shall be the replacement of the defective ticket with another unplayed ticket (or ticket of equivalent sales price from any other current Lottery game).

(3) The final decision on whether a prize will be paid shall be made by the Director.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 7-1987, f. & ef. 4-29-87; LC 4-1988, f. & cert. ef. 1-26-88; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93; LC 7-1995, f. & cert. ef. 7-7-95; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96; LC 1-1997, f. 1-31-97, cert. ef. 2-1-97

177-050-0037

Stolen, Destroyed, and Damaged ScratchIt Tickets

(1) Lottery game retailers shall receive credit for defective, damaged, or destroyed activated tickets or not be billed for inacti-

vated defective, damaged, or destroyed tickets under the following conditions:

(a) The defect is a result of a manufacturing error or is damaged in shipment; or

(b) The damage is due to circumstances beyond the Retailer's control, such as a structure fire, flood, or other natural disaster; or as the result of a retailer, employee, or player accident, and

(c) All such damaged or defective tickets must be returned to the Lottery. In those instances where the lottery tickets cannot be returned because they are completely destroyed or damaged beyond recognition, the retailer shall submit, on a form provided by the Lottery, a signed affidavit which describes the circumstances of how the tickets were destroyed or damaged. The Lottery's Accounting department will review inventory and sales records and estimate the value of the destroyed or damaged tickets;

(d) Credit for destroyed tickets will be given upon approval of the Director; credit for damaged or defective tickets will be made upon receipt of such tickets by the Lottery.

(2) Retailers who are the victims of a criminal act which results in the loss of \$200 or more of activated lottery tickets shall be credited for half of the uninsured loss by the Lottery provided the following conditions are satisfied:

(a) The retailer immediately reports the crime and the game, pack, and ticket numbers of the stolen tickets to the local law enforcement agency and to the Lottery's Security Division;

(b) The retailer submits to the Lottery's Security Division a copy of the crime report prepared by the local law enforcement agency; and

(c) The retailer submits to the Lottery's Security Division, on an affidavit provided by the Lottery, a signed statement which shows and describes the circumstances of the criminal act. The affidavit shall include the game, pack, and ticket numbers of the stolen tickets

(d) The retailer includes, as part of its affidavit, a statement that the retailer is self-insured or that the loss is not covered by the retailer's insurance policy. If the loss is fully covered by third-party insurance, the retailer is not eligible to submit a claim to the Lottery. If the loss is not entirely covered by third-party insurance, then the retailer may submit a claim for the balance of the loss provided the retailer provides the Lottery with the name of the third-party insurer, policy number, and any other information needed by the Lottery to process the request for credit. Credit for stolen tickets may be given upon final approval by the Director.

(3) Retailers who are the victims of a criminal act which results in the loss of \$200 or more of inactivated (i.e., in confirmed status) tickets will not be billed for such tickets nor will they receive credit for them provided the retailer follows the steps specified in subparagraphs 2(a), (b) and (c) above.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 2-1991, f. & cert. ef. 7-24-91; LC 6-1993, f. & cert. ef. 7-2-93; LC 4-1995, f. 4-27 -95, cert. ef. 5-1-95; LC 13-1996, f. & cert. ef. 12-27-96

177-050-0040

Payment of Prizes to Individuals Under 18 Years of Age

In the event an individual entitled to a prize for any winning ticket is under the age of 18 years, the Director may direct payment of the prize by delivery to an adult member of the minor's family or a guardian of the minor a check or draft payable to the adult member of the minor's family or the minor's guardian. The person so named as custodian shall have the same duties and powers as a person designated as a custodian in accordance with Oregon Law and for the purposes of this section the term "adult member of a minor's family" and "guardian of a minor" shall have the same meaning as in the Oregon Gifts to Minors Law, ORS Chapter 126. The Director shall be discharged of all liability upon payment of a prize to a minor pursuant to this rule.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.600

Hist.: SLC 8-1985, f. & ef. 6-21-85; LC 6-1990(Temp), f. & cert. ef. 4-3-90; LC 3-1992, f. & cert. ef. 4-27-92

177-050-0045

Prizes Payable After Death or Disability of Owner

(1) All prizes or a portion thereof which remain unpaid at the time of the prize winner's death may be paid according to the terms of a deceased prize winner's signed beneficiary designation form filed with the commission or, if no such form has been filed, to the estate of the deceased prize winner, once the Director is satisfied that such payment is lawful and proper. The Director may rely wholly on the presentment of certified copies of a court's appointment of a Personal Representative or any other evidence of a person entitled to the payment of any prize winnings when due.

(2) The payment to the estate of the deceased owner of any prize winnings by the Lottery shall absolve the Lottery and its representatives of any further liability for payment of said prize winnings. The Lottery need not look to the payment of the prize winning beyond the payee thereof. The Director reserves the right to petition any court of competent jurisdiction to request a determination for the payments of any prize winnings which are or may become due the estate of a deceased owner or an owner under a disability because of, but not limited to, under age, mental deficiency, physical or mental incapacity. If the legatee(s) or heir(s) of a deceased owner entitled to prize winnings obtains an order from a court of competent jurisdiction directing payments due and to become due from the Lottery to be paid directly to said legatee(s) or heir(s) or otherwise directs the Lottery to make payments to another in the event of an owner's disability or otherwise, the Lottery shall pay the prize winnings accordingly.

Stat. Auth.: ORS 461.250 & Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented:

Hist.: SLC 8-1985, f. & ef. 6-21-85; LC 1-1994, f. 1-27-94, cert. ef. 2-1-94

177-050-0051

Governing Law

In purchasing a ticket, the customer agrees to comply with, and abide by, the Oregon Law, and all rules and regulations and final decisions of the Lottery, and all procedures and instructions established by the Lottery or the Director for the conduct of the game.

Stat. Auth.: ORS 461

Stats. Implemented: ORS 461.250

Hist.: LC 7-1987, f. & ef. 4-29-87

177-050-0055

Discharge of State Lottery Upon Payment

The State of Oregon, its agents, officers, employees and representatives, the Lottery, its Director, agents, officers, employees and representatives, shall be discharged of all liability upon payment of a prize or any one installment thereof to the holder of any winning lottery ticket or in accordance with the information set forth on the claim form supplied by the Director. If there is a conflict between the information on a winning lottery ticket and the information on the claim form, the Lottery may rely on the claim form after the ticket for which it has been filed has been validated as a winning ticket and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. The Lottery's decisions and judgments in respect to the determination of a winning ticket or of any other dispute arising from payment or awarding of prizes shall be final and binding upon all participants in the Lottery unless otherwise provided by law or these rules. In the event a question arises relative to the winning ticket, a claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy.

Stat. Auth.: ORS 461

Stats. Implemented: ORS 461.250

Hist.: SLC 8-1985, f. & ef. 6-21-85

177-050-0065

Disclosure

The Lottery may use the names, addresses, and photographs of winners in any Lottery promotional campaign. The address used shall not contain the street or house number of the winner.

Stat. Auth.: ORS 461
Stats. Implemented: ORS 461.250
Hist.: SLC 8-1985, f. & ef. 6-21-85

177-050-0070

Confidentiality of Tickets

No retailer or its employees or agents shall attempt to ascertain the numbers or symbols appearing in the designated areas under the removable latex coverings or otherwise attempt to identify winning tickets.

Stat. Auth.: ORS 461
Stats. Implemented: ORS 461.210
Hist.: SLC 4-1985(Temp), f. & ef. 1-29-85; SLC 8-1985, f. & ef. 6-21-85

177-050-0075

Official End of Game

(1) The official end of a game shall be announced by the Director by use of a press release or any other appropriate means. Unless otherwise determined by the Director, prizes may be claimed up to one year after the official end of the game. In the event the final day of the one year claim period falls on a weekend or an official Lottery holiday, the claim period will be extended to end on the next business day. Depending on the prize amount, the ticket should be submitted to the location specified in OAR 177-050-0025, "Payment of Prizes". To participate in one of the Lottery's special drawings, if any, a player must redeem a ticket which qualifies for entry into that special drawing within the time limits specified by the Director.

(2) A retailer must return to the Lottery unsold lottery tickets for each game within one year of the official end of that game in order to receive credit from the Lottery as provided for in retailer's contract.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.250
Hist.: SLC 4-1985(Temp), f. & ef. 1-29-85; SLC 8-1985, f. & ef. 6-21-85; SLC 4-1986, f. & ef. 2-25-86; SLC 29-1986, f. & ef. 12-22-86; LC 18-1987, f. & ef. 9-28-87; LC 2-1990(Temp), f. & cert. ef. 2-26-90; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93

General Instant Ticket Game Operating Rules

177-050-0090

Instant Ticket Vending Machines (ITVMs)

(1) "Instant Ticket Vending Machine" or "ITVM" means an electrical or electro-mechanical device which dispenses scratch-it or breakopen tickets directly to a player upon payment of the appropriate purchase price.

(2) The primary placement of ITVMs shall be in those locations which had a weekly average sale of scratch-it tickets of \$300 or more in the most recent fiscal year and is one of the following trade classifications:

- (a) Multi-register supermarket;
- (b) Drug and variety store;
- (c) Bowling Center;
- (d) Truckstop;
- (e) Airport.

(3) The Assistant Director for Retail Operations may waive the requirements for placement and operation of the ITVM under any of the following conditions:

(a) The average sales requirement may be waived if the location has an eligible trade classification and the location is likely to meet the minimum average sales within the next fiscal year;

(b) The location does not meet either the sales average or the trade classification, or both, and the ITVM is being placed in the location as a test. The length and conditions of the test shall be determined by the Assistant Director for Retail Operations; or

(c) If the facts relating to the failure of a retailer to meet the operating standards for placement of the ITVM justify a waiver for a reasonable period of time as determined by the Assistant Director for Retail Operations.

(4) The following conditions shall apply to the placement and operation of an Instant Ticket Vending Machine:

(a) Installation and Location: The Lottery will install the ITVM at no charge to the retailer in a location approved by the Lottery. The location of the ITVM shall be in an area with a 110 volt AC receptacle and is monitored by the retailer to assure that no person under the age of 18 can operate the ITVM. Any change in the location of the ITVM must be approved by the Lottery.

(b) Training and Service: Each retailer receiving an ITVM must attend mandatory training on the ITVM. Training will be conducted at no cost to the retailer. Training will include what service to be conducted by the retailer and what service shall be performed by the Lottery.

(c) Retailer Duties: An ITVM retailer shall perform the following duties:

(A) Sell eight (8) different Scratch-it games at all times through the ITVM;

(B) Sell a minimum of three (3) Scratch-it games through all registers, using existing dispensers or acrylic displays;

(C) Display all ITVM point-of-display materials;

(D) Maintain the retailer's established Scratch-it sales base for scratch-its sold at the retailer's registers;

(d) Failure to comply with the terms and conditions of the placement and operation of an ITVM may result in the removal of the ITVM.

Stat. Auth.: Or. Const. Art. XV, Sec 4(4)
Stats. Implemented:
Hist.: LC 6-1995(Temp), f. & cert. ef. 7-7-95; LC 8-1995, f. 7-27-95, cert. ef. 8-1-95

DIVISION 65

BREAKOPEN GAMES

177-065-0000

Breakopen Games — Authorized — Director's Authority

The Commission authorizes the Director to select, procure, and operate Breakopen Games which meet the criteria set forth in these rules.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87; LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0005

Definitions

(1) "Breakopen," or "Breakopen Share" means a single card, the face of which is initially covered or otherwise hidden from view to conceal a number or series of numbers, symbol or set of symbols, or other patterns, a few of which numbers, symbols, or patterns have been designated in advance as prize winners.

(2) "Breakopen Dispensing Device" means a clear container or any coin or currency operated mechanical or electro mechanical device that a Retailer uses for dispensing Breakopen Shares to the public, upon payment of the appropriate purchase price. The sole function of a Breakopen Dispensing Device shall be to dispense Breakopen Shares to players for manual play. Any container or device that attempts to graphically or electronically display the uncovered face of a Breakopen Share that is being dispensed to a player shall not be a Breakopen Dispensing Device.

(3) "Breakopen Game" means a category of Breakopen Packs that have in common the same unique game number, game theme and name, odds, prize structure, and payout rate.

(4) "Breakopen Pack" means a sealed box containing a predetermined number of Breakopen Shares which are then sold individually to Lottery players by a Retailer.

(5) "Breakopen Prize Flare" or "Prize Flare" means a poster describing the contents of a Breakopen Pack including: the numbers, symbols or patterns which win a prize; a tabulation of the number of prizes of each prize denomination; the odds of winning such prizes; and the number of Breakopen Shares contained in the Breakopen Pack.

(6) "Sight Validation" means a printed feature on a Breakopen Share used by a Retailer to visually inspect a winning Breakopen Share to verify the winning combination of numbers, symbols or patterns, and the prize amount.

(7) "Share Verification Card" means a printed card unique to and provided with each Breakopen Pack which serves as an additional means of verifying a winning Breakopen Share with a prize of \$5.00 or more by providing a serialized cross-reference.

(8) "Breakopen Vendor" means any Person who produces and provides Breakopen Games to the Lottery.

Stat. Auth.: Oregon Constitution, Article XV, Section 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89;

LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0015

Breakopen Game Special Inspection

The Director shall have the authority to select, remove from a retail sale environment, and examine any Breakopen Pack or Breakopen Packs to evaluate the quality and/or integrity of a Breakopen Game or Breakopen Pack. If the Director permanently withdraws from sale a Breakopen Pack in which the Lottery finds no alteration, deceptive condition, or other violation attributed to the Retailer, then the Retailer shall either:

(1) Receive a new sealed Breakopen Pack;

(2) Be credited by the Lottery for the cost to the Retailer of the Breakopen Pack if the original factory seal was intact when removed by the Director; or

(3) Receive credit for a pro rata portion of the Retailer's cost for the Breakopen Pack based upon the remaining unsold Breakopen Shares in the selected Breakopen Pack. The permanently withdrawn Breakopen Pack shall become the property of the Lottery. Whether the Retailer receives credit or a replacement Breakopen Pack shall be at the discretion of the Director.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 9-1989, f. & cert. ef. 4-25-89; LC 12-1989(Temp), f. & cert. ef. 7-17-89;

LC 15-1989, f. & cert. ef. 8-28-89; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0020

Limitations on the Sale of Breakopen Games

(1) No Retailer shall permit the display or sale of any Breakopen Share which may have been in any manner marked, defaced, or tampered with or otherwise placed in a condition that may deceive the public or affect the chances of winning the prizes associated with the Breakopen Pack.

(2) A Retailer is prohibited from selling Breakopen Shares using any method other than fair chance or in any manner contrary to the principle that every share has an equal and random chance of winning a prize.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89;

LC 6-1993, f. & cert. ef. 7-2-93; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0025

Breakopen Game Price Per Play to Be Posted

The price of a Breakopen Share shall be \$0.25, \$0.50, or \$1.00, as marked on the individual Share.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 24-1987(Temp), f. & cert. ef. 12-22-87; LC 8-1988, f. & cert. ef. 2-23-88;

LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89;

LC 4-1990, f. & cert. ef. 4-3-90; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0030

Determination of Winners and Payment of Prizes

(1) Whether a Breakopen Share is a winner, and the prize value for which such a Breakopen Share may be claimed pursuant to OAR 177-065-0035, shall be determined in one of two ways:

(a) An individual may compare the numbers, symbols or patterns on a Breakopen Share with the winning numbers, symbols or patterns displayed on a Prize Flare; or

(b) A Retailer may compare a Breakopen Share to the Sight Validation and/or Share Verification Card.

(c) In the event that the methodologies specified in subsection (1)(a) and (1)(b) above produce conflicting results, the results of the methodologies specified in subsection (1)(b) shall be controlling.

(2) A retailer shall pay all Breakopen Game prizes for winning Breakopen Shares validated pursuant to subsection (3). All Breakopen Game prizes shall be paid by the Retailer in cash, business check, or money order, or any combination thereof.

(3) A Retailer shall ensure the validity of an apparent winning Breakopen Share by visually inspecting the Breakopen Share using the Sight Validation feature, and by comparing the Breakopen Share to the Share Verification Card for Breakopen prizes of \$5.00 or more.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 24-1987(Temp), f. & cert. ef. 12-22-87; LC 8-1988, f. & cert. ef. 2-23-88;

LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89;

LC 6-1991, f. & cert. ef. 9-25-91; LC 7-1992, f. & cert. ef. 7-23-92; LC 6-

1993, f. & cert. ef. 7-2-93; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0035

Claiming of Prizes

(1) Prizes must be redeemed on the day of purchase at the location where the winning share was purchased.

(2) A Retailer shall prominently display a sign which informs the public that all Breakopen Shares purchased at the Retailer's location must be redeemed at the Retailer's location on the day of purchase.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 24-1987(Temp), f. & cert. ef. 12-22-87; LC 8-1988, f. & cert. ef. 2-23-88;

LC 29-1988, f. & cert. ef. 11-29-88; LC 12-1989(Temp), f. & cert. ef. 7-17-89;

LC 15-1989, f. & cert. ef. 8-28-89; LC 4-1990, f. & cert. ef. 4-3-90; LOTT 6-

1999, f. & cert. ef. 5-27-99

177-065-0040

Limitation on Breakopen Dispensing Devices

(1) Any Breakopen Dispensing Device must allow the public to clearly see that Breakopen Shares are available within the device.

(2) A Retailer must use a Breakopen Dispensing Device to dispense Breakopen Shares to the public and shall use a Breakopen Dispensing Device solely for that purpose.

(3)(a) Except as provided in subsection (b) below, the Lottery is not responsible for any costs incurred by a Retailer for the purchase, repair, or maintenance of any Breakopen Dispensing Device unless such costs are associated with a Lottery test of a Breakopen Dispensing Device at the Retailer's location and the Lottery agreed in writing to reimburse the Retailer's costs, or a specified portion thereof, in advance of the Retailer incurring these costs.

(b) For those Breakopen Dispensing Devices that a Retailer purchases from the Lottery, the Lottery, at its discretion, may provide minimal repair and maintenance services at no charge to the Retailer. Prior to providing repair or maintenance services on such a Breakopen Dispensing Device, the Lottery shall inform a Retailer as to whether the services shall be performed free of charge.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87;

LC 24-1987(Temp), f. & cert. ef. 12-22-87; LC 8-1988, f. & cert. ef. 2-23-88;

LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89;

LC 4-1990, f. & cert. ef. 4-3-90; LC 7-1992, f. & cert. ef. 7-23-92; LOTT 6-

1999, f. & cert. ef. 5-27-99

177-065-0045

All Devices Must Comply with Requirements

No Retailer shall display or use any device for the dispensing of Breakopen Shares unless such device conforms to all requirements of these rules.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87; LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0055

Breakopen Game Series Assembly and Packaging

(1) Breakopen Vendors shall manufacture, assemble, and package each Breakopen Game and each Breakopen Pack within any such Breakopen Game in such a manner that none of the winning Breakopen Shares can be identified prior to playing such Shares and that neither the location nor approximate location of any of the winning Shares can be determined by any means including, but not limited to, any pattern in manufacture, assembly, packaging, markings, sizing, or through the use of a light or any other device.

(2) No Retailer or any employee or agent of a Retailer shall attempt to identify winning Breakopen Shares except pursuant to his or her responsibility under OAR 177-065-0030.

(3) All Breakopen Games shall be approved by the Director for distribution and sale; only the Lottery may distribute Breakopen Packs to Lottery Retailers; and only the Lottery and its Retailers may sell Breakopen Shares.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87; LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0065

Posting of Prize Flares

A Breakopen Vendor shall include a Prize Flare in each Breakopen Pack. A Retailer shall display the Prize Flare in the immediate vicinity of the Breakopen Dispensing Device used to dispense Breakopen Shares from the Breakopen Pack.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87; LC 24-1987(Temp), f. & cert. ef. 12-22-87; LC 8-1988, f. & cert. ef. 2-23-88; LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89; LC 7-1992, f. & cert. ef. 7-23-92; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0075

Number and Value of Breakopen Game Prizes

(1) The Director shall determine the number and value of prizes for each Breakopen Game and Breakopen Pack, the quantity of shares ordered for each Breakopen Game and Breakopen Pack, and the odds of winning prizes for each Breakopen Game and Breakopen Pack.

(2) The Director shall provide a Breakopen Game insert to all Breakopen Game Retailers which provides a tabulation of the number of prizes of each prize denomination that are to be awarded in each Breakopen Pack and the odds of winning such prizes.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LC 16-1987, f. 8-24-87, ef. 9-1-87; LC 11-1988(Temp), f. & cert. ef. 3-29-88; LC 13-1988, f. & cert. ef. 4-26-88; LC 15-1988, f. & cert. ef. 6-2-88; LC 19-1988(Temp), f. & cert. ef. 6-28-88; LC 21-1988, f. & cert. ef. 8-23-88; LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89; LC 1-1991, f. & cert. ef. 3-7-91; LC 7-1992, f. & cert. ef. 7-23-92; LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0080

Breakopen Pack Returns

(1) A Retailer may return a full Breakopen Pack and receive either a new sealed Breakopen Pack or credit for the Retailer's cost for the returned Breakopen Pack so long as the Breakopen Game to which the Breakopen Pack belongs is still being distributed by the Lottery to Lottery Retailers and at least one of the following conditions exists:

- (a) The Breakopen Pack contains a manufacturing defect;
- (b) The Breakopen Pack contains Breakopen Shares damaged during delivery or shipment;
- (c) The original factory seal surrounding the Breakopen Pack has not been broken and the Breakopen Pack was ordered or shipped in error; or

(d) The Lottery or the Retailer has terminated the Retailer's contract to sell Breakopen Games.

(2) If the Lottery or a Retailer has terminated the Retailer's contract to sell Breakopen Games, the Retailer may return a partial Breakopen Pack and receive credit for a pro rata portion of the Retailer's cost for the returned Breakopen Pack based upon the remaining unsold Breakopen Shares in the returned Breakopen Pack.

(3) The Lottery shall ship a new, sealed Breakopen Pack or give credit to the Retailer upon the Director's confirmation of the requirements specified in subsection (1) or (2) above. Whether the Retailer receives credit or a replacement Breakopen Pack shall be at the discretion of the Director.

(4) The Lottery reserves the right to allow the return of Breakopen Shares for credit or Breakopen Pack replacement in circumstances other than those specified in subsection (1) or (2) above, when, in the opinion of the Director, it is in the best interest of the Lottery to do so.

(5) A Breakopen Pack returned under this rule shall become the property of the Lottery.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LOTT 6-1999, f. & cert. ef. 5-27-99

177-065-0100

Governing Law

All players must abide by all laws, rules and regulations, and procedures applicable to Breakopen Games. The Director shall make all final decisions regarding Breakopen Games.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LOTT 6-1999, f. & cert. ef. 5-27-99

DIVISION 70

ON-LINE COMPUTER GAMES

177-070-0000

On-Lines Games — Authorized — Director's Authority

The Commission hereby authorizes the Director to select and operate on-line games which meet the criteria set forth in these rules.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86

177-070-0005

Definitions

(1) "Drawing" means the procedure whereby the Lottery selects the winning combination in accordance with the rules of the game.

(2) "On-Line Game" means a lottery game, other than video lottery, in which a player selects a combination of numbers, events or symbols, the type of game and amount of play, and the drawing date(s) by use of a computer; in return for paying the appropriate amount, the player receives a computer-generated ticket with the player's selection(s) printed on it.

(3) "On-Line Retailer" means a person or business authorized by the Lottery to sell on-line tickets.

(4) "On-Line Terminal (OLT)" means the computer hardware by which an on-line retailer or player enter the combination selected by the player and by which on-line tickets are generated and claims are validated.

(5) "On-Line Ticket" means a computer-generated ticket issued by an on-line terminal to a player as a receipt for the combination a player has selected. That ticket shall be the only

acceptable evidence of the combination of numbers or symbols selected.

(6) "Validation" means the process of determining whether an on-line ticket presented for payment is a winning ticket.

(7) "Winning Combination" means the one or more numbers or symbols randomly selected by the Lottery in a public drawing.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.010

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86; LC 3-1992, f. & cert. ef. 4-27-92; LC 6-1993, f. & cert. ef. 7-2-93

177-070-0010

Distribution of Tickets

(1) Tickets will be sold by retailers selected by the Director.

(2) The Director is authorized to arrange for the distribution of OLTs, ticket stock, and supplies to authorized retailers.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.260

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86

177-070-0015

Sale of Tickets

(1) No person other than a retailer under a contract for the sale of tickets with the Lottery may sell on-line lottery tickets except that nothing in this section shall be construed to prevent a person who may lawfully purchase tickets from making a gift of lottery tickets to another.

(2) Tickets may not be sold at a location other than the address listed on the Retailer's contract with the Lottery.

(3) Nothing in this section shall be construed to prohibit the Commission from designating certain of its agents and employees to sell lottery tickets directly to the public.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.260

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86

177-070-0025

Payment of Prizes

(1) To claim an on-line game prize of \$600 or less, the claimant may present the winning on-line ticket to any on-line retailer, or to the Salem lottery office:

(a) If the claim is presented to an on-line retailer, the on-line retailer shall validate the claim and, if determined to be a winning ticket, shall make payment of the amount due the claimant during the prize redemption hours agreed upon between the retailer and the Lottery. The retailer may pay prizes in cash or by business check, certified check, money order, or any combination thereof. If the on-line retailer cannot validate the claim, the claimant may obtain and complete a claim form and submit it with the disputed ticket to the Lottery by mail or in person. Upon determination that the ticket is a winning ticket, the Lottery shall present or mail a check to the claimant in payment of the amount due;

(b) If the claim is presented to the Salem lottery office, the claimant shall complete a claim form regardless of the prize amount and submit it with the winning ticket, either by mail or in person. Upon determination that the ticket is a winning ticket, the Lottery shall present or mail a check to the claimant in payment of the amount due, less any withholding required by the Internal Revenue Code. If the ticket is determined to be a nonwinning ticket, the claim shall be denied and the claimant shall be promptly notified.

(2) To claim an on-line prize of more than \$600, the claimant shall obtain and complete a claim form and submit it with the winning ticket to the Salem lottery office in Salem by mail or in person, or to an authorized Lottery redemption center. Upon determination that the ticket is a winning ticket, the Lottery shall present or mail a check to the claimant in payment of the amount due, less any withholding required by the **Internal Revenue Code**. The amount due shall be calculated according to the rules adopted for the particular on-line game. If the ticket is determined to be a nonwinning ticket, the claim shall be denied and the claimant shall be promptly notified. Nonwinning tickets will not be returned to the claimant.

(3) All prizes must be claimed within one year of the drawing in which the prize was won. In the event the final day of the one-year period falls on a weekend or a Lottery holiday, the claim period will be extended to end on the next business day. Any prize not claimed within the specified period shall be forfeited and thereafter placed into the Economic Development Fund established by ORS 461.540 for the purpose of creating jobs and furthering economic development in Oregon. The transfer shall take place at the same time the Lottery's next scheduled transfer of proceeds allocated for economic development is made.

[ED. NOTE: The publication referenced in this rule is available from the agency]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.260

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86; LC 20-1987, f. 10-26-87, ef. 11-2-87; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93; LC 4-1995, f. 4-27-95, cert. ef. 5-1-95; LC 7-1995, f. & cert. ef. 7-7-95

177-070-0035

Validation Requirements

(1) To be a valid winning on-line ticket, all of the following conditions must be met:

(a) The ticket data must have been recorded in the central computer system prior to the drawing and the information appearing on the ticket must correspond with the computer record;

(b) The ticket shall be intact to the extent that all information appearing on the ticket corresponds with the Lottery's computer records;

(c) The ticket shall not be altered or tampered with in any manner;

(d) The ticket shall not be counterfeit or a duplicate of another winning ticket;

(e) The ticket must have been issued by an authorized on-line retailer or dispensed by a player-activated terminal in an authorized manner;

(f) The ticket must not have been stolen or cancelled;

(g) The ticket must not have been previously paid;

(h) The ticket is subject to all other confidential security checks of the Lottery.

(2) A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(3) A ticket shall be validated through the Lottery's computer system

(4) In the event of a dispute between the Director and a claimant as to whether a ticket is a winning ticket, and if the Director determines that the ticket is not valid and a prize is not paid, the Director may replace the disputed ticket with a ticket of equivalent sales price for a future drawing of the same game. This shall be the sole and exclusive remedy of the claimant.

(5) In the event a defective on-line ticket is purchased, the only responsibility or liability of the Lottery or the on-line retailer shall be the replacement of the defective on-line ticket with another on-line ticket for a future drawing of the same game.

(6) The final decision on whether a prize will be paid shall be made by the Director.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1991, f. & cert. ef. 9-25-91; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96; LC 1-1997, f. 1-31-97, cert. ef. 2-1-97

177-070-0055

Prize Rights Unassignable

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 prize winner, and except that any person pursuant to an appropriate judicial order may be paid the prize to which the winner is entitled. The Lottery is subject to garnishment proceedings that are based upon judgements that have been entered against a prize winner. The Director shall be discharged of all liability upon payment of a prize pursuant to this rule.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.250
 Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86; LC 6-1992, f. & cert. ef. 6-23-92

177-070-0060

Payment of Prizes to Individuals Under 18 Years of Age

No prize shall be paid to any individual under the age of 18 years, except that in the event an individual entitled to a prize for any winning ticket by means of a gift or inheritance is under the age of 18 years, the Director may direct payment of the prize by delivery to an adult member of the minor's family or a guardian of the minor a check or draft payable to the adult member of the minor's family or the minor's guardian. The person so named as custodian shall have the same duties and powers as a person designated as a custodian in accordance with Oregon Law and for the purposes of this section the term "adult member of a minor's family" and "guardian of a minor" shall have the same meaning as in the Oregon Gifts to Minor Law, ORS Chapter 126. The Director shall be discharged of all liability upon payment of a prize to a minor pursuant to this rule.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.600
 Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86; LC 3-1992, f. & cert. ef. 4-27-92

177-070-0065

Prizes Payable After Death or Disability of Owner

(1) All prizes or a portion thereof which remain unpaid at the time of the prize winner's death may be paid according to the terms of a deceased prize winner's signed beneficiary designation form filed with the commission or, if no such form has been filed, to the estate of the deceased prize winner, once the Director is satisfied that such payment is lawful and proper. The Director may rely wholly on the presentment of certified copies of a court's appointment of a Personal Representative or any other evidence of a person entitled to the payment of any prize winnings when due.

(2) The payment to the estate of the deceased owner of any prize winnings by the Lottery shall absolve the Lottery and its representative of any further liability for payment of said prize winnings. The Lottery need not look to the payment of the prize winning beyond the payee thereof. The Director reserves the right to petition any court of competent jurisdiction to request a determination for the payments of any prize winnings which are or may become due the estate of a deceased owner or an owner under a disability because of, but not limited to, under age, mental deficiency, physical or mental incapacity. If the legatee(s) or heir(s) of a deceased owner entitled to prize winnings obtains an order from a court of competent jurisdiction directing payments due and to become due from the Lottery to be paid directly to said legatee(s) or heir(s) or otherwise directs the Lottery to make payments to another in the event of an owner's disability or otherwise, the Lottery shall pay the prize winnings accordingly.

Stat. Auth.: ORS 461.250 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.250
 Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86; LC 1-1994, f. 1-27-94, cert. ef. 2-1-94

177-070-0070

Discharge of State Lottery Upon Payment

The State of Oregon, its agents, officers, employees and representatives, the Lottery, its Director, agents, officers, employees and representatives, shall be discharged of all liability upon payment of a prize or any one installment thereof to the holder of any winning lottery ticket or in accordance with the information set forth on the claim form supplied by the Director. If there is a conflict between the information on a winning lottery ticket and the information on the claim form, the Lottery may rely on the claim form after the ticket for which it has been filed has been validated as a winning ticket and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. The Lottery's decisions and judgments in respect to the determination of a winning ticket or of any other dispute arising from payment or awarding of

prizes shall be final and binding upon all participants in the Lottery unless otherwise provided by law or these rules. In the event a question arises relative to the winning ticket, a claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.250
 Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86

177-070-0075

Disclosure

The Lottery may use the names, addresses, and photographs of winners in any Lottery promotional campaign. The address used shall not contain the street or house number of the winner.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.250
 Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 5-1986, f. & ef. 3-5-86

177-070-0080

Entry of Plays

(1) Facsimiles of play slips, copies of play slips, or other materials which are inserted into an on-line terminal's play slip reader and which are not printed or approved by the Lottery shall not be used to enter a play. No device shall be connected to a lottery terminal to enter plays, except as may be approved by the Lottery. Unapproved play slips or other devices may be seized by the lottery.

(2) All plays made in the game shall be marked on the play slip by hand. No machine-printed play slips shall be used to enter plays. Machine-printed play slips may be seized by the lottery.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.210
 Hist.: LC 6-1992, f. & cert. ef. 6-23-92

DIVISION 75

MEGABUCKS GAME RULES

177-075-0000

Definitions

For the purposes of "Oregon Megabucks", a 6 of 44 lotto game, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission:

(1) "Cash-Option Winner" means the owner of a Ticket containing a Game Play that matches Winning Numbers so as to entitle the owner to a Division 1 prize with a cash value of at least \$100,000, for which the owner selected the Original Plan prize payment method pursuant to OAR 177-075-0010(2).

(2) "Division 1 Prize Pool" means the amount of money required to fund an advertised Division 1 prize.

(3) "Drawing" means that process, which is used to randomly select six winning numbers between 1 and 44.

(4) "Game Board" or "Boards" means that area of the play slip which contains 44 squares numbered 1 through 44.

(5) "Game Ticket" or "Ticket" means a ticket produced by a terminal, which contains the caption "Megabucks", two or more lettered game plays each of which has six numbers from 1 through 44 followed by the drawing date, the price of the ticket, a six digit retailer number, and a 12 digit serial number.

(6) "Investment Fund" means the prize payment option available to a player before a drawing whereby the player can choose to receive one half of the advertised Division 1 prize in one single cash payment.

(7) "Kicker" means the play option whereby a player, by paying an additional one dollar for each dollar wagered on Megabucks, is entitled to receive larger cash prizes for matching four of six or five of six numbers and to receive a cash prize for matching three of six numbers.

(8) "Lotto" means a lottery game wherein a player selects a group of numbers, usually six, out of a larger predetermined set of numbers.

(9) "Original Plan" means the prize payment method used by the Lottery by which the full value of the Division 1 prize is paid out over a period of 20 years to a prizewinner.

(10) "Play" or "Game Play" means the six different numbers from 1 through 44 which appear on a ticket as a single lettered selection and are to be played by a player in a game.

(11) "Quick Pick" means the random selection by a terminal of six different numbers from 1 through 44 which appear on a ticket and are to be played by a player in the game.

(12) "Play Slip" means a card used in marking a player's game plays. For this purpose, each play slip has ten game boards. Each game board is lettered with one letter from A through J and, when used to purchase a game play, corresponds to the numbers selected and printed on the ticket. An even number of boards, i.e., two, four, six, eight, or ten must be selected on each slip.

(13) "Terminal" means a device, which is authorized by the 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, voiding purchases, validating tickets and transmitting reports.

(14) "Winning Numbers" means the six numbers between 1 and 44, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: Or. Const. Art. XV, Sec. 4(4) & ORS 461.250

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; LC 10-1989(Temp), f. 4-25-89, cert. ef. 4-30-89; LC 11-1989, f. & cert. ef. 7-6-89; LC 9-1990, f. 7-20-90, cert. ef. 8-5-90; LC 6-1993, f. & cert. ef. 7-2-93; LC 3-1994, f. 2-24-94, cert. ef. 3-1-94; LC 3-1995, f. & cert. ef. 4-27-95; LOTT 8-1998(Temp), f. & cert. ef. 12-16-98 thru 6-11-99; LOTT 7-1999, f. 5-27-99, cert. ef. 5-30-99

177-075-0005

Price

(1) Game plays shall sell for \$0.50 each with the minimum wager being two plays for \$1. All plays must be made in \$1 increments, hence only an even number of selections, up to a maximum of ten selections for \$5. Game plays and tickets may only be purchased through "Oregon Megabucks" retailers.

(2) An offer to buy and an offer to sell a Megabuck ticket shall be made only at a location which has a contract with the Lottery or only by a method which is approved by the Lottery.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.240

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SL 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; LC 6-1992, f. & cert. ef. 6-23-92

177-075-0010

Ticket Purchase, Characteristics and Restrictions

(1) Oregon Megabucks is a pari-mutuel lotto game. A player must select an even number set of six different numbers, between 1 and 44 for input into a terminal. Tickets can be purchased either from a terminal operated by a retailer (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal). If purchased from a retailer, the player may select each set by verbally communicating the six numbers to the retailer, or by marking six numbered squares in any one game board on a play slip and submitting the play slip to the retailer, or by requesting "Quick Pick" from the retailer. The retailer will then issue a ticket, via the terminal, containing the selected even number set or sets of numbers, each of which constitutes a game play. Tickets can also be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine. A ticket can contain up to ten game plays lettered A through J. Tickets may be purchased for up to four consecutive drawings.

(2) The player must choose a prize payment method. If the player wishes to receive a single lump-sum cash payment, the "Investment Fund" option must be selected. If the player wishes to receive the full value of the Jackpot Prize over a period of 20 years, the "Original Plan" option must be selected.

(3) The player must also choose whether to play "Kicker". Kicker awards larger cash prizes for correctly selecting four of six and five of six numbers; it also awards a cash prize for correctly picking three of six.

(4) A ticket (subject to the validation requirements set forth in OAR 177-075-0030) shall be the only valid receipt for claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(5) 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. A Megabucks ticket may not be voided or cancelled by returning the ticket to the retailer, including tickets that are printed in error. 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 player or plays.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; LC 16-1988, f. & cert. ef. 6-2-88; LC 10-1989(Temp), f. 4-25-89, cert. ef. 4-30-89; LC 11-1989, f. & cert. ef. 7-6-89; LC 9-1990, f. 7-20-90, cert. ef. 8-5-90; LC 2-1991, f. & cert. ef. 7-24-91; LC 6-1993, f. & cert. ef. 7-2-93; LC 3-1995, f. & cert. ef. 4-27-95

177-075-0015

Drawings

(1) Drawings shall be at such times and places as the Director may determine, from time to time, and announce to the public.

(2) The objective of a drawing shall be to randomly select six winning numbers between 1 and 44 with the aid of mechanical drawing equipment.

(3) The Director shall designate a Drawing Manager who shall oversee each drawing. The Drawing Manager shall be responsible for conducting the drawing in compliance with the Lottery's drawing procedures. The Drawing Manager shall attest whether the drawing was conducted in accordance with proper drawing procedures at the end of each drawing.

(4) The Director shall designate the type of equipment to be used and shall establish procedures to randomly select the winning combination for each type of on-line game. Drawing procedures shall include provisions for the substitution of backup drawing equipment in the event the primary drawing equipment malfunctions or fails for any return.

(5) The equipment used to determine the winning combination shall not be electronically or otherwise connected to the central computer or to any tapes, discs, files, etc., generated or produced by the central computer. The equipment shall be tested prior to and after each drawing to assure proper operation and lack of tampering or fraud. Drawings shall not be held until all preinspection checks are completed. No prizes shall be paid until after all postinspection checks have been completed.

(6) All drawings shall be broadcast live on television provided the facilities for such broadcasts are available and operational and can be done at a reasonable cost.

(7) The Director shall establish procedures governing the conduct of drawings. The procedures shall include provisions for deviations which include but are not limited to:

(a) Malfunctions of the drawing equipment before determination of the winning combination;

(b) Video and/or audio malfunctions during the drawing;

(c) Delayed drawing; and

(d) Other equipment, facility and/or personnel difficulties.

(8) In the event a deviation occurs, the drawing will be completed under Lottery supervision. The drawing shall be videotaped for later broadcast, if broadcast time is available. The winning combination will be provided to the television network for dissemination to the public.

(9) If, during any live-broadcast drawing for a game, a mechanical failure or operator error causes an interruption in the selection of all numbers or symbols, a "technical difficulty" shall be called by the Lottery Drawing Manager. Any number drawn prior to a "technical difficulty" being called will stand and be

deemed official after passing inspection and certification by the Drawing Manager.

(10) The Director shall delay payment of all prizes if any evidence exists or there are grounds for suspicion that tampering or fraud has occurred. Payment shall be made after an investigation is completed and the drawing approved by the Drawing Manager. If the drawing is not approved, it shall be void and another drawing will be conducted to determine the actual winner.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; LC 10-1989(Temp), f. 4-25-89, cert. ef. 4-30-89; LC 11-1989, f. & cert. ef. 7-6-89; LC 6-1993, f. & cert. ef. 7-2-93

177-075-0020

Determination of Prize Winners

(1) Prizes shall be determined and awarded on the following basis:

Tickets Containing the Following Number of Matches in One Single Lettered Game Play Irrespective of Drawing Order	Prize Category
All Six Winning Numbers	Division 1
Five Winning Numbers	Division 2
Four Winning Numbers	Division 3
Three Winning Numbers (Kicker only)	Division 4

(2) Division 1 prizes of less than \$100,000 will be paid in cash. Division 1 Original Plan prizes with a cash value of \$100,000 and more will be paid in the form of the prevailing maximum acceptable annuity or zero coupon bonds which can be purchased with the Division 1 prize pool. The annuity or zero coupon bonds will provide for 20 equal periodic payments, the first immediately and the other 19 annually on the anniversary date (or the first regular business day thereafter) of the applicable Megabucks drawing.

(3) A single Division 1 winner who selected the Investment Fund prize payment method shall receive one half of the advertised Division 1 prize in a single cash payment.

(4) Divisions 2, 3, and 4 prize winners will be paid in cash.

(5) Players are eligible to receive only the highest division prize for each winning game play.

(6) Notwithstanding the allocations in section (1) of this rule, shares in each prize category shall be rounded down to the nearest \$0.10 and each winning game play in each prize category shall be considered to be a single unit equal to one share of that prize category. All breakage shall be carried forward to the prize pool for the next drawing.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; SLC 22-1986(Temp), f. 8-26-86, ef. 9-21-86; LC 19-1987, f. & ef. 9-28-87; LC 4-1990, f. & cert. ef. 4-3-90; LC 9-1990, f. 7-20-90, cert. ef. 8-5-90; LC 8-1992, f. & cert. ef. 7-23-92; LC 6-1993, f. & cert. ef. 7-2-93; LC 3-1994, f. 2-24-94, cert. ef. 3-1-94; LC 3-1995, f. & cert. ef. 4-27-95

177-075-0027

Annuity Conversion Option

(1) A Cash-Option Winner shall have the option of receiving a single cash payment in lieu of receiving payments under the Original Plan prize payment method only if the Drawing in which the Winning Numbers matched the Game Play on the Cash-Option Winner's Ticket took place on or after October 22, 1998.

(2) The Lottery shall calculate the amount of the prize paid to a Cash-Option Winner who elects to receive a single cash payment under the Investment Fund prize payment method. If a Cash-Option Winner who elects to receive a single cash payment is the sole winner of a Division 1 prize, the Lottery shall pay the Cash-Option Winner the single cash payment prize described in OAR 177-075-0020(3).

(3) If a Cash-Option Winner wishes to receive a single cash payment the Cash-Option Winner shall present his or her Ticket

and completed claim form, in person, at the Salem Lottery office, pursuant to OAR 177-070-0025, and may exercise the option to receive a single cash payment upon the Lottery's determination that the Cash-Option Winner's Ticket is a winning Ticket. The Cash-Option Winner must exercise the option to receive a single cash payment within 60 days of the date of the Drawing in which the prize was won. In the event a Cash-Option Winner does not exercise the option to receive a single cash payment within 60 days of the date of the Drawing in which the prize was won, the Cash-Option Winner shall receive prize payments pursuant to the Original Plan prize payment method.

(4) A Cash-Option Winner, prior to receiving any prize payment within 60 days of the date of the Drawing in which the prize was won, shall acknowledge in writing the Cash-Option Winner's election whether to receive a single cash payment in lieu of payments pursuant to the Original Plan prize payment method. A Cash-Option Winner's election whether to exercise the option to receive a single cash payment shall be final.

(5) Multiple Cash-Option Winners, jointly claiming ownership of a Ticket in accordance with OAR 177-010-0070(3), shall make individual determinations whether to exercise the option to receive their portion of the prize in the form of a single cash payment. Each of the multiple Cash-Option Winners exercising the option to receive a single cash payment must do so pursuant to the terms of this rule.

(6) A Cash-Option Winner is under no obligation to exercise the option made available by this rule to receive a single cash payment in lieu of receiving prize payments pursuant to the Original Plan prize payment method.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: Or. Const. Art. XV, Sec. 4(4) & ORS 461.250

Hist.: LOTT 8-1998(Temp) f. & cert. ef. 12-16-98 thru 6-11-99; LOTT 7-1999, f. 5-27-99, cert. ef. 5-30-99

177-075-0030

Ticket Validation Requirements

To be a valid ticket and eligible to receive a prize, all the following requirements must be satisfied:

(1) The ticket must be validated in accordance with the provisions of OAR 177-070-0035.

(2) Each winning game play appearing on the ticket must be separately lettered and consist of six different numbers between one and 44.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; LC 10-1989(Temp), f. 4-25-89, cert. ef. 4-30-89; LC 11-1989, f. & cert. ef. 7-6-89; LC 4-1990, f. & cert. ef. 4-3-90

177-075-0035

Allocation of Revenues

(1) On the average 50 percent of all gross sales revenues shall be reserved for prizes and shall be allocated to the prize categories as set forth in subsections (a) and (b) of this section. The categories to which the fixed and variable allocations shall be made to are as follows:

(a) Fixed Allocations:

WAGER TYPE

Megabucks without Kicker

Wager Amount	Administration	Non-Kicker Pools
\$1	16%	4/6 5/6 4/6 - 8% 5/6 - 5%

Megabucks with Kicker

Wager	Administration Amount	Kicker Pools
\$2		3/6 4/6 5/6
First Dollar	16%	4/6 - 8% 5/6 - 5%
Second Dollar	16%	3/6 - 19.12%

4/6 - 17.17%
5/6 - 13.83%

NOTE: The 4/6 Non-Kicker and 4/6 Kicker pools shall be combined and allocated such that each Kicker share earns four times the amount of the Non-Kicker share. The 5/6 Non-Kicker and 5/6 Kicker pool shall be combined and allocated in a similar manner.

(b) Variable Allocations — After the fixed allocations have been made, the variable allocations of weekly sales receipts will be made in three stages:

(A) In the first stage, 67 percent of the weekly sales receipts shall go into the Division 1 pool until the \$1,000,000 guaranteed prize is fully funded. The cash amount required to fully fund a \$1,000,000 Division 1 prize is approximately \$500,000 depending on the 20-year annuity or zero coupon bond rates. For example, the \$1,000,000 Division 1 would be fully funded in two draws from average draw sales of \$375,000 when the annuity or bond factor is 2.0;

(B) In the second stage, once the \$1,000,000 prize is funded, 33 percent of the weekly sales receipts shall be allocated to the Division 1 prize pool. This allocation will continue until the Division 1 pool is able to fully fund a top prize of \$2,000,000;

(C) In the third stage, which begins after the top prize reaches \$2,000,000, 16 percent of the weekly sales receipts would go to the top prize. After a Division 1 prize is won, this three-stage funding cycle would start over again;

(D) Notwithstanding the procedure for variable allocations specified above, if draw sales are insufficient to fund the advertised Division 1 prize, then the percentage of gross sales allocated for the Division 1 prize shall be increased to fund the advertised prize amount.

(2) In the event it is determined that there are no valid winning tickets for a specific prize category in any given drawing, all monies allocated for that prize category shall be carried forward and accumulated with the monies allocated for that prize category for the next drawing. This process shall continue until such time as there is one or more valid winning ticket(s) for the Division 1 prize category.

(3) In the event the “Oregon Megabucks” game is terminated for any reason whatsoever, any prizes which were not won shall be reallocated by the Director. Any prizes which were won but not claimed within the specified claim period shall be forfeited and allocated to the benefit of the public purpose. The transfer shall take place at the same time the Lottery’s next scheduled transfer of proceeds is made.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; SLC 22-1986(Temp), f. 8-26-86, ef. 9-21-86; LC 19-1987, f. & ef. 9-28-87; LC 10-1989(Temp), f. 4-25-89, cert. ef. 4-30-89; LC 11-1989, f. & cert. ef. 7-6-89; LC 17-1989(Temp), f. & cert. ef. 9-29-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LC 4-1990, f. & cert. ef. 4-3-90; LC 9-1990, f. 7-20-90, cert. ef. 8-5-90; LC 12-1992, f. cert. ef. 9-28-92; LC 2-1993, f. & cert. ef. 2-25-93; LC 3-1995, f. & cert. ef. 4-27-95; Administrative Reformating 11-30-97

177-075-0040

Probability of Winning

(1) The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations of six drawn from a field of 44 numbers.

MEGABUCKS

Prize Category	Match	Probability of Winning (Minimum Wager)	Estimated Prize Amount
Division 1	6	1:3,529,526	\$1,164,743.50
Division 2	5	1:15,480	750.10
Division 3	4	1:335	23.70

MEGABUCKS PLUS KICKER

Probability	Estimated
Oregon Administrative Rules Compilation	

Prize Category	Match	of Winning (Minimum Wager)	Prize Amount
Division 1	6	1:3,529,526	\$1,164,743.50
Division 2	5	1:15,480	3,000.40
Division 3	4	1:335	94.80
Division 4	3	1:21	(Fixed) 4

(2) In the event there is no Megabucks Division 2 or 3 prize winner, the Megabucks Plus Kicker Division 2 prize shall be \$3,000.40 and the Division 3 prize shall be \$94.80.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; LC 10-1989(Temp), f. 4-25-89, cert. ef. 4-30-89; LC 11-1989, f. & cert. ef. 7-6-89; LC 9-1990, f. 7-20-90, cert. ef. 8-5-90; LC 10-1990(Temp), f. & cert. ef. 8-21-90; LC 13-1990, f. & cert. ef. 11-1-90; LC 2-1993, f. & cert. ef. 2-25-93; LC 3-1995, f. & cert. ef. 4-27-95

177-075-0045

Governing Law

In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable Laws, Rules and Regulations, procedures and decisions of the Director for the conduct of the game.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86

DIVISION 80

OREGON’S DAILY 4 GAME RULES

177-080-0045

Ticket Validation and Redemption of Winning Daily 4 Game Tickets

(1) For the purposes of the game, “Oregon’s Daily 4”, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission:

(a) “Drawing” means that process, which is used to randomly select four winning numbers from four sets of numbers, each set containing the numbers zero through nine.

(b) “Play” or “Game Play” means the four numbers from zero through nine which appear on a ticket and are to be played by a player in the game. “Multiple play” means the selection of a set of numbers by a player which are valid for up to six consecutive daily drawings.

(c) “Play Slip” means a card used in marking a player’s game plays. Each play slip has a game board and a spot to indicate the amount a player wishes to play per each slip. A player can play from \$1 to \$5 in dollar increments per play slip.

(d) “Terminal” means a device, which is authorized by the 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, voiding purchases, validating tickets and transmitting reports.

(e) “Game Ticket” or “Ticket” means a ticket produced by a terminal, which contains one or more lettered game plays, each of which has four numbers from zero through nine, followed by the drawing date, the price of the ticket, a six digit retailer number, and a serial number that is compatible with the Lottery’s on-line operating system.

(f) “Winning Numbers” means the four numbers between zero and nine, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

(2) The Oregon’s Daily 4 game was discontinued on October 11, 1997. All prizes for the Oregon’s Daily 4 game must be claimed in accordance with the provisions of OAR 177-070-0025. The last possible date to claim a prize shall be Monday, October 12, 1998.

(a) Players are eligible to receive (subject to the validation requirements set forth in OAR 177-080-0045(3) below) only the highest prize for each winning game play.

(b) Prizes were determined, prior to the discontinuation of the Oregon's Daily 4 game, and shall be awarded based upon those tickets containing the number of matches in a single game play in exact drawing order.

(3) To be a valid ticket and eligible to receive a prize, both of the following requirements must be satisfied:

(a) The ticket must be validated in accordance with the provisions of OAR 177-070-0035.

(b) Each winning game play appearing on the ticket must consist of four numbers between zero and nine.

(4) A ticket shall be the only proof of a game play or plays and the only valid receipt for claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of a ticket purchase or of numbers selected.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210, ORS 461.230 & ORS 461.250

Hist.: LOTT 3-1998, f. & cert. ef. 5-28-98

DIVISION 82

CASH QUEST GAME RULES

177-082-0000

Definitions

For the purpose of "Cash Quest", a word game, the following definitions apply:

(1) "Cash Quest Game Variation" or "Variation" means the words, word combinations, and category headings of the Cash Quest Game may change from time to time as approved by the Director. A Variation of the Cash Quest Game provides the ability to make thematic changes in the Game while making no changes to the description stated in OAR 177-082-0010. For example, a Variation of the Cash Quest Game may follow a "space" theme or "nature" theme.

(2) "Drawing" means the process whereby the Lottery selects the Winning Words in accordance with the rules set out in 177-082-0050.

(3) "Drawing Manager" means the Lottery employee designated by the Director to develop and implement procedures for conducting Drawings.

(4) "Exchange Ticket" means a computer-generated, printed paper issued by a Terminal to replace a Game Ticket that had been purchased for play in multiple Drawings and was validated before the latest Drawing date appearing on the Game Ticket. An Exchange Ticket shall contain the exact Game Play and future Drawing dates appearing on the validated Game Ticket it is replacing and shall have all other characteristics of a Game Ticket except as otherwise stated in these rules. An Exchange Ticket shall not contain a Ticket price.

(5) "Game" means the opportunity provided to a player to win a prize.

(6) "Game Play" means the six different words or word combinations appearing on a Ticket which shall be compared to the Winning Words, selected at the Drawing(s) held on the Drawing Date(s) appearing on the Ticket, to determine the prize payment for which the Ticket may be redeemed.

(7) "Game Slip" or Play Slip" means a paper form used by a player to select a Game Play, that indicates the amount the player will play on the Ticket containing the Game Play and the number of Drawings in which the Ticket will be played. Only one Game Play may be marked on each Game Slip.

(8) "Game Ticket" or "Ticket" means a computer-generated, printed paper issued by a Terminal as a receipt for the Game Play selected by a player and which contains the following: the caption "Cash Quest", one Game Play, the date(s) of the Drawing(s) in which the Ticket may be played, the price of the Ticket, a six-digit Retailer number, a serial number, and a bar code.

(9) "Quick Pick" means the random selection by a Terminal of one word or word combination choice from each of six cate-

gories, each of which contain 12 possible choices, which appear as the Game Play on a Ticket.

(10) "Terminal" means an On-Line Terminal as defined in OAR 177-070-0005(4).

(11) "Ticket Validation" or "Validation" means the process of determining whether a Ticket presented for payment is a winning Ticket.

(12) "Winning Words" means the six different words or word combinations selected at each Drawing that are used to determine winning Game Plays contained on the Game Tickets.

Stat. Auth.: OR Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210

Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0010

Game Description

(1) Cash Quest is a word Game in which a player selects one word or word combination from each of six categories. Each of the six categories contains 12 words or word combinations from which the player must make his or her selection. The six selected words or word combinations, i.e., the player's Game Play, help complete a sentence. The words or word combinations selected by the player which match the Winning Words selected at the Drawing(s) on the date(s) indicated on the player's Ticket determine the amount of the prize won. The player has the option of selecting a Quick Pick or choosing his or her own words or word combinations.

(2) An offer to buy and an offer to sell a Cash Quest Ticket shall be made only at a location which has a contract with the Lottery to sell On-Line games, as defined in OAR 177-070-0005(2).

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210 & ORS 461.260

Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0015

Authorized Cash Quest Variations

The Lottery may offer any Variation of the Cash Quest Game approved by the Director.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210

Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0020

Price

The price of a Ticket shall be determined by the amount of money a player chooses to play on the Game Play selected, multiplied by the number of Drawings in which the Ticket will be played. The price of a Ticket for a single Drawing shall range from a minimum of \$1.00 to a maximum of \$5.00, in whole dollar amounts only. A Ticket may be purchased for one Drawing or for Drawings on multiple, consecutive days. A Ticket purchased for multiple Drawings is limited solely to the following options: two days, three days, four days, five days, six days, seven days, or fourteen days. The price of a Ticket for play in multiple, consecutive Drawings shall be the price of a Ticket for a single Drawing, ranging from a minimum of \$1.00 to a maximum of \$5.00 as selected by the player, multiplied by the number of consecutive Drawings in which the Ticket will be played. The minimum Ticket price for multiple, consecutive Drawings is \$2.00 (\$1 x 2 = \$2); the maximum Ticket price for multiple, consecutive Drawings is \$70.00 (\$5 x 14 = \$70).

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210 & ORS 461.240

Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0030

Ticket Purchase, Characteristics, and Restrictions

(1)(a) Ticket Purchase: Tickets may be purchased either from a Terminal operated by a Retailer, i.e., a clerk-operated Terminal, or from a Terminal operated by the player, i.e., a player-operated Terminal. To play Cash Quest, a player must complete a Game Slip for input into a Terminal, request a Quick Pick from a clerk, or request a Quick Pick using a player operated Terminal.

(b) Completing a Game Slip: A player must choose a Game Play by one of two methods. A player may select one word or word combination from the twelve choices contained in each of the six categories of words and word combinations appearing on the Game Slip. A player may not select the same word or word combination more than once on a single Game Slip. Alternatively, the player may select the Quick Pick option. A player must also complete the selections on the Game Slip regarding the amount of money to be played on the Ticket per Drawing and the number of consecutive, daily Drawings in which to play the Ticket. These last two variables shall determine the price of the Ticket.

(c) Purchasing a Ticket from a clerk-operated Terminal: After the player completes a Game Slip and submits it along with the price of the Ticket to the clerk, the clerk shall use the Terminal to issue a Ticket to the player. The player may also request that a clerk, without using a Game Slip, electronically submit a request for a Quick Pick through the Terminal with the player informing the clerk of the amount of money to be played on the Ticket per Drawing and the number of consecutive daily Drawings in which to play the Ticket.

(d) A player may purchase a Ticket from a player-operated Terminal by following the instructions appearing on the screen of the Terminal. Once the player has completed the Game Slip and inserted it and entered the price of the Ticket into the Terminal, the Terminal will issue a Ticket to the player. The player may also request a Quick Pick without using a Play Slip by using the player operated Terminal.

(2) Ticket Characteristics: A Ticket shall be the only acceptable evidence of a Game Play selected by a player and the only valid receipt for claiming a prize. A Game Slip or a copy of a Ticket has no pecuniary or prize value and shall not constitute evidence of Ticket purchase or Game Play selection.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210
Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0035

Ticket Accuracy

It shall be the sole responsibility of the player to verify the accuracy of the Ticket, the date(s) of the Drawing(s) in which the Ticket may be played, and the Ticket price printed on the Ticket. In the event of an error, the player's sole remedy shall be to cancel the Ticket pursuant to OAR 177-082-0040(1). Neither the Lottery nor the Lottery Retailer shall be liable for Tickets printed in error.

Stat. Auth.: Or. Const. Art. XV, Section 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210
Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0040

Cancellation of Tickets

(1) A player may cancel a Cash Quest Ticket. To cancel a Ticket, a player must return the Ticket to the selling Retailer, on the day of purchase, prior to the time wagers are disabled prior to that day's Drawing.

(2) Notwithstanding OAR 177-082-0040(1), an Exchange Ticket may not be canceled.

(3) In the event that a Ticket is canceled in accordance with OAR 177-082-0040(1), the player shall be entitled to a refund from the Retailer equal to the price of the Ticket.

Stat. Auth.: Or. Const. Art. XV, Section 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210
Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0050

Drawings

(1) Drawings for Cash Quest shall be held once daily, Sunday through Saturday, as authorized by the Director.

(2) Drawings shall be at such times and places as the Director shall determine and announce to the public.

(3) Drawings shall be conducted pursuant to the procedures developed by the Drawing Manager and approved by the Director.

(4) Each Drawing's objective shall be to randomly select Winning Words, one from each of six categories containing 12

words or word combinations apiece. The Winning Words selected at each Drawing shall be generated through the use of a computer-driven random number generator. The random number generator shall be statistically analyzed, tested, and certified by an independent, qualified statistician for integrity. Periodic checks shall be made to ensure the randomness of the system.

(5) Subject to the approval of the Director, the Lottery's Assistant Director for Security shall establish procedures to ensure the physical security of the computer-driven random number generator, and shall specify those individuals who shall have physical access to the random number generator. The computer-driven random number generator shall be kept in a sealed enclosure within a secure area, and a Lottery Security Section officer, who shall be a member of the Oregon State Police Lottery Security Section, shall escort every individual entering the sealed enclosure containing the random number generator. Only individuals authorized by the Director shall have access to the sealed enclosure containing the random number generator.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210 & ORS 461.230
Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0060

Determination of Prize Winners

(1) Prizes for each Drawing shall be determined and awarded based on the number of words and word combinations contained in a Game Play on a Ticket that matches the Winning Words selected at that Drawing in the exact order drawn. The overall prize payout for Cash Quest is 65.91%. Prizes per one dollar wagered based upon potential sales of \$2,985,984.00 per Drawing are as follows: [Table not included. See ED. NOTE.]

(2) Prizes multiply according to the price of a Ticket (Ticket price x prize amount per one dollar played). The highest potential prize for a Ticket purchased for any single Drawing is \$125,000 (\$5.00 x \$25,000).

(3) All prize-winning players will be paid in one lump sum.

(4) For each Drawing, a player may receive (subject to the Validation requirements set forth in OAR 177-082-0035) only the highest single prize for which a Ticket containing a winning Game Play is eligible. For example, if three of the words or word combinations contained in a Game Play match three of the Winning Words selected at a Drawing, the player may only receive the prize for matching three out of six winning words multiplied by the price the player paid for the Ticket containing the winning Game Play.

(5) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

[ED. NOTE: The Table referenced in this rule is not printed in the OAR Compilation. Copies are available from the agency.]

Stat. Auth.: Or. Const., Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230 & ORS 461.250
Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0070

Ticket Validation Requirements

To be a valid Ticket and eligible to receive prize payment, the following requirements must be satisfied:

(1) The Ticket must be validated in accordance with the provisions of OAR 177-070-0035.

(2) The Game Play appearing on the Ticket must contain two or more of the words or word combinations selected as the Winning Words at a Drawing held on a Drawing date printed on the Ticket.

(3) A Game Ticket containing a winning Game Play and purchased for play in multiple consecutive daily Drawings may be validated prior to the date(s) of the remainder of the Drawings for which the Game Ticket was purchased. An Exchange Ticket shall be issued, at the time the original Game Ticket is validated, for the remainder of the Drawings appearing on the validated Game Ticket.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210 & ORS 461.250
Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

177-082-0080

Governing Law

All players must abide by all laws, rules and regulations, and procedures applicable to the Cash Quest Game. The Director shall make all final decisions regarding the Cash Quest Game, including, but not limited to, all final decisions regarding the determination of prize winners and the validation of Tickets.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LOTT 6-1998, f. & cert ef. 9-3-98

DIVISION 85

POWERBALL

177-085-0000

Purpose

These rules establish the procedures and requirements for playing Powerball, a lotto game operated by the Multi-State Lottery (hereinafter referred to as "MUSL"), of which the Oregon State Lottery is a member.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. 2-28-89, cert. ef. 3-2-89; LC 2-1992(Temp), f. & cert. ef. 4-17-92; LC 6-1992, f. & cert. ef. 6-23-92

177-085-0005

Definitions

The following definitions apply unless the context requires a different meaning or the definition is otherwise inconsistent with the intention of the rules previously adopted by MUSL and its party lotteries:

(1) "Drawing" means the formal process of selecting winning numbers which determine the number of winners for each prize level of the game.

(2) "Game Board" or "Boards" means that area of the play slip which contains two sets of numbered squares to be marked by the player, the first set containing forty-nine (49) squares, numbered one (01) through forty-nine (49), and the second set containing forty-two (42) squares, numbered one (01) through forty-two (42).

(3) "Game Ticket" or "Ticket" means a ticket produced by a terminal which contains the caption Powerball, one or more lettered game plays followed by the drawing date, the price of the ticket, a six digit retailer number and a serial number that is compatible with the Lottery's on-line operating system.

(4) "Lottery" means the Oregon State Lottery.

(5) "MUSL" means the Multi-State Lottery Association, a government-benefit association in which the Party Lotteries participate.

(6) "MUSL Board" means the governing body of the MUSL which is comprised of the chief executive officer of each Party Lottery.

(7) "On-Line Lottery Game" means a lottery game wherein a player selects numbers out of a larger predetermined set or sets of numbers.

(8) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that participates in the Multi-State Lottery (MUSL) and, in the context of these Powerball Product Group rules, which has joined in selling the Powerball game.

(9) "Play" means the six numbers, the first five (5) from a field of forty-nine (49) numbers and the last one (1) from a field of forty-two (42) numbers which appear on a ticket as a single lettered selection and are to be played by a player in the game.

(10) "Play Slip" or "Game Slip" means the paper used in marking a player's game plays and contains one or more boards.

(11) "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.

(12) "Quick Pick" means the random selection by the computer system of two-digit numbers that appear on a ticket and are played by a player in the game.

(13) "Retailer" means a person or entity authorized by the Lottery to sell lottery tickets.

(14) "Set Prize" means all prizes except the Grand Prize that are advertised to be paid by a single lump sum 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.

(15) "Terminal" means a device which is authorized by the 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 receiving reports.

(16) "Winning Numbers" means the six numbers, the first five (5) from a field of forty-nine (49) 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.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.200, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. 2-28-89, cert. ef. 3-2-89; LC 1-1992, f. 2-25-92, cert. ef. 4-19-92; LC 10-1996, f. & cert. ef. 9-4-96; LC 7-1997, f. 10-30-97, cert. ef. 11-2-97; LC 9-1997(Temp), f. & cert. ef. 11-7-97; LOTT 2-1998, f. & cert. ef. 5-28-98

177-085-0010

Ticket Price

(1) A Powerball ticket shall cost one dollar (\$1) per play.

(2) An offer to buy and an offer to sell a Powerball ticket shall be made only at a location which has a contract with the Lottery or only by a method which is approved by the Lottery.

(3) The Lottery shall not directly and knowingly sell a Powerball ticket or combination of tickets to any person or entity which would guarantee said purchaser a Grand Prize win.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.240

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. 2-28-89, cert. ef. 3-2-89; LC 2-1992(Temp), f. & cert. ef. 4-17-92; LC 6-1992, f. & cert. ef. 6-23-92

177-085-0015

Game Description

(1) Powerball is a five out of forty-nine (49) plus one out of forty-two (42) on-line lottery game which pays the Grand Prize, at the election of the player made at the time of play purchase, either on an annuitized pari-mutuel basis or as a single lump sum payment of the total amount held for this prize pool on a pari-mutuel basis. Except as provided in the rules, all other prizes are paid on a set lump sum basis. To play Powerball, a player shall select five different numbers, between one (01) and forty-nine (49) and one additional number between one (01) and forty-two (42), for input into a terminal. The additional number may be the same as one of the first five numbers selected by the player. Tickets can be purchased either from a terminal operated by a retailer (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal). If purchased from a retailer, the player may select a set of five numbers and one additional number by marking six numbered squares in any one game board on a play slip and submitting the play slip to the retailer, or by requesting "Quick Pick" from the retailer. The retailer will then issue a ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a game play. Tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine. Tickets may be purchased for up to four consecutive drawings.

(2) 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. 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 shall be returned to the lottery for cred-

it. Tickets accepted by retailers as returned tickets and which cannot be resold shall be deemed owned by the bearer thereof. The placing of plays is done at the player's own risk through the online retailer who is acting on behalf of the player in entering the play or plays.

(3) The winning numbers for the Powerball game shall be determined at a drawing conducted under the supervision of the Board. The Board shall determine the frequency of Powerball game drawings. Winning numbers shall be selected at random with the aid of mechanical drawing equipment. The Director shall designate a Drawing Manager who shall review and randomly observe the drawings conducted by the Board.

Stat. Auth.: ORS 461.250 & Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. 2-28-89, cert. ef. 3-2-89; LC 1-1992, f. 2-25-92, cert. ef. 4-19-92; LC 6-1993, f. & cert. ef. 7-2-93; LC 1-1994, f. 1-27-94, cert. ef. 2-1-94; LC 7-1997, f. 10-30-97, cert. ef. 11-2-97

177-085-0020

Prize Claims

A ticket, subject to the validation requirements set forth in OAR 177-070-0035, shall be the only proof of a game play or plays and the submission of a winning ticket to the Lottery or an authorized retailer shall be the sole method of claiming a prize or prizes. Prizes shall be claimed in accordance with OAR 177-070-0025. A play slip or a copy of a ticket has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 1-1992, f. 2-25-92, cert. ef. 4-19-92

177-085-0025

Prize Pool

(1) The prize pool for all prize categories shall consist of 50 percent of each drawing period's sales, including tax, that remain after funding the prize reserve accounts to the amounts established 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.

(2) Two percent of sales, including tax, shall be placed in trust in one or more prize reserve accounts until the prize reserve accounts reach the amounts designated by the Product Group. Once the prize reserve accounts exceed the designated amounts, the excess shall become part of the prize pool. 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.

(3) The Grand Prize shall be determined on a pari-mutuel basis. Except as provided in these rules, all other prizes awarded shall be paid as set prizes with the following expected prize payment percentages: [Table not included. See ED. NOTE.]

(a) The prize money allocated to the Grand Prize category shall be divided equally by the number of game boards winning the Grand Prize;

(b) The prize pool percentage allocated to the set prizes (the single lump sum prizes of \$100,000 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:

(A) The amount allocated to the set prizes and carried forward from previous draws, if any;

(B) An amount from the set Prize Reserve Account, if available, not to exceed (\$30,000,000) per drawing.

(c) 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 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.

[ED. NOTE: The Table(s) referenced in this rule is not printed in the OAR Compilation. Copies are available from the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stat. Implemented: ORS 461.220

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 17-1988(Temp), f. & cert. ef. 6-2-88; LC 18-1988, f. & cert. ef. 6-28-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. 2-28-89, cert. ef. 3-2-89; LC 1-1992, f. 2-25-92, cert. ef. 4-19-92; LC 4-1993, f. & cert. ef. 4-2-93; LC 11-1995, f. 10-30-95, cert. ef. 11-1-95; LC 10-1996, f. & cert. ef. 9-4-96; LC 7-1997, f. 10-30-97, cert. ef. 11-2-97

177-085-0030

Probability of Winning

(1) The following table sets forth 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: [Table not included. See ED. NOTE.]

(2) The Grand Prize amount is estimated using a 25-year deferred-payment factor of 2.0. The amount does not include the Prize Reserve Account deduction or any other deduction, if any.

[ED. NOTE: The Table(s) referenced in this rule is not printed in the OAR Compilation. Copies are available from the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. 2-28-89, cert. ef. 3-2-89; LC 1-1992, f. 2-25-92, cert. ef. 4-19-92; LC 7-1997, f. 10-30-97, cert. ef. 11-2-97

177-085-0035

Prize Payment

(1) Grand prizes shall be paid, at the election of the player made at the time of play purchase, with either a per winner annuity or single lump sum payment. 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 elected a lump sum payment shall be paid their share(s) in a single lump sum payment. The annuitized option prize shall be determined by multiplying a winner's share of the Grand Prize pool by the MUSL annuity factor. (Application of the MUSL annuity factor generally is anticipated to result in the Grand Prize winner who elects a single lump sum payment receiving an amount that roughly approximates one-half of the advertised jackpot amount. The actual single lump sum payment amount will vary as a function of the MUSL annuity factor determined as described in subsection (5) of this rule.) The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved brokers made after the prize win. In certain instances announced by the Product Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to subsection (5) of this rule. If individual shares of the cash held to fund an annuity are less than \$250,000, the Product Group, in its sole discretion, may elect to pay the winners their share of the amount held in the Grand Prize pool. All annuitized prizes shall be paid annually in twenty-five (25) equal payments with the initial payment being made directly with available funds, to be followed by twenty-four (24) equal annual payments funded by the annuity. Funds for the initial payment of an annuitized prize shall be made available by MUSL for payment by the Party Lottery which sold the winning ticket by the 15th calendar day following the drawing. A state may elect to make the initial payment from its own funds after validation, with notice to MUSL. In the event of the death of a lottery winner during the payment period, the Product Group, in its sole discretion, upon the petition of the estate of the lottery winner (the "Estate") to the state lottery of the state in which the deceased lottery winner pur-

chased the winning ticket, and subject to applicable federal, state, or district laws, may make payment to the Estate of the discounted present value of the annuitized prize payments. If the Product Group makes such a determination, then securities and/or amounts held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities, if any, to fund the annuitized prize shall be at the sole discretion of the Product Group.

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

(3) 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 payment to the winner or winners. Prizes other than the Grand Prize which, under these rules, may become single-payment, 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.

(4) 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.

(5) 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. 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 amount shall be determined as follows. The annuitized option prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winners. If there are multiple 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. If no winner of the Grand Prize during a single drawing has elected the annuitized option prize, then the amount of the 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 best quotes provided by MUSL's pre-approved qualified brokers submitting quotes. In no case shall quotes be used which are more than two weeks old, and if less than three 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 OAR 177-085-0025(3)(b) or (c) becomes necessary.

(6) The holder of a winning ticket may win only one 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.

(7) Claims for all prize categories, including the Grand Prize, shall be submitted within one year after the date of the drawing.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 3-1989(Temp), f. & cert. ef. 1-23-89; LC 6-1989, f. & cert. ef. 2-28-89, cert. ef. 3-2-89; LC 1-1992, f. & cert. ef. 2-25-92, cert. ef. 4-19-92; LC 8-1992, f. & cert. ef. 7-23-92; LC 4-1993, f. & cert. ef. 4-2-93; LC 10-1996, f. & cert. ef. 9-4-96; LC 7-1997, f. & cert. ef. 10-30-97, cert. ef. 11-2-97

177-085-0040

Ticket Validation

To be a valid ticket and eligible to receive a prize, a Powerball ticket shall satisfy all the requirements established by the Lottery for validation of winning tickets sold through its on-line system and any other validation requirements adapted by the Board, the Product Group, and published as the Confidential MUSL Min-

imum Game Security Standards. The MUSL and the Lottery shall not be responsible for tickets which are altered in any manner.

Stat. Auth.: ORS 461.250 & Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 6-1988 (Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 1-1992, f. & cert. ef. 2-25-92, cert. ef. 4-19-92; LC 1-1994, f. & cert. ef. 1-27-94, cert. ef. 2-1-94; LC 10-1996, f. & cert. ef. 9-4-96

177-085-0045

Ticket Responsibility

Until such time as a signature is placed in the area designated for signature, a ticket shall be owned by the bearer of the ticket. MUSL, the Product Group, or the Lottery shall not be responsible for lost or stolen tickets.

Stat. Auth.: ORS 461.250 & Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 16-1988, f. & cert. ef. 6-2-88; LC 10-1996, f. & cert. ef. 9-4-96

177-085-0050

Ineligible Players

(1) A ticket or share 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:

(a) A MUSL employee, officer, or director;

(b) A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;

(c) 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

(d) An immediate family member of an individual described in subsections (a) through (c) of this section and residing in the same household.

(2) Those persons designated by a party lottery's law as ineligible to play its game shall also be ineligible to play Powerball in that party lottery's jurisdiction.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; LC 12-1990, f. & cert. ef. 10-2-90; LC 1-1992, f. & cert. ef. 2-25-92, cert. ef. 4-19-92

177-085-0055

Applicable Law

In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of MUSL and the party lottery where the ticket was purchased.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88

DIVISION 90

SPORTS ACTION

177-090-0000

Purpose/Disclaimer

These rules establish the procedures and requirements for playing Oregon Lottery Sports Action, a lottery game operated by the Oregon State Lottery. Sports Action is not associated with, sponsored, or authorized by the National Football League, its member clubs, or any other professional or amateur sports league or organization.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.213

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. & cert. ef. 11-15-89; LC 6-1993, f. & cert. ef. 7-2-93

177-090-0005

Definitions

For the purposes of Oregon Lottery Sports Action, the following definitions apply except as otherwise specifically provided or unless the context requires otherwise:

(1) "Entry Form" means a paper form used by a player to choose the dollar amount to be played, the number of Events to be played, and the player's selections for each chosen Event.

(2) "Event" means a Game or a Special Play in which a player may select one of two possible options.

(3) "Favorite" means the likely winner of an event as indicated on the Official Program.

(4) "Game" means a sports contest between two teams.

(5) "Game Ticket" or "Ticket" means a computer-generated, printed paper issued by the Terminal as a receipt for the Events and selections made by a player and which contains, but is not limited to, the following: the caption "Sports Action", the date(s) of the Events in which the Ticket may be played, the identifying number for the specific Play Week, the price of the Ticket, a six-digit Retailer number, a serial number, and a bar code.

(6) "Official Program" means a list of Events with Point Spreads for a particular Play Week.

(7) "Official Sports Action Results" means the Lottery's list of the final outcomes of the Events scheduled for a given Play Week.

(8) "Pari-Mutuel" means a system of wagering wherein the money allocated for prizes from the total amount of money wagered on an event is divided among prize winners in proportion to each prizewinner's individual wager.

(9) "Play Week" means a seven-day period beginning on Wednesday and ending on Tuesday.

(10) "Point Spread" means the number of points used to balance the possible outcome of an Event, giving equal chance for each team's success.

(11) "Prize Category" means a division of the Prize Pool identified by a specific number of Events selected by a player.

(12) "Prize Pool" means the amount of money allocated from total sales for prizes.

(13) "Quick Pick" means the random selection by a Terminal of which Events are played on a Ticket and the selection of a Favorite or Underdog for each Event.

(14) "Special Play" means an activity which occurs in a Game.

(15) "Terminal" means an On-line Terminal as defined in OAR 177-070-0005(4).

(16) "Ticket Validation" or "Validation" means the process of determining whether a Ticket presented for payment is a winning Ticket.

(17) "Underdog" means the likely loser of an Event as indicated on the Official Program.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.010

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0010

Game Description

(1) Oregon Lottery Sports Action is a lottery game based on the outcome of sporting Events. Beginning each Wednesday, the Lottery shall make available an Official Program which lists the Events for that Play Week. Each week's Official Program shall contain at least 8 Events. The Official Program shall include the names of the "Favorite" and "Underdog" and the official Point Spread for each Game for purposes of Sports Action. The Point Spread is applied to the Underdog score to determine the outcome of a Game. The Lottery's Point Spread appearing on the Official Program is the only point spread applicable to Sports Action.

(2) A player is required to select the correct outcome of at least three Events from a minimum of 8 and a maximum of 30 Events listed each week. The Director reserves the right to determine which Special Plays shall be listed in the Official Program and whether to apply a Point Spread to any or all listed Special Plays. The Director reserves the right to determine which Special Plays shall be listed on the Official Program.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.010

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0015

Play Dates and Times

For a given Play Week, a player may purchase a ticket from 6 a.m. Wednesday until the scheduled start time of a Game, as listed on the Official Program, that permits the player to play at least three remaining Events.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.213

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0020

Price

The price of a Ticket shall be determined by the amount of money a player chooses to play on the Events selected. A player may purchase a Ticket to play 3, 4, 5, 6, 7, 8, 10, 12, or 14 Events. The minimum play is two dollars (\$2) per Ticket. A player may choose to play \$2, \$3, \$4, \$5, \$10 or \$20 per Ticket.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.240

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LC 11-1990, f. & cert. ef. 8-21-90; LC 7-1993, f. & cert. ef. 8-4-93; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0025

Ticket Purchase, Characteristics, and Restrictions

(1) Sports Action Tickets may be purchased only during the Oregon Lottery's Sports Action season and during the hours of operation of On-line Games as defined in OAR 177-070-0005(2).

(2) An offer to buy and an offer to sell a Sports Action Ticket shall be made only at a location which has a contract with the Lottery to sell On-line Games, as defined in OAR 177-070-0005(2).

(3)(a) Ticket Purchase: Tickets may be purchased either from a Terminal operated by a Retailer, i.e., a clerk-operated Terminal, or from a Terminal operated by the player, i.e., a player-operated Terminal. To play Sports Action using a clerk-operated Terminal, a player must complete an Entry Form for input into a Terminal, or request a Quick Pick from a clerk. To play Sports Action using a player-operated Terminal, a player must use an Entry Form.

(b) Completing an Entry Form: A player must select a specific number of Events from the options presented on the Entry Form. A player must choose individual "winner" selections for the number of Events chosen or the Quick Pick option. A player must select the amount of money to be played on the Ticket from the options presented on the Entry Form.

(c) Purchasing a Ticket from a clerk-operated Terminal: After the player completes an Entry Form and submits it along with the price of the Ticket to the clerk, the clerk shall use the Terminal to issue a Ticket to the player. Alternatively, a player may request that a clerk, without using an Entry Form, electronically submit a request for a Quick Pick through the Terminal with the player informing the clerk of the number of Events to be played and providing the amount of money to be played on the Ticket.

(d) A player may only purchase a Ticket from the player-operated Terminal by using an Entry Form and following the instructions appearing on the screen of the Terminal. Once the player has completed the Entry Form and inserted it and paid the price of the Ticket into the Terminal, the Terminal issues a Ticket to the player.

(4) Ticket Characteristics: A Ticket shall be the only acceptable evidence of the selections made by a player and the only valid receipt for claiming a prize. An Entry Form or a copy of a Ticket has no pecuniary or prize value and shall not constitute evidence of Ticket purchase or the selections made by a player.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LC 6-1993, f. & cert. ef. 7-2-93; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0030

Ticket Accuracy

It shall be the sole responsibility of the player to verify the accuracy of the Ticket, including the number of Events, the selections made for each Event, the price of the Ticket, the Play Week number, and the date of purchase. In the event of an error, the player's sole remedy shall be to cancel the Ticket pursuant to OAR 177-090-0035(1). Neither the Lottery nor the Lottery retailer shall be liable for Tickets printed in error.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LC 1-1990(Temp), f. & cert. ef. 1-22-90; LC 11-1990, f. & cert. ef. 8-21-90; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0035

Cancellation of Tickets

(1) A player may cancel a Sports Action Ticket. To cancel a Ticket, a player must return the Ticket to the selling Retailer on the day of purchase and prior to the time wagers are disabled before the first Event listed on the Ticket.

(2) In the event that a Ticket is canceled in accordance with OAR 177-090-0035(1), the player shall be entitled to a refund from the Retailer equal to the price paid, shown on the Ticket, not to exceed the maximum Ticket price of \$20.

(3) If a Ticket is not canceled before wagers are disabled before the first Event listed on the Ticket, the Lottery shall credit the Retailer for a refund paid to a player when:

(a) The Retailer attempts to cancel the Ticket and a computer record is created of the attempt;

(b) The Retailer calls the Retailer Services "hotline" number and gives the Ticket number to the operator; and

(c) The Retailer returns the Ticket to the Lottery within two weeks from the date of the purchase shown on the Ticket.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LC 11-1990, f. & cert. ef. 8-21-90; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0040

Prize Pool

(1) The Prize Pool shall consist of approximately 60 percent of the total amount of money played each week.

(2) Except for the 3 of 3 and 4 of 4 Prize Categories, all prizes in each Prize Category are determined on a Pari-Mutuel basis. The prize for correctly selecting all three Events in the 3 of 3 pool is \$10 for a minimum \$2 wager; the prize for correctly selecting all four Events in the 4 of 4 pool is \$20 for a minimum \$2 wager.

(3) Prize amounts shall be rounded to the nearest ten cents.

(4) If there is no winner in a Prize Category, the prize money in that category shall be carried forward and added to the division of the Prize Pool for that Prize Category in the following week. For example, if no player from all the players who played 14 Events correctly selects all 14 winners, the money shall be carried forward and be added to the division of the Prize Pool for players playing 14 Events in the following week.

(5) Notwithstanding any other rule, the Director reserves the right to reallocate prize money among the Prize Categories if the Director determines that such reallocation would benefit the overall game.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0045

Payment of Prizes; Ticket Validation Requirements

(1) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

(2) To be a valid Ticket and eligible to receive a prize a Ticket must:

(a) Be validated in accordance with the provisions of OAR 177-070-0035; and

(b) Be a "winner" under OAR 177-090-0055.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250(3) & 461.260

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; LC 18-1989, f. 11-7-89, cert. ef. 11-15-89; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96; LOTT 2-1998, f. & cert. ef. 5-28-98; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0050

Probability of Winning

The number of prizes for Sports Action is not pre-determined by the Lottery. The overall prize percentage payout for Sports Action prizes is estimated at 60% over time but will vary week to week, as well as year to year, due to factors which include, but are not limited to, the number of players participating each week and the number of wagers won. The following table sets forth the estimated probability of winning Sports Action prizes: [Table not included: See ED. NOTE.]

[ED. NOTE: Copies of the table referenced in this rule are available from the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; Administrative Correction 4-15-98; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0055

Determination of Winners

(1) If a player selected the Favorite team to win, that team must defeat the Underdog by more points than the Point Spread to be a correct selection.

(2) If the player selected the Underdog team to win, that team must win the Game or lose by fewer points than the Point Spread to be the correct selection.

(3) To win, all of the player's Event selections must match the final outcomes listed in the Official Sports Action Results winning team column. For example, no prize shall be awarded to players who match 3 of 4 Event selections, 5 of 7 Event selections, or 11 of 14 Event selections.

(4) A Game becomes official for the purpose of playing Sports Action after 55 minutes of play have been completed. The Lottery shall not recognize protests or overturned decisions. In the event a Game is canceled, postponed or suspended, the Director reserves the right to make a final determination on the outcome of the Game.

(5) At the end of each Play Week, the Lottery shall make available the Sports Actions Results at all Retailer locations that sell Sports Action Tickets.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230 & ORS 461.250

Hist.: LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0060

Governing Law

(1) All players must abide by all laws, rules and regulations, and procedures applicable to Sports Action. Notwithstanding any other rule, the Director shall make all final decisions regarding Sports Action, including, but not limited to, all final decisions regarding the determination of prize winners, the validation of Tickets, the cancellation of Tickets, or the issuance of credit to a Retailer for a refund paid to a player.

(2) All materials distributed by the Lottery for playing Sports Action are to be used solely for playing the Game described by these rules. Any use or reproduction of the materials for purposes other than those permitted by these rules may constitute a violation of the gambling laws of the State of Oregon.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

DIVISION 99

KENO

177-099-0000

Definitions

For the purposes of Keno, the following definitions apply except as otherwise specifically provided or unless the context requires otherwise:

(1) "Drawing" means the process whereby the Lottery selects the Winning Numbers in accordance with the rules set out in 177-099-0050.

(2) "Drawing Coordinator" means the Lottery employee designated by the Assistant Director for Security, subject to the approval of the Director, to develop and implement procedures for conducting Drawings.

(3) "Exchange Ticket" means a computer-generated, printed paper issued by a Terminal to replace a Game Ticket that had been purchased for play in multiple Drawings and was validated before the latest Drawing appearing on the Game Ticket. An Exchange Ticket shall contain the exact Game Play and future Drawing date(s) appearing on the validated Game Ticket it is replacing and shall have all other characteristics of a Game Ticket except as otherwise stated in these rules. An Exchange Ticket shall not contain a Ticket price.

(4) "Game" means the opportunity provided to a player to win a prize.

(5) "Game Play" means the number or group of numbers appearing on a Ticket for a particular Spot which shall be compared to the Winning Numbers, selected at the Drawing(s) appearing on the Ticket, to determine the prize payment for which the Ticket may be redeemed.

(6) "Game Slip" or "Play Slip" means a paper form used by a player to select a Game Play, that indicates the amount the player will play on the Ticket containing the Game Play, the number of Drawings in which the Ticket will be played, and the choice to play the Special Keno option. Only one Game Play may be marked on each Game Slip.

(7) "Game Ticket" or "Ticket" means a computer-generated, printed paper issued by a Terminal as a receipt for the Game Play selected by a player and which contains the following: the caption "Keno", one Game Play, the date(s) of the Drawing(s) in which the Ticket may be played, the number of consecutive Drawings in which the Ticket may be played, the identifying number for each such Drawing, the price of the Ticket, a six-digit Retailer number, a serial number, a bar code, and the phrase "Special Keno" if that option has been selected.

(8) "Quick Pick" means the random selection of numbers by a Terminal which appear as the Game Play on a Ticket.

(9) "Special Keno" means an optional variation of the Keno prize payment and odds structure as defined in OAR 177-099-0090 which may be selected by the player.

(10) "Spot" means the amount of numbers a player may play for a Game Play. A player may play from one (1) spot, i.e., one number, to ten (10) spots, i.e., ten different numbers.

(11) "Terminal" means an On-Line Terminal as defined in OAR 177-070-0005(4).

(12) "Ticket Validation" or "Validation" means the process of determining whether a Ticket presented for payment is a winning Ticket.

(13) "Winning Numbers" means the twenty (20) numbers, from one (1) to eighty (80), that are selected at each Drawing that are used to determine winning Game Plays contained on the Game Tickets.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250
Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LC 5-1996, f. & cert. ef. 4-1-96; LC 3-1997, f. 4-25-97, cert. ef. 4-27-97; LOTT 7-1998(Temp), f. & cert. ef. 11-13-98 thru 5-7-99; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0010

Game Description

(1) Keno is a 20/80 Lottery Game with set prize amounts. For each Drawing, a player may choose to play from one (1) to ten (10) Spots and a corresponding selection of number choices from one (1) to eighty (80). That is the player's Game Play. The Lottery then selects twenty (20) Winning Numbers from one (1)

to eighty (80). The Lottery awards prizes based on the extent to which the Game Play appearing on a player's Ticket matches the Winning Numbers in a Drawing for which the player's Ticket was purchased.

(2) An offer to buy and an offer to sell a Keno Ticket shall be made only at a location which has a contract with the Lottery to sell On-line games, as defined in OAR 177-070-0005(2).

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250
Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LC 5-1996, f. & cert. ef. 4-1-96; LC 3-1997, f. 4-25-97, cert. ef. 4-27-97; LOTT 7-1998(Temp), f. & cert. ef. 11-13-98 thru 5-7-99; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0020

Price

The price of a Ticket shall be determined by the amount of money a player chooses to play on the Game Play selected, multiplied by the number of Drawings in which the Ticket will be played. A Ticket may be purchased for one Drawing or for multiple, consecutive Drawings. A player may purchase a Ticket for a single Drawing for \$1.00 to \$5.00, in whole dollar amounts, \$10.00, or \$20.00. The price of a Ticket for play in multiple, consecutive Drawings shall be the price of a Ticket for a single Drawing, ranging from \$1.00 to \$5.00, \$10.00 or \$20.00 as selected by the player, multiplied by the number of consecutive Drawings in which the Ticket will be played. The minimum Ticket price for multiple, consecutive Drawings is \$2.00 (\$1 x 2 consecutive Drawings = \$2); the maximum Ticket price for multiple, consecutive Drawings is \$100.00. A Ticket purchased for multiple, consecutive Drawings is limited solely to the following options: 1, 2, 3, 4, 5, 10, 20, 50, or 100 consecutive Drawings so long as the price of a Ticket does not exceed \$100.00. A Game Slip indicating a price greater than \$100 shall be automatically rejected by the Terminal.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)
Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250
Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LC 5-1996, f. & cert. ef. 4-1-96; LC 3-1997, f. 4-25-97, cert. ef. 4-27-97; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0030

Ticket Purchase, Characteristics, and Restrictions

(1)(a) Keno Tickets may be purchased everyday of the year during the hours of operation of the On-Line Game system.

(b) A player may purchase a Ticket for play under either the Keno prize structure set out at OAR 177-099-0080, or the Special Keno prize structure set out at OAR 177-099-0090. If a player does not select the Special Keno option when purchasing a Ticket, the Ticket shall be played under the Keno prize structure.

(2)(a) Ticket Purchase: Tickets may be purchased either from a Terminal operated by a Retailer, i.e., a clerk-operated Terminal, or from a Terminal operated by the player, i.e., a player-operated Terminal. To play Keno, a player must complete a Game Slip for input into a Terminal, request a Quick Pick from a clerk, or request a Quick Pick using a player-operated Terminal.

(b) Completing a Game Slip: A player must choose a Game Play by one of two methods. A player may select from one (1) to ten (10) numbers from the eighty (80) number choices contained on the Game Slip. Alternatively, the player may select the Quick Pick option. A player must also complete the selections on the Game Slip regarding the amount of money to be played on the Ticket per Drawing, the number of multiple, consecutive Drawings in which to play the Ticket and the price of the Ticket. The player may select the Special Keno option.

(c) Purchasing a Ticket from a clerk-operated Terminal: After the player completes a Game Slip and submits it along with the price of the Ticket to the clerk, the clerk shall use the Terminal to issue a Ticket to the player. The player may also request that a clerk, without using a Game Slip, electronically submit a request for a Quick Pick through the Terminal with the player informing the clerk of the number of spots to be played, the amount of money to be played on the Ticket per Drawing, the number of

multiple, consecutive Drawings in which to play the Ticket, and whether the player wants the Special Keno option.

(d) A player may purchase a Ticket from a player-operated Terminal by following the instructions appearing on the screen of the Terminal. Once the player has completed the Game Slip and inserted it and paid the price of the Ticket into the Terminal, the Terminal will issue a Ticket to the player. The player may also request a Quick Pick without using a Game Slip by using the player-operated Terminal. A player requesting a Quick Pick from a player-operated Terminal without using a Game Slip must select either the Keno or Special Keno option, the number of Spots to be played, the amount of money to be played on the Ticket per Drawing, and the number of multiple, consecutive Drawings to be played.

(3) Ticket Characteristics: A Ticket shall be the only acceptable evidence of a Game Play selected by a player and the only valid receipt for claiming a prize. A Game Slip or a copy of a Ticket has no pecuniary or prize value and shall not constitute evidence of Ticket purchase or Game Play selection.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LC 5-1996, f. & cert. ef. 4-1-96; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0035

Ticket Accuracy

It shall be the sole responsibility of the player to verify the accuracy of the Ticket, including the Game Play, the number of consecutive Drawings in which the Ticket may be played if applicable, the identifying number for each Drawing in which the Ticket may be played, the dates of the Drawings in which the Ticket may be played, the Ticket price printed on the Ticket, and that the Special Keno option is noted if applicable. In the event of an error, the player's sole remedy shall be to cancel the Ticket pursuant to OAR 177-099-0040(1). Neither the Lottery nor the Lottery Retailer shall be liable for Tickets printed in error.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0040

Cancellation of Tickets

(1) A player may cancel a Keno Ticket for a single Drawing or consecutive Drawings. To cancel a Ticket, a player must return the Ticket to the selling Retailer, on the day of purchase, prior to the time wagers are disabled prior to the first Drawing listed on the Ticket.

(2) Notwithstanding OAR 177-099-0040(1), an Exchange Ticket may not be canceled.

(3) In the event that a Ticket is canceled in accordance with OAR 177-099-0040(1), the player shall be entitled to a refund from the Retailer equal to the price of the Ticket paid, not to exceed the maximum Ticket price of \$100.

(4) If a consecutive game Ticket is not canceled before the first game, credit may still be given to a Retailer provided the following steps are taken:

(a) The Retailer attempts to cancel the Ticket and a computer record is created of the attempt;

(b) The Retailer calls the Retailer Services "hotline" number and gives the Ticket number to the operator; and

(c) The Retailer mails the Ticket to the Lottery within two weeks from the date of purchase.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0050

Drawings

(1) Drawings shall take place at five minute intervals. The first Drawing each day shall take place five minutes after the On-

Line Game system is activated; the last Drawing shall take place at the end of the On-Line Game system activation for the day.

(2) Drawings shall be conducted pursuant to the procedures developed by the Drawing Coordinator in consultation with the Assistant Director for Security and as approved by the Director.

(3) Each Drawing's objective shall be to randomly select twenty (20) numbers from a possible eighty (80) numbers. The Winning Numbers selected at each Drawing shall be generated through the use of a computer-driven random number generator. The random number generator shall be statistically analyzed, tested, and certified by an independent, qualified statistician for integrity. Periodic checks shall be made to ensure the randomness of the system.

(4) Subject to the approval of the Director, the Lottery's Assistant Director for Security shall establish procedures to ensure the physical security of the computer-driven random number generator, and shall specify those individuals who shall have physical access to the random number generator. The computer-driven random number generator shall be kept in a sealed enclosure within a secure area, and a Lottery Security Section officer, who shall be a member of the Oregon State Police Lottery Security Section, shall escort every individual entering the sealed enclosure containing the random number generator. Only individuals authorized by the Director shall have access to the sealed enclosure containing the random number generator.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LC 5-1996, f. & cert. ef. 4-1-96; LC 3-1997, f. 4-25-97, cert. ef. 4-27-97; LOTT 7-1998(Temp), f. & cert. ef. 11-13-98 thru 5-7-99; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0060

Ticket Validation Requirements

To be a valid Ticket and eligible to receive prize payment, the following requirements must be satisfied:

(1) The Ticket must be validated in accordance with the provisions of OAR 177-070-0035.

(2) A Game Ticket containing a winning Game Play and purchased for play in multiple, consecutive Drawings may be validated prior to the occurrence of future Drawings for which the Game Ticket was purchased. An Exchange Ticket shall be issued, at the time the original Game Ticket is validated, for the remainder of the Drawings appearing on the validated Game Ticket.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0080

Keno Prizes

(1)(a) Section (1) of this rule specifies prizes for Keno Drawings conducted prior to 6:00 A.M., April 4, 1999.

(b) Prizes for each Drawing shall be determined and awarded based on how many number(s) contained in a Game Play on a Ticket match the Winning Numbers selected at that Drawing. Prizes are determined separately for each Spot category. Prizes per one dollar wagered, based upon potential sales of \$8,911,711.18 per Drawing, are as follows: [Table not included. See ED. NOTE.]

(c) Prizes multiply for a winning Ticket according to the amount played by that Ticket in the Drawing in which that Ticket's Game Play matches the number of Winning Numbers to win a prize. The highest potential prize for any Keno Ticket regardless of the amount wagered is \$100,000 per Drawing. If a Ticket shows a wager of 2, 3, 4, 5, 10, or 20 dollars per Drawing on a winning Game Play, the prize shown above for a \$1 wager shall multiply, up to \$100,000, according to the wager amount shown on the winning Ticket. For example, if a Ticket shows a \$5 wager on the 8 Spot category and the Game Play on the Ticket matches 8 out of 8 of the winning numbers, the prize associated with that Ticket is \$10,000 x \$5 = \$50,000. If a \$5 wager is played on the 9 Spot category and the winning Game Play on the Ticket matches 9

out of 9 of the winning numbers, the prize associated with that Ticket is capped at \$100,000 regardless of the fact that $\$25,000 \times \$5 = \$125,000$.

(d) All prize-winning players shall be paid in one lump sum.

(e) For each Drawing, a player may receive (subject to the Validation requirements set forth in OAR 177-099-0060) only the highest single prize for which a Ticket containing a winning Game Play is eligible.

(f) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

(2)(a) Section (2) of this rule specifies prizes for Keno Drawings conducted after 6:00 A.M., April 4, 1999.

(b) Prizes for each Drawing shall be determined and awarded based on how many number(s) contained in a Game Play on a Ticket match the Winning Numbers selected at that Drawing. Prizes are determined separately for each Spot category. Prizes per one dollar wagered, based upon potential sales of \$8,911,711.18 per Drawing, are as follows: [Table not included. See ED. NOTE.]

(c) Prizes multiply for a winning Ticket according to the amount played by that Ticket in the Drawing in which that Ticket's Game Play matches the number of Winning Numbers to win a prize. Except as provided in OAR 177-099-0100, the highest potential prize for any Keno Ticket that does not contain the phrase "Special Keno" is \$200,000 per Drawing. If a Ticket shows a wager of 2, 3, 4, 5, 10, or 20 dollars per Drawing on a winning Game Play, the prize shown above for a \$1 wager shall multiply, up to \$200,000, according to the wager amount shown on the winning Ticket. For example, if a Ticket shows a \$5 wager on the 8 Spot category and the Game Play on the Ticket matches 8 out of 8 of the winning numbers, the prize associated with that Ticket is $\$15,000 \times \$5 = \$75,000$. If a \$5 wager is played on the 9 Spot category and the winning Game Play on the Ticket matches 9 out of 9 of the winning numbers, the prize associated with that Ticket is capped at \$200,000 regardless of the fact that $\$50,000 \times \$5 = \$250,000$.

(d) All prize-winning players shall be paid in one lump sum.

(e) For each Drawing, a player may receive (subject to the Validation requirements set forth in OAR 177-099-0060) only the highest single prize for which a Ticket containing a winning Game Play is eligible.

(f) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

[ED. NOTE: The Table(s) referenced in this rule is not printed in the OAR Compilation. Copies are available from the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0090

Special Keno Prizes

(1) Effective 6:00 A.M., April 4, 1999, the Special Keno feature increases the size of the prizes at the upper tier levels, and eliminates some prizes at the lower tiers of the prize structure when compared to the Keno prize structure.

(2) A player must indicate the choice to play under the Special Keno prize structure as described in OAR 177-099-0030. When the Special Keno prize option is designated on a Ticket the Keno prizes described in OAR 177-099-0080(2) are no longer applicable.

(3) Prizes for each Drawing shall be determined and awarded based on how many number(s) contained in a Game Play on a Ticket match the Winning Numbers selected at that Drawing. Prizes are determined separately for each Spot category. Prizes per one dollar wagered, based upon potential sales of \$8,911,711.18 per Drawing, are as follows: [Table not included. See ED. NOTE.]

(4) Except as provided in OAR 177-099-0100, the highest potential prize for a Special Keno Ticket per Drawing is \$1,000,000. A \$1,000,000 Special Keno prize shall be paid either as a \$1,000,000 annuity paid in 20 equal annual payments, or be

paid as the estimated present value cost of the annuitized prize paid as a single lump sum cash payment. The estimated present value cost of a \$1,000,000 annuitized prize is the amount of money that would be spent by the Oregon Lottery through the Oregon State Treasury using U.S. Treasury Zero Coupon Bonds to fund a \$1,000,000 annuity paid over 20 years.

(5) Special Keno prizes multiply according to the amount played per Drawing. If a Ticket shows a wager of 2, 3, 4, 5, 10, or 20 dollars per Drawing on a winning Game Play, the prize shown above for a \$1 wager shall multiply, up to \$1,000,000, according to the wager amount shown on the winning Ticket. If a prize is multiplied by the amount played and the aggregate prize amount exceeds the amount authorized in section (4) of this rule as the highest potential prize for Special Keno, the winner will receive the \$1,000,000 annuitized prize.

(6) If more than one winning Ticket wins the \$1,000,000 annuitized prize per Drawing, the \$1,000,000 annuitized prize will be divided amongst those winning Tickets on a pro rata basis determined by the amount that each winning Ticket played on the Drawing in which the prize was won.

(7)(a) The winner of a \$1,000,000 annuitized prize shall, upon the Lottery's determination that the Ticket is a winning Ticket, have the option to receive the estimated present value cost of the annuitized prize paid in a single lump sum cash payment instead of the annuitized prize so long as the \$1,000,000 annuitized prize winner presents his or her Ticket and completed claim form, in person, at the Salem Lottery office, pursuant to OAR 177-070-0025 within 60 days of the date of the Drawing in which the prize was won.

(b) The Lottery shall provide the annuitized prize winner with information explaining the methodology and the discount rate or annuity factor used to calculate the present value of the annuitized prize.

(c) Prior to prize payment, the \$1,000,000 annuitized prize winner shall acknowledge in writing the receipt of information about the cash option and his or her election whether to receive a single cash payment in lieu of annuitized prize payments. A \$1,000,000 annuitized prize winner's election whether to exercise the option to receive a single cash payment shall be final.

(d) Multiple \$1,000,000 annuitized prize winners, jointly claiming ownership of a Ticket in accordance with OAR 177-010-0070(3), shall, pursuant to the terms of this rule, make individual determinations whether to exercise the option to receive their portion of the prize in the form of a single cash payment.

(e) In the event a \$1,000,000 annuitized prize winner does not exercise the option to receive a single cash payment within 60 days of the date of the Drawing in which the prize was won, the winner shall receive the annuitized prize.

(f) A \$1,000,000 annuitized prize winner is under no obligation to exercise the option made available by this rule to receive a single cash payment in lieu of receiving annuitized prize payments.

(8) All Special Keno prizes except for the \$1,000,000 annuitized prize will be paid in a single lump sum cash payment.

(9) For each Drawing, a player may receive (subject to the Validation requirements set forth in OAR 177-099-0060) only the highest single prize for which a Ticket containing a winning Game Play is eligible.

(10) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0100

Keno Jackpot Bonus

(1) In addition to the prizes described in OAR 177-099-0080 and 177-099-0090, for each Drawing conducted after 6:00 A.M., April 4, 1999, 2.10% of gross Keno sales for each Drawing shall be allocated evenly between three prize pools held in reserve as an additional prize for winners of the top prize in the 6, 7, and 8 Spot

categories, i.e., 6 out of 6, 7 out of 7, and 8 out of 8 (see table below). A jackpot bonus prize shall be awarded when a Ticket wins the top prize for either the 6, 7, or 8 Spot under OAR 177-099-0080 or OAR 177-099-0090. If the jackpot bonus prize pool for a specific Spot is not won, the jackpot bonus prize pool for that Spot continues to grow.

(2) If a Game Play on a Ticket is for a 6, 7, or 8 Spot, the Ticket is automatically playing for the jackpot bonus prize, as well as a prize under either OAR 177-099-0080 or OAR 177-099-0090. For example, if a Keno Ticket with a 6 Spot Game Play is the only Keno or Special Keno Ticket to match 6 out of 6 of the Winning Numbers, that Ticket, subject to Ticket validation requirements, would win the top prize for the 6 Spot under OAR 177-099-0080 (\$1,600) and the accumulated jackpot bonus prize for the 6 Spot.

(3) The prize money in the jackpot bonus prize pool for a specific Spot for any given Drawing shall be divided by the number of Tickets winning the top prize for that Spot under either OAR 177-099-0080 or OAR 177-099-0090. The jackpot bonus prize pool shall be divided amongst those winning Tickets on a pro rata basis determined by the amount that each winning Ticket played on the Drawing in which the jackpot bonus prize was won. For example, if one Keno Ticket wins the top prize for the 8 Spot (\$15,000) in a Drawing, and was purchased for ten(10) Drawings at \$3 per Drawing, and one Special Keno Ticket wins the top prize for the 8 Spot (\$25,000) in the same Drawing, and was purchased for one (1) Drawing at \$1, the holder of the Keno Ticket would receive 75% of the prize in the jackpot bonus prize pool for the 8 Spot and the holder of the Special Keno Ticket would receive the remaining 25% of the prize in that jackpot bonus prize pool. [Table not included. See ED. NOTE.]

[ED. NOTE: The Table(s) referenced in this rule is not printed in the OAR Compilation. Copies are available from the agency.]

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

177-099-0110

Governing Law

All players must abide by all laws, rules and regulations, and procedures applicable to the Keno Game. The Director shall make all final decisions regarding the Keno Game, including, but not limited to, all final decisions regarding the determination of prize winners and the validation of Tickets.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250

Hist.: LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99

DIVISION 100

VIDEO LOTTERY GAMES

177-100-0000

Video Lottery Games

The Commission hereby authorizes the Director to operate a video lottery game system.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: OR 461.215

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0010

Definitions

(1) "Age-Controlled Area" means an area generally restricted to persons who are at least 21 years old.

(2) "Background Investigation" means the security and financial history checks of an applicant for a Lottery contract.

(3) "Cash Slip" means the receipt issued by a terminal for the payment of prizes or credits by a retailer.

(4) "Casino Game" means any of the games commonly known as dice, faro, monte, roulette, fan-tan, twenty-one, black-jack, Texas hold-'em, seven-and-a-half, big injun, klondike, craps, poker, Chinese chuck-a-luck (dai shu), wheel of fortune, chemin

de fer, baccarat, pai gow, beat the banker, panguingui, red dog acey ducey, slot machine or any other gambling-based game similar in form or content.

(5) "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.

(6) "Contractor" means a person with whom the Lottery has contracted for the purpose of providing goods or services to the Lottery.

(7) "Decal" means the stamp which is displayed upon video lottery game terminals authorized by the Oregon State Lottery.

(8) "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.

(9) "Establishment" means any business owned or managed by an individual, partnership, corporation, or association licensed to sell alcoholic beverages for consumption in a specific age-controlled area.

(10) "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational, that:

(a) Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or

(b) Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.

(11) "Gross Revenues" means the total cash value of the games played on a video lottery terminal.

(12) "Manufacturer" means any individual, partnership, corporation, or association that manufactures, assembles or produces video lottery devices.

(13) "Premises" means the building and grounds occupied by an establishment, including those areas not normally open to the public.

(14) "Retailer" means a person with whom the Lottery has contracted for the purpose of selling video lottery tickets to the public.

(15) "Ticket" or "Video Lottery Ticket" means the chance provided to a player to win a prize.

(16) "Video Lottery" or "Video Lottery Game" means a lottery conducted through the use of video lottery terminals which are monitored by a central computer system.

(17) "Video Lottery Terminal" or "Terminal" means an electrical or electro-mechanical device, component, or terminal which displays a ticket through the use of a video display screen, and which is available for consumer play upon payment of any consideration, with winners determined by the application of the element of chance and the possible prizes displayed on the device.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.010

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0030

Application for Video Lottery Game Contract

(1) The Director shall establish the forms and procedure for all persons who wish to apply for approval as a video lottery game contractor. Prior to the execution of any contract, a person must disclose to the Lottery all information required by the Director.

(2) Except as provided in OAR 177-100-0185(2), manufacturers and retailers shall have a contract with the Lottery before conducting any activities related to video lottery games in the state. Failure of a person to obtain a contract before beginning any such activities shall be a factor considered by the Director in any subsequent application made by the person.

(3) A background investigation shall be conducted by Lottery Security on all video lottery game applicants. No contract shall be approved until the Director is satisfied that the applicant meets all of the following conditions:

(a) A person of good character, honesty, and integrity;

(b) A person whose background, 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 Lottery;

(c) A person who, either individually or through his or her employees, demonstrates business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made;

(d)(A) A person shall be considered for a video lottery game contract for a specified location or premises only if that location or premises has been operating continuously for at least nine months previous to the date of application. The continuous nine months period of operations shall not be considered interrupted if the suspension of operations was for 90 days or less and was due to normal remodeling, repairs, or for emergencies or circumstances that are beyond the control of the applicant, as determined by the Director;

(B) If the substantial assets of a business, location, or premises were purchased by the person within nine months prior to the date of the application, the period of operations under the prior owner shall be considered in determining the period of operations, provided that the primary business of the prior owner was the offering of food or on-premise consumption of alcoholic beverages. The intent of this rule section is to prevent evasion of the rules requirement by means of superficial transactions such as the mere purchase of a business of trade name rather than a bonafide acquisition of substantial operating assets.

(C) If a business or establishment moves to a different location within nine months prior to the date of the application, the period of operations at the prior location shall be considered in determining the period of operations, provided, however, that the business conducted at the new premises must be a continuation of, rather than the establishment of an additional location for, the business operation at the old location;

(D) This subsection shall only apply to applications received on or after the effective date of this rule (January 1, 1997).

(e) A person shall not be considered for a video lottery game contract if the person entered into a contract for the purchase of the establishment or the premises, and the purchase is contingent upon the Oregon State Lottery granting the person a video lottery game contract, or if the establishment for which the application is submitted is not open to the public and operating as a business.

(f) A person who 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 subsections (a), (b), and (c) of this section and is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities.

(4) No person applying for a video lottery game contract shall own, manufacture, possess, operate, own interest in, gain income or reimbursement in any manner from gray machines in any jurisdiction unless the devices are approved and certified by another state lottery, or gambling or gaming control agency, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Oregon State Lottery.

(5) No person shall offer or make available a video lottery device unless such person is a manufacturer who is approved by the Oregon State Lottery. The Oregon State Lottery shall not include on the approved list, the name of any manufacturer or distributor who does not grant the Oregon State Lottery access to its business and financial records.

(6)(a) Video lottery terminals shall not be placed in a location or business that has operated or will operate primarily as a grocery or convenience store or in any establishment that does not offer food or the on-premise consumption of alcoholic beverages as its primary business. Final determination as to the primary business operated by an applicant shall be made by the Director. The determination of an applicant's primary business shall be based upon such factors as, but not limited to, the history of the business, including its history of serving alcohol, total square footage of the applicant's premises, including the amount of space

allocated for the consumption of alcohol, sales and other financial records, availability of seating, value of inventory, and the number of items of inventory, and the proportion of the location's net income that results from the sale of foods, beverages, goods, services and other sources of revenue not attributable to the sale of lottery or video lottery plays, chances, tickets, or shares;

(b) For purposes of this rule, a grocery store means a retail establishment at which foodstuffs are regularly and customarily sold in a bona fide manner for consumption off the premises, and shall include supermarkets and one-stop shopping centers which contain a grocery section in addition to offering other wares, goods and services;

(c) For purposes of this rule, a convenience store means a retail establishment which offers a relatively limited line of high-volume grocery and beverage products and the majority of the products are for consumption off the premises. A convenience store also may sell gasoline and motor-vehicle related commodities;

(d) This section shall not apply to any existing video lottery retailer who the Director determines was not in accordance with subsection (a) of this section as of October 14, 1993.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 14-1992, f. & cert. ef. 11-19-92; LC 7-1993, f. & cert. ef. 8-4-93; LC 10-1993, f. & cert. ef. 12-13-93; LC 2-1994, f. 1-27-94, cert. ef. 2-1-94; LC 10-1994, f. 11-23-94, cert. ef. 12-1-94; LC 11-1996, f. & cert. ef. 12-11-96

177-100-0050

Ownership of Premises

(1) If the premises are not wholly owned by the applicant, the applicant shall furnish to the Lottery a statement of the name and address of the owner or owners of such premises, a copy of all agreements whereby the applicant is entitled to possession of the premises, and such other information as the Lottery may require.

(2) If the premises are wholly or partly owned by the applicant, the applicant shall furnish to the Lottery complete information pertaining to the interest held by any person other than the applicant, including interest held under any mortgage, deed of trust, bonds or debentures, pledge of corporate stock, voting trust agreement, or other device whatever, together with such other information as the Lottery may require.

(3) Every retailer shall furnish to the Lottery complete information pertaining to any change of ownership of the premises or of any change of any interest in the premises at least 30 days before the date of such change; or, if the retailer is not a party to the transaction effecting such change of ownership or interests immediately upon acquiring knowledge of such change or any contemplated change.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0060

Criteria for Denial of Video Lottery Vendor Contract Application

(1) The Director may deny a video lottery game contract application for any of the following reasons:

(a) A conviction for any crime in any jurisdiction;

(b) A conviction for any gambling offense in any jurisdiction;

(c) A civil judgment based in whole or in part upon conduct which allegedly constituted a crime;

(d) An omission of any material fact(s) not disclosed to the Lottery or its authorized agents during initial or subsequent background or security investigation;

(e) A misstatement, or untrue statements of material fact(s);

(f) An association with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Lottery;

(g) Any aspect of the applicant's past conduct which the Director determines would adversely affect the integrity, security, honesty or fairness of the Lottery;

(h) By reason of ownership of any interest whatsoever in the applicant's premises or establishment by a person who is unqualified or disqualified to hold a lottery contract, regardless of the qualifications of the person who seeks approval as a lottery contractor;

(i) The failure of the applicant or its employees to demonstrate business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made;

(j) The failure of the applicant to demonstrate adequate financing for the business proposed under the type of contract for which application is made; or

(k) The applicant does not satisfy all the requirements contained in this division of the Lottery's rules for the type of contract for which application is made.

(2) In evaluating whether to deny a video lottery game contract based on subsections (2)(a), (b) and (c) of this rule, the Director 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 effect or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Lottery.

(3) The denial by the Director of an application for a video lottery game vendor contract shall be final.

(4) The criteria described in subsections (1)(a) to (h) of this rule for denial of an application for a video lottery game contract may also be grounds for immediate termination of an existing video lottery game contract.

(5) The Director may reject an application if the applicant has not provided all the information requested in the application.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 15-1992, f. & cert. ef. 12-22-92; LC 4-1995, f. 4-27-95, cert. ef. 5-1-95

177-100-0065

Contractor Reporting Requirements

(1) All video lottery contractors shall submit to the Lottery any financial and operating data required by the Director.

(2) The Director shall specify the frequency and a uniform format for the submission of such data.

(3) The Lottery or its agents reserve the right to examine contractor tax records and audit the detail records from which the tax reports are compiled.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.300 & ORS 461.410

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0070

Application for Certification of a Video Lottery Terminal

(1) A manufacturer shall not distribute a video lottery game or terminal for placement in the state unless the manufacturer and the game have been approved and the terminal has been certified by the Director. Only approved manufacturers may apply for certification of a video lottery terminal.

(2) The manufacturer shall supply the Lottery with a guideline and time-table for accomplishing tasks involved in the acceptance testing of the video lottery terminals. This includes all system functionality and communication of all information to and from the video lottery terminals.

(3) The manufacturer must provide a person to work with the Lottery and Lottery's consultants as needed in establishing, planning, and executing acceptance test. Manufacturer assistance may also be requested in trouble-shooting communication and technical problems that are discovered when video lottery terminals are initially placed at licensed establishments.

(4) The manufacturer must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source codes and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the Lottery for purposes of analyzing and testing the video lottery terminal.

(5) Testing of video lottery terminals will require working models of a video lottery terminal, associated equipment, and documentation described above transported to locations the Lottery designates for testing, examination, and analysis. The manufacturer shall pay all costs of any testing, examination, analysis, and transportation of the video lottery terminals. The testing, examination, and analysis of the video lottery terminals may include entire dismantling of the video lottery terminal and some tests that may result in damage or destruction to one or more electronic components of the video lottery terminal. The Lottery may require that the manufacturer provide specialized equipment or the services of an independent technical expert to test the video lottery terminal.

(6) All video lottery terminal manufacturers must submit all hardware, software, and test equipment necessary for testing of their video lottery terminals.

(7) Hardware which does not meet the Lottery's standards shall not be acceptable.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.215

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0080

Certification Decal

(1) Each video lottery terminal certified for placement in an establishment must bear an Oregon State Lottery decal and must conform to the exact specifications of the lottery terminal prototype tested and certified by the Lottery.

(2) No persons other than authorized Lottery personnel or agents may affix or remove a lottery decal. The placement of the lottery decal represents that the terminal has been certified, inspected, and approved for operation in the state.

(3) No terminal may be transported out of the state until the lottery decal has been removed.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.330

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0090

External Terminal Specifications

(1) Terminals may only publicly display information on screen or housing that has been approved by the Oregon Lottery.

(2) All information required for external display must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the terminal face.

(3) Each terminal must display an Oregon Lottery logo.

(4) Casino-style attract features including, but not limited to, candles and inappropriate sound effects are prohibited.

(5) Age restriction shall clearly be shown on the face of the terminal ("No person under 21 years of age may play").

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.217

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0095

Procurement of Terminals

(1) Terminals to be located and operated in the state shall only be procured by the Lottery.

(2) The Lottery shall select and procure terminals from approved manufacturers approved pursuant to OAR 177-030-0030 and provide them to approved video lottery retailers.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.215

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0100

Location and Number of Terminals

(1) Terminals shall be placed only in establishments which are licensed by the Oregon Liquor Control Commission for the

consumption of alcoholic beverages in an age-controlled area. The premises shall be open for inspection by authorized Lottery representatives or by law enforcement personnel whenever the business is open to the public or for a private party. The following requirements shall apply:

(a) No more than five terminals shall be installed in the premises of an establishment licensed by the Oregon Liquor Control Commission;

(b) In determining the number of terminals to be installed at a location, the Director shall consider such factors including, but not limited to, the sufficiency of existing video lottery retailers to serve the public convenience, the projected volume of sales, and the capacity based in terms of fire occupancy;

(c) The area in which the terminals are located must be shielded by an opaque barrier which restricts the visibility of the terminals from outside the premises and from nonage-controlled areas of the premises. The barrier shall extend from floor to ceiling; however, if this is not feasible, the barrier shall extend to a height which meets the requirement of restricting the view of the terminals from outside the premises and from nonage-controlled areas of the premises;

(d) The terminals must be located in an area used primarily for the regular consumption of alcoholic beverages in the ordinary and usual course of business. If an area within the premises of an establishment has not in the past been used for purposes of alcohol consumption, then that area will not qualify as an approved location for video lottery terminals. Areas within the premise that are used as an expansion of an existing area used primarily for the regular consumption of alcoholic beverages in the ordinary and usual course of business may qualify as an approved location for video lottery terminals;

(e) The terminals must be located in an area that restricts access to persons who are at least 21 years of age. This restriction shall not apply to minors who qualify under the exceptions permitted by the OLCC for access to areas normally prohibited to minors;

(f) The terminals must be located in an area which is at all times observed by the owner, manager, or employee of the retailer to prevent access or play of video lottery terminals by persons under the age of 21. Any manager or employee who observes the area shall be instructed and granted authority by the owner to prevent access or play of video lottery terminals by persons under the age of 21. The final determination as to what constitutes an acceptable age-controlled area shall reside with the Director;

(g) A terminal shall not be moved within or from the premises without prior written approval from the Lottery.

(2) Except for private clubs, retailers which have dining areas posted with an OLCC No. III, IV, or IV-A Minor Posting sign shall post a No. II Minor Posting sign or the Lottery's Minor Posting sign to the area within which the terminals are located. Private clubs shall post a Lottery Minor Posting sign to the area within which the terminals are located. The Lottery shall provide Minor Posting signs to locations upon request and approval by the Lottery for their intended use.

(3) The amendments to subsections (1)(c), (d), (e), and (f), and section (2) of this rule shall first apply to video lottery game retailers on the date they enter into a video game lottery contract with the lottery, if that date is on or after the date the amended rule is filed with the Secretary of State.

(4) Persons who are video lottery game retailers as of the date this amended rule is filed with the Secretary of State shall be required to be in compliance with the amendments made to subsections (1)(c), (d), and (f) of this rule within six months from the date this amended rule is filed with the Secretary of State.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.217

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 13-1992, f. & cert. ef. 10-29-92; LC 4-1995, f. 4-27-95, cert. ef. 5-1-95

177-100-0103

Suspension of OLCC License

(1) Any retailer whose liquor license has been suspended by the Oregon Liquor Control Commission (OLCC) shall immediately notify the Lottery of the suspension.

(2) The Lottery shall deactivate all video lottery games in a retailer's establishment during the period that the OLCC has suspended the retailer's liquor license. Notwithstanding the term of the OLCC suspension, the retailer's video lottery terminals shall remain deactivated until the investigation required by section (3) of this rule is completed and acted upon by the Director.

(3) Upon completion of an investigation by Lottery Security of the reasons for suspension of the retailer's liquor license, the Director may immediately terminate the retailer's contract with the Lottery. The Assistant Director for Security shall prepare a report of the investigation and provide a recommendation to the Director on whether the retailer's contract should be terminated.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.217

Hist.: LC 6-1993, f. & cert. ef. 7-2-93

177-100-0105

Occupation of Building by Multiple Establishments

If a building contains more than one premises that offers video lottery, then each premises shall have a separate outside entrance and contain an interior wall that does not permit public access from one premises to an adjacent premises.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.217

Hist.: LC 13-1992, f. & cert. ef. 10-29-92

177-100-0120

Advertising of Video Lottery Games

(1) No advertising or any other promotion which is designed to encourage the play of video lottery games shall be conducted by any Lottery contractor. This restriction does not apply to information which is required to be displayed by the Lottery or to video lottery signs which meet the following conditions:

(a) Only signs provided by the Lottery may be displayed; signs that are made by a retailer or obtained from any other source are prohibited. The Lottery may either provide the signs at no charge or sell the signs at a price which recovers the costs of producing and distributing the signs to retailers;

(b) Signs shall only be displayed in the interior of a retailer's premises. The sign must be located in such a manner to restrict its visibility from outside the premises;

(c) No signs shall be displayed on the exterior of a retailer's premises;

(d) Display of video lottery signs is voluntary; however, if a retailer elects to display a sign within its premises, final approval of the sign and its location within the retailer's premises shall be made by the Lottery.

(2) The word "casino" or reference to any casino or location where casinos are legal shall not be used in the name of a retailer's location. For example, advertising a retail location as "Little Reno" shall not be permitted.

(3) No contractor shall claim that the odds of a game are better than the odds of any other game.

(4) Except for material supplied by the Lottery for non-video lottery games, items such as menus, napkins, cups, posters, banners, table tents, or other point-of-sale materials shall not contain a poker card game theme or any other video lottery game theme.

(5) A retailer shall not provide any form of financial assistance, inducements, or grant credit to enable players to play video lottery games. No item of value shall be provided to a player if the item is directly related to playing video lottery games. For example, a retailer shall not provide free food or beverages to a video lottery game player unless the free food or beverages is made available to every person in the establishment.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.215

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 14-1992, f. & cert. ef. 11-19-92; LC 4-1995, f. 4-27-95, cert. ef. 5-1-95; LC 5-1995, f. 4-27-95, cert. ef. 5-1-95

177-100-0125**Notice Requirement**

The Director shall require each retailer of a video lottery game system to post in a conspicuous location on the premises at least one copy of a notice containing information concerning compulsive gambling.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.215

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0130**Duties of Manufacturers**

Manufacturers, their representatives and agents shall have the following duties and constraints:

(1) Promptly report any violation or any facts or circumstances that may result in a violation of ORS Chapter 461 or these rules.

(2) Provide immediate access to all records and the entire physical premises of the business for inspection at the request of the Lottery or its auditors.

(3) No advertising and promotional activities of video lottery games shall be conducted or reference to any location where casinos operate shall be made. For example, the word "casino" shall not be used to describe any terminal, game, location, or activity.

(4) Promptly report to the Lottery the presence of any gray machine located within the state.

(5) Attend all trade shows or conferences as required by the Lottery.

(6) Provide the Lottery with keys to the logic area of each approved video lottery terminal model.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.400

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0155**Determination of Dominant Use and Dominant Purpose**

(1) It shall be the policy of the Oregon State Lottery not to contract with any Person to sell Video Lottery Tickets to the public in an Establishment that has as its Dominant Use or Dominant Purpose the sale of Lottery Games. The purpose of this rule is to set a threshold and establish a process to use to identify Lottery Game Retailers whose Establishments have, as their Dominant Use or Dominant Purpose, the sale of Lottery games.

(2) For purposes of this rule:

(a) "Dominant Use" means an Establishment's primary business activity, as determined by an analysis of the source and quantity of income dollars or the allocation of floor space to particular purposes.

(b) "Dominant Purpose" means an Establishment's reasons for being founded or operated, as determined by an analysis of the source and quantity of income dollars or the allocation of floor space to particular purposes.

(c) "Establishment" means any single location in which Video Lottery Games are operated or which is identified in a Video Lottery Retailer application as the proposed site for such activity. An Establishment must be owned or operated by a Person licensed to sell alcoholic beverages for consumption in a specific Age-Controlled Area of the Establishment.

(A) "Establishment" does not encompass those business activities conducted by a Retailer that the Director determines would not be reasonably considered to be related to the food and beverage portion of the Retailer's business at that location.

(B) The final determination of what constitutes an Establishment shall be made by the Director.

(d) "Total Annual Lottery Compensation" means the total annual compensation received from the Lottery for the sale of all Lottery Games, including, but not limited to, compensation resulting from participation in Lottery incentive and bonus programs, as described in the Retailer contract, other than those programs awarding bonuses on the basis of the sale of winning and validated Scratch-It or On-Line tickets for which a prize of \$10,000 or more is paid.

(e) "Annual Non-Lottery Sales" means the actual sale of products or services to retail customers at the retail Establishment over a selected twelve-month period. Only the sale of products or services to retail customers in return for which the Establishment receives cash or any instrument evidencing cash consideration shall be included in the calculation of Annual Non-Lottery Sales. The Lottery shall consider the sale of products or services to another business, including sales taking place from January 1, 1999 through January 31, 1999, to be Annual Non-Lottery Sales. Examples of products and services not considered "Annual Non-Lottery Sales" for the purposes of this rule include, but are not limited to:

(A) The sale of products or services which are not usually sold by or associated with the type of retail Establishment being reviewed;

(B) The Wholesale sale of products;

(C) The gifting of complimentary or promotional products; or the value of promotional discounts/coupons;

(D) The retail sale of products or services sold or rendered outside of the retail Establishment (such as catering) unless the work is substantially completed at the Establishment and the services are provided substantially by the employees of the Establishment;

(E) The sale of products or services for which the Retailer receives a commission, except that the amount of the commission received may be considered.

(f) "Wholesale" means the sale of goods in quantity, as to retailers or jobbers, for resale to the public.

(3) A determination as to whether the Dominant Use or Dominant Purpose of an Establishment is for the sale of Lottery Games shall be made by the Director before entering into a contract with any Person. The Director may also initiate a review of existing Lottery Retailers as part of a random sample or whenever there is reason to believe that the Dominant Use or Dominant Purpose of an Establishment has become the sale of Lottery Games. The Director may rely on whatever resources and information are available in deciding to initiate a review of an existing Lottery Retailer. The burden of proof for establishing that neither the Dominant Use nor Dominant Purpose of an Establishment is for the sale of Lottery Games shall be on the Video Lottery Retailer or Person applying to become a Video Lottery Retailer.

(4) The Director shall consider the following factors to make a final determination:

(a) Floor Space Analysis:

(A) The Director shall determine the ratio of floor space dedicated for the use of Video Lottery Games to the total floor space of the Establishment. Any space or portion of an Establishment which is designated as a common area, is shared with other Establishments or businesses, or is not contiguous with the area(s) where the Video Lottery Terminals are located, shall not be considered as part of an Establishment's total floor space. For purposes of this rule, 24 square feet per Video Lottery Terminal shall be used to compute such a ratio. A determination that the amount of floor space dedicated to Video Lottery Games exceeds 15 percent of the Establishment's total floor space shall be sufficient grounds for concluding that the Dominant Use or Dominant Purpose of the Establishment is for the sale of Lottery Games. Upon making such a determination, the Director shall remove the number of Video Lottery Terminals necessary to bring the Establishment into compliance with this subsection.

(B) Floor Space Calculation: For purposes of this rule, for Video Lottery Retailer contract applications received on or after the effective date of this rule and for Video Lottery Retailer contracts resulting from such applications, any areas of the Establishment not normally open to patrons shall not be considered as part of an Establishment's total floor space.

(C) The final determination of the ratio of an Establishment's floor space dedicated for the use of Video Lottery Games to the Establishment's total floor space shall be made by the Director.

(b) Income Analysis: The Director shall conduct a review of the Establishment's total income which, for the purpose of this rule, shall equal the sum of the Establishment's Total Annual Lot-

tery Compensation and the Establishment's Annual Non-Lottery Sales. For a Person applying to become a Video Lottery Retailer, the Director shall conduct a review of the Establishment's projected total income which, for the purposes of this rule, shall equal the sum of the Establishment's projected Total Annual Lottery Compensation and the Establishment's projected Annual Non-Lottery Sales. If, after the review of an Establishment's total income or projected total income, the Director concludes that the Dominant Use or Dominant Purpose of an Establishment is for the sale of Lottery Games, the Director shall take the actions prescribed in subsection (5). Effective through December 31, 1998, the Dominant Use or Dominant Purpose of an Establishment shall be considered to be for the sale of Lottery Games if the review indicates that the Retailer's Total Annual Lottery Compensation exceeds sixty-six and two-thirds percent of the Establishment's total income. Effective January 1, 1999, the Dominant Use or Dominant Purpose of an Establishment shall be considered to be for the sale of Lottery Games if the review indicates that the Retailer's Total Annual Lottery Compensation exceeds sixty-six and two-thirds percent of the Establishment's total income for sales through December 31, 1998, and sixty percent for sales occurring on or after January 1, 1999. Notwithstanding the foregoing, the Dominant Use or Dominant Purpose of an Establishment operating under a Video Lottery contract executed on or after July 6, 1998 shall be considered to be for the sale of Lottery Games if the review indicates that the Retailer's Total Annual Lottery Compensation exceeds sixty percent of the Establishment's total income; the 60 percent calculation shall also apply in the case of a Person applying to become a Video Lottery Retailer on or after July 6, 1998. The twelve-month period selected for the annual review will be chosen by Lottery staff. The ratio of an Establishment's Total Annual Lottery Compensation to its total income shall be determined by dividing the Establishment's Total Annual Lottery Compensation by the sum of:

- (A) The Establishment's Annual Non-Lottery Sales; and
- (B) The Establishment's Total Annual Lottery Compensation.

(c) The Retailer may request that a Certified Public Accountant, engaged and paid for by the Retailer, verify the accuracy of the Lottery's calculation of the Retailer's Annual Non-Lottery Sales. A CPA engaged by a Retailer for this purpose must utilize procedures specified by the Lottery and document his or her analysis as required by the Lottery.

(d) The final determination of the ratio of an Establishment's Total Annual Lottery Compensation to the Establishment's total income shall be made by the Director.

(e) For the purposes of this rule, a Lottery Retailer must retain and make readily available all business sales and expense records that are pertinent to the calculation and determination of the Dominant Use and Dominant Purpose of the Establishment for a period of 24 months. Required records include, but are not limited to, detailed and correct fiscal records of the gross, non-Lottery sales for the Establishment, costs and amounts of goods sold, comprehensive sales information, bank statements, and records of daily sales. Lottery staff shall be allowed to perform examinations of these records, and make any copies necessary to complete the review. Records and accounting information must be provided, at the Retailer's expense, in any form or format reasonably requested by Lottery staff. Retailers operating multiple Establishments must maintain separate and complete records as specified in this paragraph for each Establishment they operate. In the absence of adequate records, Lottery staff will make a reasonable estimate of Annual Non-Lottery Sales based on available information.

(5)(a) Upon a determination that the Dominant Use or Dominant Purpose of an Establishment is for the sale of Lottery Games pursuant to review under subsection (4)(b) of this rule, the Director shall notify the Establishment of the determination. The Director shall provide the Establishment the opportunity to develop and implement a plan to bring the Establishment into compliance with this rule within six months from the date of notification. The plan must be submitted within 30 days from the date of notification. The plan shall include an analysis of the Retailer's business operation to show that the Retailer has made a reasonable determination

of what changes need to be made and the steps the Retailer intends to take to bring the Establishment into compliance. A Retailer may not restrict access to any Lottery Game to achieve compliance with this rule without prior approval from the Director. The Retailer shall provide the Lottery with monthly sales data on its Lottery and non-Lottery products during each of the six months of the Retailer's plan for bringing the Establishment into compliance.

(b) At the end of the six-month period, the Director shall make a determination as to whether the Establishment is in compliance. A Retailer shall be deemed to be in compliance if either:

(A) The average of the Establishment's Total Annual Lottery Compensation did not exceed the relevant percentage(s) of the average of the Establishment's total income, set out in subsection (4)(b) of this rule, over the entire six-month period; or

(B) The average of the Establishment's Total Annual Lottery Compensation did not exceed the relevant percentage(s) of the average of the Establishment's total income, set out in subsection (4)(b) of this rule, for the sixth month of the plan.

(c) If the Establishment is determined not to be in compliance, the Establishment's contract to sell Video Lottery Tickets shall be immediately terminated. If a Person is applying to become a Video Lottery Retailer and is projected not to be in compliance, the application shall be denied.

(d) If the Establishment is in compliance, the Establishment shall be required to submit for review six months of sales data at each six month interval for a period of one year commencing on the first day of the month following notification of compliance. If the Director determines that, over the entire year, the average of the Establishment's Total Annual Lottery Compensation exceeds the relevant percentage(s) of the average of the Establishment's total income, set out in subsection (4)(b) of this rule, the contract to sell Video Lottery Tickets shall be terminated.

(e) Any Video Lottery Retailer whose contract to sell Video Lottery Tickets is terminated, or any Person applying to become a Video Lottery Retailer whose application is denied, shall not be eligible to reapply for a Lottery contract for the terminated or denied Establishment for one year from the date of termination or application denial. After one year, the application shall only be accepted upon showing that a substantial change in conditions at the Establishment has taken place.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461.120(2)

Stats. Implemented: OR Constitution, Article XV, Section 4(4) & ORS 461.200

Hist.: LC 10-1994, f. 11-23-94, cert. ef. 12-1-94; LC 2-1997, f. 2-27-97, cert. ef. 3-1-97; Renumbered from 177-100-0015; LOTT 4-1998, f. & cert. ef. 6-26-98, Renumbered from 177-040-0060; LOTT 5-1998(Temp), f. & cert. ef. 7-7-98 thru 12-31-98; LOTT 1-1999, f. & cert. ef. 2-1-99; LOTT 8-1999, f. 5-27-99, cert. ef. 5-30-99

177-100-0160

Transportation of Video Lottery Terminals Within, Into, or Through the State

(1) No person shall ship or transport video lottery terminals within or into the state, without first obtaining a written authorization for transport from the Director. Transporting or shipping within the state means the starting point and termination point of a trip are both within the boundaries of the state. Transporting or shipping into the state means the starting point is outside the state and terminates in the state.

(2) No person shall ship or transport video lottery terminals through the state without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the state.

(3) The written authorization required under sections (1) and (2) of this rule shall include:

- (a) The serial number of each terminal being transported;
- (b) The full name and address of the person or establishment from which the terminals are obtained;
- (c) The full name and address of the person or venue to whom the machines are being sent or transported; and
- (d) The dates of shipment or transport within, into or through the state.

(4) The written authorization shall accompany, at all times, the terminal or terminals in transport.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.215

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-100-0170

Liability for Terminal Malfunction

The Lottery, the Commission, and the State of Oregon are not responsible for any terminal or central system malfunction that causes prizes to be wrongfully awarded or denied to players. The manufacturer of the terminal or the central system is solely responsible for any wrongful award or denial of prizes. A manufacturer's liability is limited to the number of tickets for the game displayed in the game rules and may not be greater than \$600 for any game played.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 6-1993, f. & cert. ef. 7-2-93

177-100-0180

Instate Manufacturing of Games Shipped Out-of-State

(1) A manufacturer shall apply to the Lottery for approval to manufacture, service and ship lottery devices defined in ORS 167.117(7)(a) ("gray machines") that are not operated in Oregon. The Director shall determine whether a person qualifies as a manufacturer under these rules.

(2) A manufacturer may only obtain approval for devices that will not be operated in Oregon and will be exported from the state. The Director shall approve only devices that are to be placed in operation in states where such devices are legal. The Director shall require citation to the law of the state that makes the devices legal, and may require additional evidence that operation of the devices is lawful in that jurisdiction.

(3) The applicant shall be subject to the same disclosure requirements required of an applicant for a major procurement. The applicant shall be required to reimburse the Lottery for the costs of all background investigations.

(4) A manufacturer's premises, including all production, shipping, service and financial records, shall be made available for routine and unannounced inspections and audits by the Assistant Director of Security. A manufacturer shall provide to the Lottery a monthly report listing the types and numbers of devices manufactured, number of shipments of these devices, destinations of all shipments and methods of shipment, including carrier used. Shipment or transport of terminals outside the state shall also comply with OAR 177-100-0160.

(5) The Director may issue a temporary approval for the manufacture of lottery devices upon submission and satisfactory review of the following information:

(a) Information required by ORS 461.410(1);

(b) Applicant's written statement of the proposed use of the devices;

(c) Citation of the law that states such use is legal; and

(d) The individuals or entities that have expressed an interest in purchasing, leasing, or operating the devices.

(6) If the Director issues a temporary approval, it shall be effective for no longer than 180 days.

(7) The Director may revoke any approval if the Director determines that the manufacturer poses a threat to the integrity, security, or honesty of the Lottery. Approval may also be revoked if the transaction(s) for which approval was issued is not completed within a reasonable period and no other purchaser, lessor or operator has been found.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 167.117 & ORS 167.164

Hist.: LC 7-1991(Temp), f. & cert. ef. 10-28-91; LC 8-1991, f. & cert. ef. 11-25-91

177-100-0185

Instate Manufacturing of Games Operated in Oregon

(1) A manufacturer of video lottery terminals approved by the Lottery for the Lottery's own use pursuant to OAR 177-030-0030 may manufacture such terminals in the State of Oregon.

(2) The Director may issue a temporary approval for the manufacture of video lottery terminals upon submission and satisfactory review of the following information:

(a) Information required by ORS 461.410(1);

(b) Applicant's written statement of intention to manufacture video lottery terminals to be operated in Oregon solely by the Lottery; and

(c) Copy of a letter from the Lottery expressing an interest in purchasing video lottery terminals from the applicant.

(3) If the Director issues a temporary approval, it shall be effective for no longer than 180 days.

(4) No video lottery terminal shall leave the premises of the approved manufacturer until it is shipped to a destination authorized by the Lottery.

(5) All video lottery terminals whose manufacture has been approved by the Lottery shall be operated only under the authority of the Lottery.

(6) A manufacturer's premises, including all production, shipping, service and financial records, shall be made available for routine and unannounced inspections and audits by the Assistant Director of Security. A manufacturer shall provide to the Lottery a monthly report listing the types and numbers of terminals manufactured, the types and number in storage, the number of shipments of these terminals, the destinations of all shipments and method of shipments, including carrier used.

(7) The Director may revoke any approval if the Director determines that the manufacturer poses a threat to the integrity, security, or honesty of the Lottery. Approval may also be revoked if the Lottery does not enter into a contract with the applicant for the purchase of the video lottery terminals within a reasonable period, or if such a contract is terminated.

(8) Notwithstanding sections (1) - (3) of this rule, any Oregon manufacturer who has previously submitted a bid in response to a request for proposal issued by the Lottery may continue to perform video lottery terminal research and development. If the manufacturer is not successful in providing video lottery terminals in any subsequent request for proposal issued by the Lottery, the Director may terminate the manufacturer's approval to manufacture video lottery terminals.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 167.117 & ORS 167.164

Hist.: LC 7-1991(Temp), f. & cert. ef. 10-28-91; LC 8-1991, f. & cert. ef. 11-25-91; LC 13-1992, f. & cert. ef. 10-29-92

DIVISION 200

GENERAL VIDEO LOTTERY GAME RULES

177-200-0000

Authorized Video Lottery Games

(1) Video lottery terminals may offer any version of Draw Poker approved by the Director.

(2) A video lottery terminal may offer one or more of the authorized video games as approved by the Director.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.210

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0010

Game Requirements

(1) The close approximation of the odds of winning some prize for each game must be displayed on the video lottery terminal screen. Each game must also display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of tickets wagered.

(2) The maximum wager per game shall not exceed \$2; the maximum prize paid for any video lottery game shall not exceed \$600.

(3) Provide a method for players to view payout tables.
Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.210
Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0015

Ticket Price

The price of a ticket for all video lottery games shall be twenty-five cents.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250, ORS 461.260 & ORS 962, OL 1991 (enrolled HB 3151)
Stats. Implemented: ORS 461.240
Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0020

Payment of Video Lottery Game Prizes

(1) Validation Requirements - Retailer Level: Payment for prizes awarded on a terminal may be made only if the cash slip is presented for payment at the retail location where the prize was won within 28 days of the date it was won and only if it meets all of the following requirements:

- (a) If it is intact and fully legible and meets all the Lottery's security requirements;
- (b) If it must not be stolen, counterfeit, fraudulent, lacking the correct captions, altered, or tampered with in any manner;
- (c) If it must have been properly issued and claimed by a person authorized to play under these rules;
- (d) The cash slip data must have been recorded in the central computer system and the information appearing on the cash slip must correspond with the computer record;
- (e) An original cash slip shall be the only valid receipt for claiming a prize for purposes of validation and prize payment. A copy of a cash slip has no pecuniary or prize value and shall not constitute evidence of a cash slip;
- (f) If it must not have been previously paid;
- (g) If it is subject to all other confidential security checks of the Lottery.

(2) Validation Exceptions - Retailer Level: If a claim is made for a prize and the cash slip meets the requirements of section (1) of this rule, except subsections (a) or (e) of section (1) of this rule, the prize may nevertheless be paid by the retailer if the following conditions are satisfied:

- (a) Upon notification by a player of a problem with a video lottery terminal not issuing a cash slip that is intact and fully legible, the retailer is able to obtain a validation number from the terminal which corresponds to the time and amount of the prize claimed by the player. If the validation number matches the player's claim, the retailer shall validate the prize through the clerk validation terminal; and
- (b) A Retailer Software Validation Report is completed by the player and the retailer and retained by the retailer for one year. Reports shall be grouped by month and be made available for audit by the Lottery immediately upon request.
- (c) If the retailer is unable to obtain a validation number from the terminal which corresponds to the time and amount of the prize claimed by the player as required by subsection (a) of this section, the affected player may request consideration of the denial of payment of the prize as provided in section (4)(b) of this rule.

(d) In the event a cash slip for the prize paid by a retailer under this subsection is later submitted for payment to the Lottery, the Lottery shall pay the prize and debit the retailer's account for the amount of the prize.

(3) Validation Requirements - Lottery Headquarters. Payment for prizes awarded on a video lottery game terminal may be made only if the cash slip presented for payment meets all of the requirements in subsections (1)(a-g) of this rule and is presented within one year of the date that the prize was awarded. If the final day of the one year claim period falls on a weekend or official Oregon State Lottery holiday, the claim period shall be extended to end on the next business day.

(4) Validation Exceptions - Lottery Level: If a video lottery game cash slip or prize cannot be validated in accordance with the requirements of either section (1) or section (2) of this rule, the Director or the Director's designee may still authorize payment in such circumstances if any of the following exceptions apply:

(a) Cash Slip Data Not Recorded on Central System: If a claim is made for a prize and the cash slip meets the requirements of section (1) of this rule, except for subsection (1)(d) of this rule, the prize may nevertheless be paid if:

(A) An investigation of the report is conducted by the Lottery and

(B) The Director or Director's designee concludes that the claimant was an authorized player and that the failure to meet the requirements of subsection (1)(d) of this rule was the result of either a technical problem in the video lottery terminal or a communications problem that prevented the recording of the prize in the central computer system.

(b) Lack of Cash Slip or Validation Number: In the event where a player does not have a cash slip, or a retailer was unable to obtain a validation number per section (2)(a) of this rule, the Lottery will conduct an investigation of the claim, including the reasons or causes for the failure of the terminal to produce a cash slip or to print an intact and fully legible cash slip and the reasons or causes for the failure of the retailer to obtain a validation number. If the Lottery can determine from information in the central computer system and its investigation that a prize in the amount claimed by the player was won on the terminal identified by the player at the time claimed by the player, and that no prize previously has been paid on the video lottery play as evidenced by the information on the central computer system and the investigation findings, the Lottery may pay the claimed prize to the player. No prize will be paid without a signed statement by a player. The player's statement must contain game play information that can be compared to information in the central computer system which substantiates that a prize in fact was won in the amount and at the approximate time claimed by the player, and information from which the Lottery reasonably can determine that no previous payment was made for the same prize.

(c) Extension for Payment On Cash Slip Past 28-Day Claim Period: The Director or the Director's designee shall extend the 28-day period in which a player may submit a cash slip to claim a prize, but only if all of the following conditions are satisfied:

- (A) The holder of the cash slip must be a person who is authorized to play video lottery games and presents the cash slip in person or by mail (Acceptance by mail shall be retroactive to May 22, 1996) to the Lottery office in Salem;
- (B) The cash slip meets all the requirements contained in subsections (1)(a) through (1)(g) of this rule; and
- (C) The Lottery can verify, by checking cash slip data recorded on the Lottery's central computer system, that no prize has been previously paid on the cash slip or on the video lottery play presented on the cash slip.

(d) As a condition of prize payment under the exceptions for either subsection (4)(a) or (4)(b), the Lottery may withhold payment of any prize under this subsection until the expiration of the 28 day prize claim period at the retailer's location to ensure against the payment of more than one prize based on that play.

(5) Payment Credit/Debit: Video lottery game prizes may be paid by the Lottery from its central office. Except for prizes which are presented for payment under section (4)(a) of this rule, the amount of any prize paid by the Lottery from its central office may be debited to the retailer from which the prize was won unless the retailer has already been debited under section (6) of this rule. Prizes which are paid by a retailer but not validated at the time of payment may be credited to the retailer if payment is authorized under section (2) of this rule.

(6) Automatic Transfer for Unclaimed Prizes: If a prize is not claimed within 28 days, the Lottery will withdraw the amount of the prize from the retailer's account.

(7) The Director shall periodically report to the Commission on the number of prize claims submitted for payment and the number of claims paid and denied.

(8) Retroactive Application: This rule shall apply to all prize claims filed with the Lottery on or after November 16, 1995.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 9-1993, f. 11-18-93, cert. ef. 12-1-93; LC 9-1994, f. 8-19-94, cert. ef. 9-1-94; LC 1-1995, f. 1-25-95, cert. ef. 3-1-95; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96; LC 4-1997, f. & cert. ef. 4-25-97

177-200-0030

Method of Payment

Each retailer shall designate employees authorized to redeem cash slips during the retailer's business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens, chips, or merchandise.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0040

Restrictions on Payment of Prizes

Retailers may only redeem cash slips for prizes awarded on terminals located on its premises.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0050

Requirements for Randomness Testing

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements:

(1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard chi-squared analysis. "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.

(2) Each card, symbol position, or number position does not produce a significant statistic with regard to producing patterns of occurrences. Each card of number position will be considered random if it meets the 99 percent confidence level with regard to the "run test" or any similar pattern testing statistic. The "run test" is a mathematical statistic that determines the existence of recurring patterns within a set of data.

(3) Each card, symbol position, or number position is independently chosen without regard to any other card or number drawn within that game play. This test is the "correlation test". Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.

(4) Each card, symbol position, or number position is independently chosen without reference to the same card or number position in the previous game. This test is the "serial correlation test". Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.

(5) The random number generator and selection process must be impervious to influences from outside devices including, but

not limited to, electromagnetic interferences, ESD, RF interferences.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.217

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0060

Requirements for Percentage Payout

The Commission shall establish a maximum average payout percentage for its video lottery games in the annual financial plan approved by the Commission.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 9-1993, f. 11-18-93, cert. ef. 12-1-93; LC 9-1994, f. 8-19-94, cert. ef. 9-1-94; LC 1-1995, f. 1-25-95, cert. ef. 3-1-95; LC 7-1995, f. & cert. ef. 7-7-95; LC 3-1996(Temp), f. & cert. ef. 3-27-96; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96

177-200-0070

Requirements for Draw Poker Games

Video lottery terminals offering draw poker games must meet the following requirements:

(1) A standard deck of 52 playing cards shall be used. Jokers may be used if the payout percentages can be validated to meet the requirements of OAR 177-200-0060.

(2) Before each deal, the deck must be shuffled randomly and frozen. All cards used for play must

be taken in order from the top of the deck. The top ten cards of the deck must be stored in the non volatile video lottery terminal memory. Nonvolatile video lottery terminal memory is a device that stores information which cannot be erased or destroyed when power is disconnected to the video lottery terminal. The manufacturer need not represent the whole deck in memory. "Shuffling" is the process of generating the ten cards possibly used in the play and may be conducted in any manner that satisfies the randomness tests in OAR 177-200-0050.

(3) The program must deal the first five cards in order to the player. The player must have the option to hold or discard any or all cards. Autohold features that assist players in their decision of the cards to hold and discard for the chance to obtain a winning combination must be displayed. Any cards that are discarded must be replaced by the remaining cards in the deck by a predefined process and drawing any additional cards in the order they are contained in the deck.

(4) If the initial five dealt cards constitute a five-card winning hand, the video lottery terminal must automatically notify player of winning hand and amount to be won if player holds all cards.

(5) If the initial five dealt cards contains a combination of fewer than five cards making up a winner according to the game's pay table, display the kind of hand, e.g., one pair, two pair, three of a kind.

(6) At the conclusion of each game, the video lottery terminal must display the winning combination, if any, and the amount won.

(7) An extended play option may be included as long as a prize won under that option does not exceed \$600.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.220

Hist.: LC 8-1991, f. & cert. ef. 11-25-91