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DIVISION 5

DEFINITIONS

177-005-0000
Definitions

(1) "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.

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

(3) "Director" means the Chief Administrative Officer of the Oregon State Lottery or any other employee to whom the Director's authority has been delegated by the Director prior to the action being taken.

(4) "Gift" means the voluntary transfer of something of economic value to another made gratuitously.

(5) "Immediate Family" and "family member" mean a natural person's spouse, child, sibling, or parent by blood or adoption.

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

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

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

(9) "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.

(10) "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.

(11) "Person" means any natural person or corporation, trust, association, partnership, joint venture, limited liability company, or other business entity.

(12) "Prize" means any award, financial or otherwise, awarded by the Director to a Lottery player for winning a Lottery Ticket or Share.

(13) "Retailer Contract" means any written contract entered into by the State Lottery for the purpose of selling Lottery Tickets or Shares to the public.

(14) "Share" means an opportunity to win a Lottery prize through a Lottery game. A Share may or may not be a Ticket or other instrument that represents the person's opportunity to win a prize.

(15) "Ticket" means a Scratch-It Ticket or On-Line Ticket which provides the opportunity to win a prize.

(16) "Traditional games" means all On-Line, Scratch-It, and breakopen games.

(17) "Unclaimed Prize" means any prize, financial or otherwise, for a winning Ticket or Share in a Lottery game which has not been submitted for validation and prize payment within the specified prize claim period and for which the Lottery has data or evidence that the Ticket or Share was sold or distributed to the public.

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. 4-27-95, cert. ef. 5-1-95; LC 1-1996, f. & cert. ef. 3-5-96; LC 8-1996, f. 7-31-96, cert. ef. 8-1-96; LOTT 2-1998, f. & cert. ef. 5-28-98; Administrative correction 5-24-99; LOTT 9-1999, f. 5-27-99, cert. ef. 6-27-99; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

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.

(4) The Director or the Director's designee may authorize a Lottery Retailer to engage in a promotion in which the Retailer gives one or more Traditional game Tickets or Shares to its customers in exchange for the purchase of goods or services in accordance with this section.

(a) A Traditional Lottery Retailer seeking authorization to conduct such a promotion shall identify, to the degree required by the Director, the goods or services to be purchased by a customer in exchange for a Traditional Lottery Ticket(s) or Share(s) and the number and type of Ticket(s) or Share(s) to be given to the customer in exchange.

(b) The Director's authorization shall be in writing.

(c) A Lottery Retailer shall not increase the price of goods or services offered for sale as a part of the promotion authorized by section (4) of this rule for the purpose of recouping costs associated with the giving of Traditional game Tickets or Shares or any other purpose prohibited by law.

(d) It shall be the policy of the Lottery to authorize a promotion described in subsection (a) of this section only when the proposed promotion insures the integrity, security, honesty, and fairness of the Lottery.

(e) For the purposes of OAR 177-040-0025 Retailer Compensation and 177-040-0061 Determination of Dominant Use and Dominant Purpose, Lottery Tickets or Shares given during a promotion authorized under section (4) of this rule are considered and counted as a sale for the retail price established by the Lottery in the administrative rules for each Lottery Game.

(f) No promotion in which the Retailer gives one or more Traditional game Tickets or Shares to its customers in exchange for the purchase of goods or services is authorized unless it complies with section (4) of this rule.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.240
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; LOTT 10-2000(Temp.), f. & cert. ef. 10-27-00 thru 4-24-01; LOTT 5-2001, f. & cert. ef. 4-6-01

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) For the purpose of this rule, "Working Day" means a weekday (Monday through Friday) from 8 a.m. to 5 p.m. except those weekdays when the Lottery office is closed.

(2) It shall be the policy of the Lottery to apply the standards described in this rule to any Lottery Retailer, except a Retailer operating under a Temporary Retailer Contract, when a Lottery Retailer's electronic funds transfer (EFT) payment is rejected for non-sufficient funds (NSF).

(3) First NSF: When a Lottery Retailer's EFT payment is rejected for NSF, the Lottery shall:

(a) Make a reasonable effort to notify the Lottery Retailer or the Lottery Retailer's business by telephone of the NSF;

(b) Disable the Retailer's Lottery equipment until the Retailer pays, via certified funds, the amount of money that was to be paid via EFT plus an additional $50 charge;

(c) Temporarily withhold any bonus payments the Retailer may have earned until the required payments are made; and

(d) If the Retailer does not make the required payments within five (5) Working Days after the Retailer's Lottery equipment was disabled, cancel any bonus or incentive payments the Retailer may have earned.

(4) Second NSF: When a Lottery Retailer's EFT payment is rejected for NSF for the second time within one year of a first NSF, the Lottery shall:

(a) Make a reasonable effort to notify the Lottery Retailer or Lottery Retailer's business by telephone of the NSF;

(b) Disable the Retailer's Lottery equipment until the Retailer pays, via certified funds, the amount of money that was to be paid via EFT plus an additional $50 charge and until the Retailer posts a bond, letter of credit, or cash deposit as described in subsection (f) of this section;

(c) Temporarily withhold any bonus payments the Retailer may have earned until the required payments are made;

(d) If the Retailer does not make the required payment within five (5) Working Days after the Retailer's Lottery equipment was disabled, cancel any bonus or incentive payment the Retailer may have earned; and

(e) If the Retailer is subject to an EFT that routinely draws funds from the Retailer's account at the end of the eleventh day after the close of the Lottery business week, require the Retailer to be subject to an EFT that routinely draws funds from the Retailer's account at the end of the fourth day after the close of the Lottery business week.

(f) The Director may, in the Director's sole discretion, allow the Retailer to post a bond or letter of credit, or make a cash deposit via certified funds with the Lottery. The amount of the bond, letter of credit, or cash deposit and the term for which it shall be in effect, and any other applicable terms and conditions for continuing the Retailer Contract shall be determined by the Director. Generally, the amount of the bond, letter of credit, or cash deposit will be an amount that is approximately equal to two weeks of the Retailer's average EFT draws, but may be more as necessary to protect the interests of the Lottery. If the Director does not allow the Retailer to post a bond, letter of credit, or make a cash deposit, the Director shall terminate the Retailer contract.

(5) Third NSF: When a Lottery Retailer's EFT payment is rejected for NSF for the third time within one year of a first NSF, the Lottery shall:

(a) Make a reasonable effort to notify the Lottery Retailer or the Lottery Retailer's business by telephone of the NSF;

(b) Disable the Lottery Retailer's equipment until the Retailer pays, via certified funds, the amount of money that was to be paid via EFT and a $50 charge and until the Retailer provides a personal guarantee if required by subsection (e) of this section;

(c) Require the Retailer to forfeit any bonus or incentive payment the Retailer may have earned for the week;

(d) Require the Retailer to forfeit one week of Lottery compensation for the week in which the NSF occurred; and

(e) Except for a sole proprietorship or a Private Club as defined in ORS 471.175(7), require the Retailer to provide a personal guarantee of the payment of funds due the Lottery on a form provided by the Lottery.

(6) Fourth NSF: When a Lottery Retailer's EFT payment is rejected for NSF for the fourth time within one year of a first NSF, the Lottery shall:

(a) Make a reasonable effort to notify the Lottery Retailer or the Lottery Retailer's business by telephone of the NSF;

(b) Disable the Lottery Retailer's equipment;

(c) Initiate Retailer Contract termination procedures;

(d) Require the Retailer to forfeit any bonus or incentive the Retailer may have earned for the week;

(e) Require the Retailer to pay, via certified funds, the amount of money that was to be paid via EFT and a $50 charge within five (5) Working Days after the Retailer's Lottery equipment was disabled.

(7) When a Lottery Retailer's EFT is rejected for NSF and the Director is not required to terminate the Retailer's Contract, the Director may terminate the Retailer Contract if a Retailer fails to pay, via certified funds, the amount of money that was to be paid via EFT and the $50 charge within five (5) Working Days after the Retailer's Lottery equipment was disabled.

(8) Termination of the Retailer Contract shall not release the Retailer from any obligation to pay any amount due the Lottery under this rule. The Lottery may make a claim upon any bond, letter of credit, or cash deposit posted by the retailer under this rule and apply the money to any remaining retailer obligation.

(9) All payments by a retailer that are rejected because of non-sufficient funds shall be included as part of the retailer's account history.

(10) 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. No other NSF due to a bank error may be excused within a twelve month period.

(11) 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.

(12) This rule shall apply to all Retailer Contracts in effect as of December 15, 2000 and all other Retailer Contracts that are effective after December 15, 2000, except a Retailer operating under a Temporary Retailer Contract.

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; LOTT 12-2000(Temp), f. & cert. ef. 12-29-00 thru 6-27-01; LOTT 9-2001, f. 2-25-01, cert. ef. 5-29-01

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

177-010-0120
Display and Demonstration of a Trade Show Device at a Trade Show

(1) For the purposes of this rule, "Trade Show Device" means a gaming device that would otherwise be a Gray Machine as described in ORS 167.117(9) or a Slot Machine as described in ORS 167.117(19) except that the device is authorized for display or demonstration purposes at a trade show and the device is displayed and demonstrated by a manufacturer or manufacturer's representative as an example of a model that is currently in production for sale or is scheduled to be in production for sale by the manufacturer.

(2) A Trade Show Device approved for display and demonstration at a trade show:

(a) Cannot be used for actual wagering. Any device that accepts any consideration is not authorized under this rule.

(b) Cannot be sold directly from the site of the trade show or while in transit to or from the trade show.

(c) Must have the coin or bill acceptor removed or physically restricted from use so that wagering is not possible.

(d) Must have a sign posted in close proximity to the device that contains the phrase, "No one under 21 years of age is allowed to operate this machine." A vendor displaying and demonstrating Trade Show Devices must ensure that minors under the age of 21 are not allowed to operate the device.

(3) For purposes of this rule, a trade show cannot be held at a location or in a manner in which the Oregon State Police Lottery Security Section is encumbered from ensuring compliance with applicable law. For example, a trade show cannot be held, for purposes of this rule, in a mobile demonstration van or be conducted simultaneously at multiple locations.

(4) A vendor participating in a trade show must complete, in its entirety, and file an application with the Director for authorization to display, demonstrate, and transport a Trade Show Device at a trade show. The application shall include, but not be limited to:

(a) The full name, address, and telephone number of both the business and the individual initiating the request to display and demonstrate such a device at a trade show;

(b) The title, location, and dates of the trade show;

(c) The full name, address, and telephone number of the sponsor or organizer of the trade show;

(d) The manufacturer of each device;

(e) The serial number of each device;

(f) The model of each device;

(g) The schedule of transport of such a device;

(h) The specific address and location of any intermediary storage sites for the device before or after the trade show; and

(i) The name, address, and telephone number of a person who can be contacted if questions arise regarding any aspect of the authorization, the devices, or the trade show.

(5) The Director may approve, in writing, an application to display, demonstrate, and transport a Trade Show Device submitted under Section (4) upon finding that each device identified in the application is a Trade Show Device and that the applicant will use the Trade Show Device solely for display and demonstration purposes at a trade show that is not open to the public and where minors under the age of 21 are prohibited from operating any Trade Show Device.

(6) Upon approval by the Director, a copy of the Director's approval to display, demonstrate, and transport a Trade Show Device must accompany the device while in transit to or from the trade show and while the device is at the trade show.

(7) A Trade Show Device scheduled to be displayed or demonstrated at a trade show must be transported as described in the authorization to display, demonstrate, and transport the device. Any variation in the number, type, or serial number of devices to be displayed and demonstrated at a trade show, or of the schedule of the transport of the devices to or from a trade show contained in the authorization shall be immediately reported to the Lottery following notification procedures described in the authorization.

(8) Trade Show Devices displayed or demonstrated at a trade show must be available for inspection by the Oregon Lottery Security Section to assure compliance with applicable law. Violations of this rule may subject the device to confiscation.

Stat. Auth.: Or. Const. Art. XV, Sec. 4 & ORS 461
Stats. Implemented: OL 1999, Ch. 193 & ORS 461.215
Hist.: LOTT 12-1999(Temp), f. & cert. ef. 12-27-99 thru 6-20-00; LOTT 3-2000, f. 3-31-00, cert. ef. 4-3-00

177-010-0300
Bonus Point Program

(1) For the purposes of this rule:

(a) "Bonus Point" means a particular type of Lottery incentive that issues points as a reward for achieving a specific result or accomplishing a specific task determined by the Lottery to be necessary to enhance revenues or otherwise achieve the objectives of the Lottery. Once awarded by the Lottery to an eligible recipient, a Bonus Point is redeemable for specific goods and services described in a Bonus Points catalog published by the Lottery or its authorized vendor, as it may be revised from time to time. A Bonus Point has no cash value.

(b) "Bonus Point Account" means the Lottery's record of unredeemed Bonus Points accrued by a Bonus Point recipient. Each Bonus Point Account contains the name of the Account holder and the address, if any, that the holder provides to the Lottery.

(2) It shall be the policy of the Oregon Lottery that the Director may issue Bonus Points to a Lottery Retailer or employee of a Retailer, when, in the opinion of the Director, the award of Bonus Points is likely to enhance Lottery revenues or otherwise achieve the objectives of the Lottery. The Director shall assure that Bonus Point awards and redemption opportunities are managed in a manner that reasonably limits the long-term financial liability incurred by the Lottery and promotes the retail sale of lottery tickets.

(3) The Director shall approve the procedures and forms used to conduct the issuance, maintenance, and redemption of Bonus Points.

(4) A Bonus Point Account holder must complete the form(s) for redemption provided by the Lottery or its authorized vendor and then mail the redemption forms to the address provided in the instructions for Bonus Points redemption. The redemption forms must be received no later than the end of business day, June 30, 2000.

(5) Each Lottery Retailer shall assume responsibility for the distribution of Bonus Points awarded by the Lottery.

(6) Bonus Point Accounts shall not be transferred, assigned, conveyed, or exchanged from one person to another person. Bonus Point Account holders shall not combine or pool Accounts in order to redeem Bonus Points. Only the Bonus Point Account holder identified in the Lottery's records for that Account may redeem the remaining Bonus Points in that Account.

(7) Bonus Point Program Termination:

(a) The Director shall cease to award Bonus Points as of the effective date of this rule.

(b) Bonus Points Account holders shall have the opportunity to redeem their Bonus Point Account balances until the end of business day, June 30, 2000. All Bonus Points which are not the subject of redemption requests received by the Lottery on or before June 30, 2000, shall expire at the end of business day June 30,2000.

(c) The Director, or Director's designee, shall make an attempt to provide Bonus Points Account holders known to reside in Oregon with written notice mailed to the most recent mailing address of the Bonus Point Account holder contained in Lottery records of the:

(A) Impending Bonus Point program termination;

(B) Requirement that Bonus Point Account balances be redeemed on or before June 30, 2000;

(C) Procedures by which Bonus Point Account holders may redeem their accrued Bonus Points;

(D) Expiration of Bonus Point Account balances if not redeemed on or before June 30, 2000;

(E) Current balance of the addressee's Bonus Point Account;

(F) The most recent Bonus Point catalog of available products and services, and other items for which Bonus Points may be redeemed; and

(G) The forms necessary for redeeming Bonus Points.

(d) The Director, or Director's designee, shall attempt to provide Bonus Points Account holders known to reside in states adjacent to Oregon with a general notice of this rulemaking.

(e) When notice of program termination is mailed, the notice shall be mailed to the most recent mailing address of the Bonus Point Account holder contained in Lottery records.

(f) A general notice of the information described in OAR 177-010-0300(7)(c) shall be issued to each Lottery Retailer regarding the termination of the Bonus Points Program. Every Lottery retailer shall provide the general notice to Bonus Point Account holders that are employed by the retailer.

(8)(a) Bonus Points may be redeemed by Bonus Point Account holders for merchandise or gift certificates contained in the most current version of the Bonus Points Catalog as long as existing inventory of the requested item remains available. The Lottery shall not re-stock items contained in the Bonus Points catalog after the effective date of this rule. When inventory of a requested item has been depleted the Lottery may replace the requested item with gift certificates or certificates redeemable for one-dollar toward the purchase of Lottery Scratch-It Tickets at the rate of one (1) certificate per ten (10) Bonus Points.

(b) When a Bonus Point Account holder has less than fifty (50) Bonus Points remaining in their Account balance and has submitted a Bonus Point redemption form, the Lottery may issue certificates redeemable for one-dollar toward the purchase of Lottery Scratch-It Tickets at the rate of one (1) certificate per ten (10) Bonus Points. If fewer than ten Bonus Points remain in a Bonus Point account, and the Account holder has submitted a Bonus Points redemption form, the Lottery may issue one Scratch-It Ticket certificate for the residual balance.

(c) Upon submission of a redemption request by a Bonus Point Account holder, the Lottery may issue certificates redeemable for one dollar toward the purchase of Lottery Scratch-It Tickets at the rate of one (1) certificate per ten (10) Bonus Points or portion of ten (10) Bonus Points remaining in a Bonus Point Account when it is reasonable to do so to effect the termination of the Bonus Point Program.

(9) The final decision regarding any disputes associated with the redemption of Bonus Points shall be made by the Director.

Stat. Auth.: Or. Const. Art. XV § 4 & ORS 461
Stats. Implemented: ORS 461.310 & ORS 461.510(4)
Hist.: LOTT 1-2000(Temp), f. 3-20-00, cert. ef. 3-20-00 thru 9-16-00; LOTT 8-2000, f. & cert. ef. 10-4-00

DIVISION 35

LOTTERY CONTRACTING RULES

177-035-0000
Definitions

(1) "Contractor" means a Person with whom the Lottery has awarded a contract for the purpose of providing goods or services to the Lottery.

(2) "Control Person" of a Lottery Vendor means a person described in ORS 461.410.

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

(4) "Lottery Vendor" or "Vendor" means any person who submits a bid, proposal, or offer that is accepted by the Lottery to provide goods or services to the Commission or Lottery.

(5) "Major Procurement Subcontractor" means any third party not in the employment of a Contractor, who is performing a substantial portion of the work in the Contractor's Agreement with the Lottery under a separate contract with the Contractor. "Substantial" means the work performed would give the subcontractor access to or knowledge about security sensitive information or revenue generating systems or the amount of work to be subcontracted, as compared to the amount of work to be performed under the prime contract, as measured either by the value of the work or the effort required, exceeds 25% of the contract.

(6) "Request for Proposal" means the document used for soliciting competitive proposals or offers for an acquisition or purchase when price or specifications are not the sole determining factors for contract award.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 46
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

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 137, divisions 30 and 40) and the Public Contract Exemption Rules published by the Oregon Department of Administrative Services (OAR 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 solicitations, 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 payoff 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 is any procurement for:

(a) The printing of tickets used in any lottery game;

(b) Any goods or services involving the receiving or recording of number selection in any lottery game; or

(c) Any goods or services involving the determination of winners in any lottery game.

(2) All bid announcements, invitations, requests for information or proposal covering major procurements shall identify the planned acquisition as a major procurement.

(3) All contracts or procurement actions classified as major procurements shall be subject to all disclosure requirements specified in ORS Chapter 461 and OAR 177, division 35, 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.

(4) 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.

(5) 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; LOTT 13-2001(Temp), f. & cert. ef. 9-28-01 thru 3-25-02

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 records 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.: 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

177-035-0400
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

RETAILER CONTRACT

177-040-0000
Definitions

For purposes of OAR 177 division 40:

(1) "Age-Controlled Area" means an area where natural persons who are under 21 years of age are prohibited from entering or remaining as posted by either the Lottery or the Oregon Liquor Control Commission.

(2) "Applicant" means a Person applying for a contract with the Lottery for the purpose of selling Lottery products to the public and any Key Person(s).

(3) "Application" means the forms, documents, or other information that the Lottery requires an Applicant to submit to the Lottery in order to apply for or maintain a Retailer Contract.

(4) "Business" means:

(a) A commercial activity engaged in for profit or gain;

(b) The activity engaged in by a nonprofit organization; or

(c) The activity engaged in by a private club as defined in ORS 472.100 until January 1, 2001 and then as defined in ORS 471.175(7).

(5) "Complete Application" means an Application that is completely filled out, and when required, is signed by the Applicant, and includes all the documentation and information requested by the Lottery.

(6) "Premises" means the building and grounds occupied by a Business, including those areas not normally open to the public.

(7) "Key Person" means:

(a) All officers, directors and stockholders of a privately held corporation including the officers, directors and stockholders of any parent company;

(b) All officers, directors and those stockholders who own 5 % or more of a publicly traded corporation including the officers, directors and those stockholders who own five percent or more of any parent company;

(c) For a private club as defined in ORS 472.100 until January 1, 2001 and then as defined in ORS 471.175(7), the president or equivalent position, the treasurer or equivalent position, and officers, directors, trustees, and managers who oversee or direct the operation of the food, beverage, lottery, or other gambling related activities of the private club. The definitions in subsection (7)(a) and (b) do not apply to private clubs.

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

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

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

(g) In a limited liability company all the members and managers;

(h) If any parent company, partner, member, manager of a limited liability company, shareholder or joint venturer is itself a corporation, association, trust, limited liability company, partnership, or joint venture, then the applicant shall provide disclosure for such entity as if it is a Key Person;

(i) Immediate family members as required in ORS 461.300;

(j) The sole proprietor, if the retailer is a sole proprietor;

(k) Any person who 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. This definition does not include a "shift manager" or a "store manager" unless qualified under this rule. The following are examples of managers who are Key Persons under this definition:

(A) a Person who operates the Business for a corporation or absentee owner, such as a general manager;

(B) a Person who operates multiple locations or supervises multiple store managers, such as an area manager; or

(C) any Person who, acting on behalf of the owner, performs duties that amount to full responsibility for the daily operation of the Business. Full responsibility means the Person has the authority to perform and routinely performs 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;

(l) A landlord who receives 40% or more of the Retailer's Lottery commissions as a part of lease payments and/or rent, or any landlord who the Director finds, based on reasonably reliable information, exerts influence over the operation of the Retailer's Business;

(m) Any Person who has a lease, contract, or other agreement with the Applicant or Retailer or anyone else, to provide food ser-

vice or to manage or operate any part of the Business in a video lottery Retailer's Premises other than as an employee.

(n) Notwithstanding the information each Person is required to disclose described in ORS Chapter 461, the Director may waive disclosure requirements for the Persons in (a) through (m) of this section when the Director concludes it is reasonable and prudent to do so and will not jeopardize the fairness, integrity, security, or honesty of the Lottery.

(o) Any reference to a "Control Person" of a Retailer in OAR 177, a Lottery Retailer Contract, or Lottery form in effect or in use on the effective date of this rule shall refer to a "Key Person" as defined in this section.

(8) "Personal Disclosure" means that part of the Application which relates to a natural person's personal, criminal, and financial background.

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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0001
General Application Requirements

(1) Any Person may request an Application from the Lottery.

(2) The Director may require any degree or type of disclosure necessary of the Applicant or any other Person in order to assure the security and integrity of the Lottery. An Applicant must disclose to the Lottery all information required by the Director.

(3) An Applicant must file a Complete Application. The Application shall include, but not be limited to, a requirement that the Applicant provide documents and other information relating to the Applicant's personal, financial, and criminal background and an Applicant's associations with other Persons. The Application shall also include, but not be limited to:

(a) An authorization, signed by the Applicant, to investigate the Applicant;

(b) Written consent to allow the examination of all accounts and records to be considered by the Director to be material to the Application;

(c) Disclosure of the source of funds, financing, and business income used for the purchase and operation of the Applicant's Business.

(d) If the Premises are not wholly owned by the Applicant, the Applicant shall furnish to the Lottery:

(A) A statement of the name and address of the owner or owners of such Premises;

(B) A copy of all agreements whereby the Applicant is entitled to possession of the Premises;

(C) Complete information pertaining to the interest held by any Person other than the Applicant, including interest held under any mortgage, deed of trust, bond or debenture, pledge of corporate stock, voting trust agreement, or other device; and

(D) Such other information as the Lottery may require.

(4) An Applicant's failure to comply with any Application or disclosure requirement may be grounds for denial or rejection of the Application.

(5) An Applicant must immediately report to the Lottery, in writing, any material changes to the application during the application process. Material changes means any change that may affect the Lottery's evaluation of the Application based on the requirements contained in Division 40 of these rules.

(6) In submitting an Application, the Applicant expressly waives any claim against the Lottery, the Director, the Commission, the State of Oregon and their officers and employees for damages that may result. Each Applicant also accepts any risk of adverse public notice, embarrassment, criticism, damages, or claims which may result from any disclosure or publication by a third party of any public information on file with the Lottery.

(7) When an Applicant has submitted a complete personal disclosure to the Lottery within the preceding two years, the Applicant need not necessarily submit a new personal disclosure, but if the Applicant does not submit a new personal disclosure, the Applicant must submit, on forms approved by the Director, a sworn statement regarding any changes which may have occurred regarding the accuracy of the information provided in the previous personal disclosure. The Director may require the Applicant to submit a complete personal disclosure if the Director determines substantial changes have occurred.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0003
Application for Temporary Lottery Retailer Contract

(1) For the purposes of this rule, "Temporary Retailer Contract" means a contract issued to a retailer for a temporary or seasonal period. A temporary contract may be formed subject to such special terms, conditions or limitations as the Director may deem prudent.

(2)(a) To apply for a Temporary Retailer Contract, an Applicant must submit a Complete Application for a Retailer Contract.

(b) When an Applicant intends to apply for a Temporary Contract for a Business which the Applicant is purchasing from an existing Lottery Retailer, the Applicant may submit a Complete Application with a copy of the purchase agreement and other relevant sales documents to the Lottery prior to the date the Applicant takes possession of the Premises pursuant to the purchase agreement. Notwithstanding submission of the Application prior to the date of possession, the Lottery shall not enter into a Temporary Contract with the Applicant until on or after the date the Applicant takes legal possession of the Business.

(3) When the Lottery accepts the Complete Application for a Temporary Retailer Contract, the Director will conduct an abbreviated investigation of the Applicant and the Business. That investigation will include, but not be limited to:

(a) A computerized background check for criminal arrests and convictions;

(b) A credit check using the services of a commercial credit reporting company;

(c) An inspection of the Business for which the Applicant seeks a Temporary Retailer Contract.

(4) An Applicant may qualify for a Temporary Retailer Contract if, based on the abbreviated investigation and on the Application, all of the following criteria are met:

(a) The Applicant is applying for a Retailer Contract at a specific location;

(b) The Criteria Precluding Entering Into A Contract described in OAR 177-040-0005 do not apply to the Applicant;

(c) The Applicant has no criminal convictions of any kind within five years of the date Application is made;

(d) The Applicant has no convictions as described in the Personal Criteria Which May Be Grounds for Denial of an Application, OAR 177-040-0010 sections (6) and (7);

(e) The Applicant has no Class "A" misdemeanor or felony charges pending against them;

(f) The Applicant has no outstanding judgments, liens, or collections, except those judgments which the Applicant is disputing through a legal process;

(g) The Applicant is in compliance with all tax laws;

(h) The Applicant has certified that their location is in compliance with the Retailer Wheelchair Accessibility Program criteria described in OAR 177-040-0070;

(i) The Applicant has the appropriate Oregon Liquor Control Commission license, as defined in ORS Chapter 461, if applying for a contract to offer Video Lottery Games; and

(j) There are no apparent factors regarding the Applicant to cause the Director to reasonably conclude that the Applicant poses an actual or apparent threat to the fairness, honesty, integrity or security of the Lottery and its games. Factors that may pose a threat include, but are not limited to, any of the following examples:

(A) the Applicant or Key Person has one or more criminal arrests and/or convictions, depending on the nature and severity of the crime(s) involved; or

(B) the Applicant or Key Person has been involved in civil action(s) in which the final judgment indicates that the Applicant or

Key Person is not financially responsible, depending on the nature, severity, and recency of the action(s).

(5) Prior to the effective date of the Temporary Retailer Contract, the Director may require the Applicant to:

(a) Receive training from the Lottery;

(b) Establish an Electronic Funds Transfer bank account for Lottery funds;

(c) Pay all necessary fees associated with the installation of telephone line(s) and telephone service;

(d) Agree to pay all necessary fees associated with amusement device taxes prior to the effective date of a Temporary Retailer Contract; and

(e) Agree to be responsible for and to pay all fees in connection with the Application, including any cancellation fees for telephone lines and service.

(6) The Applicant and the Applicant's business must qualify for the type of Lottery product sales sought by the Applicant. For example, if the Applicant seeks a contract to sell Video Lottery, the business must have an appropriate liquor license and an age controlled area that meets the Lottery's requirements described in OAR 177-040-0150, Location and Number of Terminals; the business must have been open to the public and operating as required in OAR 177-040-0017, Additional Business Criteria Which May Be Grounds for Denial of a Video Lottery Application; the Applicant must submit sales figures showing that Lottery will not be the dominant use, dominant purpose, or both, of the business as described in OAR 177-040-0060, Determination of Dominant Use and Dominant Purpose.

(7) If the Applicant is an entity other than either a sole proprietor who is a natural person or a private club as described in ORS 472.100 until January 1, 2001, and then as defined in ORS 471.175(7), at least one natural person who is a principal of the Applicant entity and who is a Key Person may be required to personally guarantee all monies owed to the Lottery.

(8) The Director may require the Applicant to post a bond, letter of credit, or cash deposit in the form of certified funds prior to the effective date of a Temporary Retailer Contract.

(9) If the Lottery enters into a Temporary Retailer Contract with the Applicant, the terms of that contract will require that the Applicant agree to pay the amount due to the Lottery for the sale of Lottery Tickets or Shares by the use of an electronic funds transfer (EFT). In most instances, amounts due the Lottery will be collected via EFT at the end of the fourth day after the close of the Lottery business week which ends at 5:59 a.m. Sunday morning. When an Applicant operates multiple Lottery retail sites before the effective date of this rule, the routine date of the EFT collection may be set beyond the fourth day after the close of the business week in order to accommodate the needs of the combined sites. The Applicant shall establish an account for deposit of money from the sale of Lottery games with a financial institution that has the capability of making EFT draws.

(10) The burden for establishing that an Applicant qualifies for a Temporary Retailer Contract is on the Applicant.

(11) The Director, at the Director's sole discretion, may immediately terminate a Temporary Retailer Contract if the Director determines that continuing to contract with the Applicant is not in the best interest of the Lottery including, but not limited to, when:

(a) The Applicant provided material false or misleading information, or if the Applicant made a material omission in the Application for a Retailer Contract;

(b) If the Applicant or any Key Person is arrested or convicted of a Class "A" misdemeanor or felony during the term of the Temporary Retailer Contract;

(c) If an EFT payment is rejected for non-sufficient funds (NSF), or if the Applicant fails to provide timely information to the Lottery regarding any change of the Applicant's EFT bank account;

(d) Any other reason contained in the contract or administrative rules that provides a basis for termination of a Retailer Contract; and

(e) When the Director concludes that continuing to contract with the Applicant may pose a threat to the fairness, honesty, integrity, or honesty of the Lottery and its games.

(12) A Temporary Retailer Contract shall be valid for a specific time period for up to 120 days. A Temporary Retailer Contract may, in the Director's discretion, be extended for up to 120 additional days.

(13) This rule shall take effect on November 1, 2000.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 5-2000, f. 7-26-00, cert. ef. 11-1-00

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 when the Person applying for a contract:

(1) Is under 18 years of age.

(2) Will be engaged exclusively in the business of selling Lottery Tickets or Shares.

(3) Is an employee of the Lottery.

(4) Is or is owned or controlled by any entity or any subsidiary or parent corporation thereof, that is a supplier of instant tickets or a manufacturer of computer equipment used to determine winners in Lottery games.

(5) 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
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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0010
Personal Criteria Which May Be Grounds for Denial of an Application

(1) Before approving an Application, the Director shall consider whether:

(a) The Applicant is a Person of good character, honesty, and integrity;

(b) The Applicant is a Person whose background, including criminal, civil, and financial records, and reputation do not jeopardize the public interest of the state or the security or integrity of the Lottery.

(c) The Applicant associates with Persons who have direct or indirect involvement in the Applicant's Business who do not jeopardize the public interest of the state or the fairness, honesty, integrity or security of the Lottery. The Director may also consider whether the Applicant associates with Persons who have no involvement in the Applicant's Business when the Applicant's association with such Persons will create a real or perceived conflict with the Lottery's security or integrity interests.

(d) The Applicant is a Person whose experience, character, or general fitness is such that approving the Applicant would be consistent with the public interest, convenience, and trust in keeping with the sensitive nature of the Lottery;

(e) The Applicant demonstrates responsibility and integrity in financial transactions, and the Applicant is creditworthy and is currently in a satisfactory financial condition. The Lottery may use the services of a commercial credit reporting agency in order to evaluate creditworthiness, financial responsibility, and financial condition. The Applicant may also be denied if the Applicant has outstanding judgments, collections, liens or is not in compliance with all state, federal, or local tax laws;

(f) The Applicant has omitted any material facts or has provided any material misstatement or any untrue statement of material facts;

(g) The Applicant's history with the Oregon Liquor Control Commission and state and local law enforcement poses a threat to the security and integrity of the Lottery based on any significant and material compliance or adjudicated violation history, or compliance history with the Lottery.

(2) The Person applying to be a Retailer must:

(a) Adequately demonstrate, either individually or through their employees, the business ability and experience necessary to successfully establish, operate, and maintain the Business for which Application is made;

(b) Demonstrate adequate funding and ongoing business income that are sufficient to open, maintain, and operate the Busi-

ness as proposed by the Applicant. The Director shall consider whether funding is from a source that may pose a threat to the integrity, security, honesty or fairness of the Lottery.

(3) The Director shall consider the criminal history of the Applicant in accordance with the following guidelines:

(a) The Director may deny an Application when the Applicant has a conviction more than 10 years old on the date the Lottery accepts the Application for any felony.

(b) The Director may deny an Application when the Applicant has a conviction more than 15 years old on the date the Lottery accepts the Application for violating any state, federal, or local gambling laws, or for felony possession of a controlled substance, or any crime involving the manufacture, sale, or delivery, of a controlled substance, or engaged in conduct which violates ORS 91.240 more than 15 years prior to the date the Lottery accepts the Application.

(c) The Director may deny an Application when the Director has reasonably reliable information that the Applicant has engaged in conduct which constitutes a violation of any gambling law, or the Applicant has engaged in conduct which constitutes a violation of any law which defines a felony or misdemeanor.

(d) The Director may deny an Application when the Applicant has been held responsible, by judgment, settlement, consent decree or otherwise, in any court proceeding, or proceeding before an administrative body which was based in whole or in part on allegations of misleading or dishonest conduct including, but not limited to, fraud, deceit, misrepresentation, embezzlement, breach of fiduciary responsibility, or the Director has reasonably reliable information that the Applicant has engaged in such conduct.

(e) The Director may deny an Application when the Applicant has been convicted of, or otherwise subject to official sanction for, any offense other than an offense described in sections (6) and (7) of this rule, except traffic infractions unless the Applicant has engaged in conduct which demonstrates the Applicant's habitual disregard for the law. The Director may also deny an Application when the Director has reasonably reliable information that the Applicant has engaged in conduct which constitutes an offense as described under this subsection.

(4) In addition to sections (1), (2), and (3) of this rule, the Director may also deny an Application when the Applicant:

(a) Has an association with Persons or businesses of known criminal background that may jeopardize the integrity, security, honesty, fairness, or reputation of the Lottery; or

(b) Is qualified, but there is an ownership interest in the Applicant's Business or Premises by a Person who is unqualified to hold a Lottery Contract based on the requirements of OAR 177-040-0010 or any Retailer Contract, regardless of the qualifications of the Applicant;

(5) In evaluating whether to deny an Application based on sections (1) through (4) of this rule, the Director may consider the following mitigating factors:

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

(b) The passage of time since the conduct, incident, or circumstance;

(c) Any intervening factors since the conduct, incident, or circumstance;

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

(e) The relevance of the conduct, incident, or circumstance to the performance of duties under the Lottery Contract; or

(f) Any extenuating circumstances.

(6) The Director shall deny an Application when the Applicant, within 15 years of the date the Lottery accepts the Application, has been convicted of violating any federal, state, or local gambling laws, or has engaged in conduct which violates ORS 91.240, or when the Applicant has been convicted of any felony possession of a controlled substance or any crime involving the manufacture, sale or delivery of a controlled substance.

(7) The Director shall deny an Application when the Applicant has been convicted within 10 years of the date the Lottery accepts the Application of any felony.

(8) The Director shall deny an Application when the Applicant owns, manufactures, possesses, operates, has interest in or gains income or reimbursement from, any unlawful gambling device in any jurisdiction unless the device is approved and certified by another state lottery or federal, state, or local gaming control agency, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Lottery.

(9) Except for subsection (3)(b) and section (6) of this rule, the criteria described in sections (1) through (8) of this rule are also criteria that apply to an existing Retailer Contract and may provide grounds for the Director to terminate a Retailer Contract.

(10) The denial by the Director of an Application shall be final.

(11) If an Application is denied by the Director, an Applicant, or an Applicant that is similar to the previously denied Applicant, shall wait one year from the date of denial to reapply to become a Lottery Retailer. The Director may, in the Director's sole discretion, waive this requirement based on a showing by the Applicant of good cause to do so.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0012
Criteria for Sale of Business Applications

(1) The following criteria shall apply to a Retailer Application received from an Applicant (Applicant/Buyer) who intends to buy an existing Lottery Retailer's (Retailer/Seller) Business or one hundred percent (100%) stock or membership of the Business before the date of sale of the Retailer/Seller's Business, stock or membership:

(a) Application Packet. The Applicant/Buyer must submit a Completed 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 must submit a copy of the unexecuted purchase agreement between the Retailer/Seller 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, the date of possession must follow the closing date by at least two weeks. 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 must submit 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 cash slips 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 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 related to the failure of a proposed sale of business based upon a delay in the time required to process an Application.

(3) If the Director decides to approve Applicant/Buyer's Application, the Director may grant a conditional approval as a Lottery Retailer 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 transac-

tion 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.

(7) The Lottery will not accept Applications using the criteria set forth in this rule effective October 31, 2000.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LC 9-1996, f. 7-31-96, cert. ef. 9-1-95; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0017
Additional Business Criteria Which May Be Grounds for Denial of a Video Lottery Application

(1) It shall be the policy of the Lottery to place Video Lottery Terminals in retail Businesses which are viable Businesses on their own without benefit of selling Video Lottery Games. The purpose of this rule is to provide a framework for determining whether a Business is a viable Business on its own without benefit of selling Video Lottery Games.

(2) A Person shall be considered for a contract to sell Video Lottery Games for a specified Premises only if the Business at that Premises has been operating continuously for at least nine months prior to the date the Application was accepted by the Lottery. Operating continuously means a Business is open to the public and makes available for sale all products or services the Applicant sells. For purposes of this definition, opening for brief periods of time and/or offering limited products and/or services will be considered an attempt to circumvent the intent of this section and will not be considered as operating continuously.

(a) The continuous nine-month period of operations shall not be considered interrupted if any suspension of operations was for 90 days or less. The intent of this subsection is that there will not be a significant interruption of the Business during the continuous nine-month period of operations so that the Lottery may reasonably rely on sales information and business history which remains relevant to the Application. The Director may find that the continuous nine-month period of operations was not interrupted when the suspension of operation is for an aggregate of more than 90 days upon a showing by the Applicant that the sales information and business history does remain relevant.

(b) If the substantial assets of a Business or premises were purchased by the Person applying for a Retailer contract 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 meals for on-premise consumption or alcoholic beverages for on-premise consumption. 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 trade name rather than a bonafide acquisition of the substantial operating assets.

(c) If a business moves to a different location within nine (9) months prior to the date of the Application the period of operations at the old location shall be considered if:

(A) The new location is in essentially the same community as the old location and serves essentially the same customer base; and

(B) The Business conducted at the new Premises is a continuation of the Business conducted at the old Premises rather than the establishment of an additional location;

(C) The burden of proof for establishing subsections (A) and (B) of this subsection shall be on the Applicant.

(3)(a) Video lottery terminals shall not be placed in a Business or at a Premises:

(A) That has operated or will operate primarily as a grocery or convenience store. This subsection shall not apply to any existing video lottery Retailer who the Director determines was not in accordance with this subsection as of October 14, 1993;

(B) That does not offer meals for on-premise consumption or alcoholic beverages for on-premise consumption as its primary business; except in those cases where the primary business, as determined in subsection (b) of this section, is recreation or entertainment where food and alcoholic beverages for on-premise consumption are offered in a dining or lounge area as an integral feature of the business. Examples include, but are not limited to, bowling centers, golf clubs, and hotels, with a dining or lounge area.

(C) Video Lottery Terminals shall not be placed in businesses such as laundromats, movie theaters, car dealerships, beauty salons, bed and breakfast lodging, hardware stores, dry goods stores, clothing stores, liquor stores, and other businesses not normally associated with the on-premise consumption of food and alcoholic beverages as its primary activity.

(b) In determining the primary business, the Director may evaluate a combination of the following factors including, but not limited to: the history of the Business; internal and external appearance; total square footage of the applicant's Premises; the amount of space allocated for the consumption of food or alcoholic beverages; sales and other financial records; availability of seating for food and alcoholic beverage consumption; inventory; the proportion of the location's net income that results from the sale of food, beverages, goods, services and other sources of revenue; and how the Business has been advertised and promoted.

(c) The Director's determination of the Retailer's primary Business shall be final.

(d) For purposes of this rule, a grocery store means a retail Business at which food and 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.

(e) For purposes of this rule, a convenience store means a retail Business 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.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

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: Tables referenced 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
Traditional Retailer Minimum Sales Requirements

(1) The Lottery is required by portions of ORS 461.300(1) and (2)(a) to specify the terms and conditions for contracting with retailers so as to:

(a) Provide adequate and convenient availability of tickets or shares to prospective buyers of each Lottery game as appropriate for each particular game;

(b) Best serve the public convenience; and

(c) Promote the sale of Tickets or Shares.

(2) The purpose of this rule is to establish a process by which the Director shall determine if a Traditional Retailer Applicant or, subsequently, an existing Traditional Lottery Retailer accomplishes the statutory objectives set forth in ORS 461.300(1) and (2)(a) as described in section (1) of this rule.

(3) The Commission has determined that, generally, the most effective and equitable way to determine whether an Applicant will achieve the objectives described in section (1) of this rule is through a review of actual Lottery retail sales produced by a Lottery Retailer over time. Therefore, the Director may enter into a Lottery Retailer Contract with an Applicant in order to form the conclusions required by ORS 461.300(1) and (2)(a) as described in sections (1) and (2) of this rule.

(4) Notwithstanding section (3) of this rule, when it is reasonable to conclude an Applicant will not, as determined by the Director, achieve the objectives of ORS 461.300(1) and (2)(a) as described in sections (1) and (2) of this rule, the Director may deny a Retailer Application without having previously entered into a Lottery Retailer Contract.

(5) The Commission has determined there is a point where a Lottery Retailer's low sales of Lottery Tickets or Shares calls to question the value of maintaining the Lottery's contractual relationship with that Retailer at that location. It shall be the policy of the Lottery that the minimum Weekly Sales Average for a Traditional Lottery Retailer for the combined sale of all Scratch-It, On-Line, or Breakopen products shall be $500. The purpose of the minimum Weekly Sales Average is to provide an actual measure by which the Lottery can evaluate whether a Lottery Retailer meets the objectives set forth in ORS 461.300(1) and (2)(a) as described in section (1) of this rule. When a Lottery Retailer's Weekly Sales Average is below $500, this fact shall be evidence that the Lottery Retailer has not met the objectives set forth in ORS 461.300(1) and (2)(a) as described in section (1) of this rule. For the purposes of this rule, "Weekly Sales Average" means the total sales of all Traditional Lottery products sold from a retailer's location over a specified, consecutive 52 week period divided by 52 (weeks).

(6) The Lottery shall annually conduct a sales performance review of each Traditional Lottery Retailer to identify those Retailers whose Weekly Sales Average is below $500. The review shall be of the Retailer's Traditional sales for the 52 week period ending the last Saturday in December. The first annual review shall occur following the completion of the 52 week period ending the last Saturday in December, 2001.

(7)(a) When a Traditional Lottery Retailer's Weekly Sales Average is below $500, that fact shall be grounds for termination of the Retailer Contract.

(b) A Retailer that is subject to termination for failure to meet the objectives set forth in ORS 461.300 as described in this rule may, following the guidelines set forth in ORS 461.300(5), avoid termination by paying an Expense Offset Charge (EOC) that is a reasonable representation of the amount needed to offset administrative expenses incurred by the Lottery based on the Retailer's Weekly Sales Average. The amount needed by the Lottery to offset expenses is as follows: [Table not included. See ED. NOTE.] To avoid termination, a Retailer must pay the Yearly Expense Offset Charges calculated for the preceding year.

(8) Notwithstanding section (7)(a) of this rule, the Director may decide not to terminate a Retailer Contract in a community with a population of less than 3,000:

(a) to maintain adequate and convenient availability of tickets or shares to prospective buyers of each Lottery game as appropriate for each particular game; or

(b) to maintain sufficient Lottery Game Retailers for any particular Lottery Game to serve the public convenience and the projected volume of sales for the Lottery Game involved; or

(c) when terminating the Retailer Contract would disrupt the competitive balance within a community.

(9) Notwithstanding section (7)(a) of this rule, the Director may decide not to terminate a Retailer contract when there are unusual circumstances affecting a Lottery Retailer's selling potential.

(10) This rule shall not apply to Retailers who sell Breakopen Shares but no other Traditional Products.

(11) Any Retailer whose contract has been terminated under this rule must wait one year from the date of termination before reapplying for a contract to sell Traditional Lottery games at the terminated Lottery Retail site. The Director may, in the Director's sole discretion, waive this requirement based on a showing by the Applicant of good cause to do so.

(12) Any Retailer who is currently participating in a 13-week Sales Improvement Program on January 1, 2001 shall no longer be subject to those requirements. Any Retailer that has been subject to termination for failing to meet a $1,000 minimum weekly sales average and is currently avoiding termination by paying an amount that was calculated on the retailer's quarterly sales to continue the retailer's contract with the Lottery, shall no longer be required to pay that charge.

[ED. NOTE: Tables referenced are available from the agency.]
Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461
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; LOTT 2-2001(Temp) f. & cert. ef. 1-19-01 thru 7-18-01; LOTT 6-2001, f. 4-25-01, cert. ef. 4-26-01

177-040-0050

Retailer Duties

(1) This rule contains duties to be performed by a Lottery retailer beyond those duties described in the Lottery Retailer Contract. The duties listed herein are not meant to be exclusive. Other duties and requirements for retailers may be contained elsewhere in the Lottery's Administrative Rules or in the Retailer Contract as negotiated individually with each Lottery Retailer.

(2) (a) All Lottery Retailers shall replace ribbons, ticket stock and clear paper jams as may be required for any of the equipment provided by the Lottery for the sale of Lottery games.

(b) All Lottery Retailers shall install and use only approved Lottery paper stock which has been specifically assigned to the selling Retailer when selling Lottery products.

(c) All Lottery Retailers may be required to arrange for and obtain all necessary permits required by state and local governments for electrical installation, electrical power, telephone service, fiber optic lines and connections, and coaxial cable and connections required to sell Lottery products at Lottery retail site.

(d) After October 31, 2000, all Lottery Retailers who receive a Lottery Contract after the effective date of this rule shall pay the amount due to the Lottery for the sale of Lottery Tickets or Shares by the use of an electronic funds transfer (EFT). In most instances, this EFT shall occur at the end of the fourth day after the close of each the Lottery business week which ends at 5:59 a.m. Sunday morning. When an Applicant operates multiple Lottery retail sites before the effective date of this rule, the routine date of the EFT collection may be set beyond the fourth day after the close of the business week in order to accommodate the needs of the combined sites.

(3) Traditional Game Lottery Retailers shall:

(a) Validate a scratch-it ticket prize through the Instant Ticket System (ITS) and destroy it after validation and payment of the prize. Any Traditional Lottery Retailer who does not destroy the Ticket after validation of a winning Ticket shall be liable for a prize paid by another Lottery Retailer who subsequently sight validates the Ticket.

(b) Validate On-Line game prizes through the On-Line terminal before paying an On-Line prize.

(4) Breakopen Game Lottery Retailers shall, after validation and payment of the prize, destroy the Breakopen Share.

(5) Video Lottery Game Retailers shall validate cash slips through the Video Management Terminal (VMT) before paying a prize.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0055
Advertising Lottery Games and Inducements to Play

(1) No Retailer shall conduct false or misleading advertising, in any form, regarding the Lottery or Lottery games including, but not limited to, claiming the odds of winning a Lottery Game are different at the Retailer's Business than at any other Retailer's Business.

(2) All requests from a Retailer for the use of trade or service marks registered by the Lottery, or used by the Lottery under a separate licence agreement, must be approved by the Director or Director's designee. Trade or service marks registered by the Lottery include, but are not limited to, the Lottery's official logo and various game names. All requests from a Retailer 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) The Director or Director's designee shall take into account the particularly sensitive nature of the Lottery and will consider the image of Lottery operations when considering a request from a Retailer for the use of a trade or service mark.

(4) Nothing in this rule shall be construed as granting, or creating any expectation of permission or right to display, publish or use, in any manner, in whole or in part, any trade or service mark registered by the Lottery or used by the Lottery under a separate licence agreement. Any display, publication or use by a Retailer of any trade or service mark registered by the Lottery or used by the Lottery under a separate licence agreement 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.

(5) Signs and other material which contain trade or service marks registered by the Lottery and are provided to Retailers by the Lottery are exempt from this requirement.

(6) A Retailer shall not extend credit to Persons to play Lottery games. For the purpose of this rule, this does not include the use of a credit or debit card by a player for the purchase of Lottery products. For the purposes of this section, an example of the use of a credit or debit card for the purchase of Lottery products includes, but is not limited to, the purchase of Scratch-It Tickets with a grocery purchase. A Retailer shall not provide alcoholic beverages as an inducement to play Lottery games. Additionally, a Retailer shall not provide any form of financial assistance to a Video Lottery player. For the purposes of this section, an example of financial assistance to a Video Lottery player includes, but is not limited to, a loan of money for any amount of time.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.150
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0061
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 actual or projected 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, or in the case of an Applicant when allowed, the projected 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. 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. "Wholesale" means the sale of goods in quantity, as to retailers or jobbers, for resale to the public;

(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;

(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 or are proposed to be 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 or limit 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 June 26, 1998, 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 Lottery 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 sections (5) or (6) of this rule. 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 percent of the Establishment's total income. 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 actual, or in the case of an Applicant when allowed, projected Annual Non-Lottery Sales; and

(B) The Establishment's actual or projected 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 actual or projected Total Annual Lottery Compensation to the Establishment's actual or projected total income shall be made by the Director.

(e) For the purposes of this rule, a Lottery Retailer must compile, retain and make readily available to the Lottery 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 of the gross non-Lottery sales must be detailed and correct including, but not limited to, records of the cost, price and amount of goods sold, bank statements, records of daily sales, and other relevant sales records. 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 records and information. In making a reasonable estimate, the Lottery will only rely on records and information that the Director concludes are credible and accurate.

(5)(a) Upon a determination that the Dominant Use or Dominant Purpose of an existing Video Lottery retail 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 restrict access to any Lottery Game to achieve compliance with this rule only with prior approval from the Director. The Retailer's submission of the plan is for the purpose of demonstrating to the Lottery that the Retailer seeks to bring the Establishment into compliance. The Lottery does not review or approve the plan. The Retailer is responsible for monitoring the percentage of the Establishment's Lottery compensation to its total income during the six month period. The Retailer shall provide the Lottery with monthly sales data on its non-Lottery products during each month 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.

(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 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.

(6) If, a Person applying to become a Video Lottery Retailer is projected by the Lottery not to be in compliance with section (4)(b) of this rule, the Director shall either:

(a) Deny the Application; or

(b) Continue the Application to allow the Applicant a period of six months in which the Applicant is provided the opportunity to develop and implement a plan to bring the Establishment into compliance with this rule. 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. The Retailer's submission of the plan is for the purpose of demonstrating to the Lottery that the Retailer seeks to bring the Establishment into compliance. The Lottery does not review or approve the plan. The Retailer is responsible for monitoring the percentage of the Establishment's Lottery compensation to its total income during the six month period. At the end of the six-month period to bring the Establishment into compliance with this rule, the Director shall make a determination whether the Establishment is projected to be in compliance. A Retailer shall be projected to be in compliance if the average of the Establishment's projected Total Annual Lottery Compensation did not exceed the 60% of the average of the Establishment's total income for the third through sixth month of the plan. If a Person who is applying to become a Video Lottery Retailer was not in compliance for the third through sixth month of the plan, the application shall be denied.

(c) The use of projected sales figures are allowed only when actual sales figures are not available to a Person applying to become a Video Lottery Retailer.

Stat. Auth.: ORS 461.120(2)

Stats. Implemented: Or. Const. Art. XV, Sec. 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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00, Renumbered from 177-100-0155

177-040-0070
Retailer Wheelchair Accessibility Program

(1) Purpose. To ensure that all new and existing Lottery Retailers provide and maintain 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 and maintain access to people who use wheelchairs to enable their full and equal enjoyment of Lottery related services. If necessary, Retailers shall comply with this Oregon Lottery Retailer Wheelchair Accessibility Program by installing required accessibility features, and by removing identified barriers through structural modifications.

(3) Retailer Wheelchair Accessibility Affidavit. All Applicants, including those applying under the guidelines established by OAR 177-040-0012, shall submit, with the Application, a signed Wheelchair Accessibility affidavit 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, signed by the Applicant, and notarized.

(4) Barrier Removal.

(a) All barriers must be removed that deny wheelchair access to Lottery Games and 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;

(H) Installing elevators: and/or

(I) The relocation within the Retailer's Premises of Lottery games and services to accommodate people who use wheelchairs.

(b) The Retailer shall be responsible for all costs related to removing barriers for the purpose of making a Retailer's Premises 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 and attest to the legal impediment.

(C) Landlord Refusal. Exemptions granted for existing Lottery Retailers 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 shall only apply to the Retailer's current lease term. No new Landlord Refusal exemptions shall be authorized after the effective date of this rule. All existing exemptions granted before the effective date of this rule may be continued until the current exemption expires or the Retailer Contract term expires, which ever comes later.

(D) Undue Financial Hardship. No new Undue Financial Hardship exemptions shall be authorized after the effective date of this rule. All existing exemptions granted before the effective date of this rule may be continued under the terms of the exemption approval until the current exemption expires or the Retailer Contract term expires, which ever comes later.

(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, when possible, must be in writing and, when possible, submitted on a Lottery Retailer Wheelchair Accessibility complaint form. The complaint shall be investigated. If the Retailer 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 Retailer 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 Retailer's response is acceptable under guidelines of this rule. If the Retailer 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 Retailer does not provide an explanation in the 30 day response period, the Lottery 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 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 90 days of the date of acceptance of the Retailer's plan for corrective actions. If within the 90 days, the Lottery Retailer has not eliminated the deficiencies cited in the letter of rule violation, but has requested 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 90 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 the Lottery accepts the Retailers plan to achieve compliance.

(f) Notice of Rule Compliance. If the corrective action taken by the Lottery Retailer corrects the deficiencies specified in the letter of rule violation, and the Lottery Retailer has provided an updated Wheelchair Affidavit showing full compliance, 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.

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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0105
Change Location

(1) Any time a Retailer moves a Business, the Retailer must receive approval before moving the sale of Lottery games to the new location.

(a) The Director may approve the sale of Lottery games at the new location when the new location serves essentially the same customer base and the Business will be a continuation of the old Business from the old location rather than the establishment of a new Business, the Retailer need not apply for a new contract at the new location. However, the Retailer must provide documentation related to the new location as required by the Director.

(b) When the new location will not serve essentially the same customer base or is essentially a new Business, the Director may terminate the Retailer Contract and require the Retailer to apply for a new contract for the new location.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0110
Contract Non-Transferable

A Lottery Retailer Contract does not have value, cannot be sold and is not transferable to another party.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0115
Underage Seller

No one under the age of 18 may sell Lottery Tickets or Shares.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0120
Subsequent Application

When a Retailer Contract is terminated for any reason, the Retailer, or an Applicant that is similar to the Retailer whose contract was terminated, will be required to wait one year to reapply for a Retailer Contract. The Director may, in the Director's sole discretion, waive all or a portion of the one-year requirement based upon a showing by the Applicant of good cause to do so.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0125
Termination of Retailer Contract When An Applicant Does Not Qualify As A Key Person

When the Lottery has determined that an Applicant does not qualify to be a Key Person, that provides grounds for termination of the Retailer Contract with which the Applicant is associated.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0130
Adding a Location

An existing Traditional Retailer may apply for and may receive approval for a contract for an additional location prior to that site being open to the public.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0150
Location and Number of Video Lottery Terminals

(1) Video Lottery Terminals shall be placed only in Businesses which are licensed by the Oregon Liquor Control Commission to sell alcoholic beverages for consumption in an acceptable age-controlled area. The Premises shall be open for inspection by authorized representatives of the Lottery, Secretary of State's Office, or by law enforcement personnel whenever the Business is open to the public or for a private party. The premises shall also be made accessible to authorized Lottery representatives or law enforcement personnel at other times when it is necessary for the Lottery to gain access to the Lottery's equipment that is located on the Premises.

(2) The following requirements shall apply when considering placement of Video Lottery Terminals:

(a) No more than five terminals shall be installed in the Premises of a Business.

(b) When two or more businesses appear to be a single Business as determined by what a reasonable person would perceive, or when two or more adjacent Businesses are operated by the same or similar ownership and appear to be a single or commingled Business operation as determined by what a reasonable person would perceive, then no more than a total of five Video Lottery Terminals shall be installed in the Premises combined. Factors which may impact a determination whether a Business is a separate Business include, but are not limited to, separate leases, separate liquor licenses, separate Business records, and individual Business receipts.

(c) If a building contains more than one Business that offers video lottery, then each Business shall have a separate outside entrance and contain an interior wall or some other barrier that does not permit public access from one Business to an adjacent Business. When a mall or other large public facility such as, but not limited to, an airport terminal, provides interior public access from one Business to another via a central public area and contains more than one Business that offers video lottery, then each Business shall have a separate outside entrance or entrance to the public area, or both, and contain an interior wall or some other barrier that does not permit public access from one Business to an adjacent Business within the facility.

(d) In determining the number of terminals to be installed within a Business, the Director shall consider such factors including, but not limited to, the sufficiency of existing video lottery retailers to serve the public convenience, customer traffic, the square footage of the Premises, and the projected volume of sales. The decision of the Director or the Director's designee regarding the number of video lottery terminals to be placed within a Business and placement of video lottery terminals within the Business shall be final;

(e) Video Lottery Terminals must be located in an area of the Business that is prohibited to minors. The area must be posted by the Oregon Liquor Control Commission or the Oregon Lottery as prohibited to minors. This restriction shall not apply to minors who qualify under the exceptions permitted by the Oregon Liquor Control Commission for access to areas normally prohibited to minors;

(f) The area in which the terminals are located within the Business must be restricted from the view of dining areas, waiting areas, hallways, or other areas where minors are permitted to linger;

(g) Video Lottery Terminals must be restricted from view by an opaque barrier which restricts the visibility of the terminals from outside the Premises so they cannot be seen clearly by passersby, whether daytime or nighttime;

(h) Video Lottery Terminals must be located in an area that is used for the consumption of alcoholic beverages in the ordinary and usual course of business such as in a bar;

(i) Video Lottery Terminals must be located in an area which can be monitored by an owner, manager, or employee of the retailer so as to prevent access to or play of Video Lottery Terminals by persons who are under 21 years of age or by persons who are visibly intoxicated.

(3) The final determination as to what constitutes an acceptable age-controlled area and appropriate placement of video lottery terminals within that area shall be made by the Director.

(4) No one shall move a Video Lottery Terminal within or from the Premises without prior written approval from the Lottery.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00, Renumbered from 177-100-0100

177-040-0160
Suspension of OLCC License

(1) Any Video Lottery 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 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.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LC 6-1993, f. & cert. ef. 7-2-93; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00, Renumbered from 177-100-0103

177-040-0180
Notice Requirement

Lottery Retailers who offer Video Lottery Games must post in a conspicuous place 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
Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00, Renumbered from 177-100-0125

177-040-0190
100% Stock Transfer

Any Retailer who is other than a sole proprietor must receive prior approval from the Director before selling or otherwise transferring one hundred percent (100%) of the interest in the entity. If a Retailer transfers one hundred percent (100%) of the interest in the entity without submitting written notification to the Director and receiving approval from the Director, the Retailer Contract shall be terminated and the Person who received the interest must apply for a Retailer Contract. The Director may give prior approval for the transfer if the Person receiving the interest qualifies for a Temporary Retailer Contract or a Retailer Contract.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461
Hist.: LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

177-040-0200
Lottery Retailer Second Chance Drawings

(1) For purposes of this rule, "Second chance drawing" means a drawing for prize(s) operated by a Lottery retailer in which entrants may either use a non-winning Oregon Lottery ticket or share as an entry in the drawing or may enter the drawing using an alternative method for which a purchase is not necessary. This rule is not applicable to any second chance drawings that the Oregon Lottery itself may operate.

(2) The purpose of this rule is to authorize a Lottery retailer to operate a second chance drawing using Oregon Lottery tickets or shares as entry forms as a means of promoting the sale of Oregon Lottery tickets and shares if the drawing is conducted in accordance with this rule and any additional drawing regulations adopted by the retailer that do not conflict with this rule.

(3) Lottery retailers may operate second chance drawings. Lottery retailers are not required to offer second chance drawings to the public. A Lottery retailer who operates a second chance drawing must comply with this rule. A Lottery retailer who violates any provision of this rule is subject to termination of the Lottery Retailer Contract. When a Lottery retailer operates a second chance drawing, the Lottery retailer shall determine how often it will operate any subsequent drawings.

(4) The Lottery retailer shall determine the type and number of prizes to be awarded in a second chance drawing subject to the following limitations: Contraband and alcoholic beverages shall not be offered nor awarded as prizes. Prizes offered by a Lottery retailer must be in keeping with the particularly sensitive nature of the Oregon Lottery and cannot impugn the security, integrity, honesty, or fairness of the Oregon Lottery.

(a) The Oregon Lottery may provide item(s) directly to a Lottery retailer as Lottery ticket sales incentives. The Lottery retailer may choose to use these items as prize(s) in a second chance drawing.

(b) A Lottery retailer may elect to offer more than one prize per drawing, such as, for example, offering a grand prize, a first prize, and a second prize.

(5) A non-winning Lottery ticket or share from the following Oregon Lottery games may be used as an entry in a second chance drawing:

(a) Keno.
(b) Megabucks.
(c) Scratch-It.
(d) Win for Life.
(e) Breakopens.
(f) Pick 4.
(g) PowerBall.
(h) Any other similar games operated by the Oregon Lottery.

(6) Notwithstanding section (5) of this rule, tickets or shares from the following Oregon Lottery games shall not be used in connection with second chance drawings:

(a) Video Lottery games of any kind.

(b) Sports Action.

(c) Any particular Scratch-It or Breakopen game that the Lottery informs Lottery retailers by any reasonable means is not authorized for use in second chance drawings.

(7) A Lottery retailer that operates a second chance drawing must operate the drawing at a location where the Lottery retailer is authorized to sell traditional Lottery games. A Lottery retailer with more than one sales location may operate a second chance drawing at each location.

(8) While operating a second chance drawing, the Lottery retailer must post a conspicuous sign at each location where entries are accepted that meets the specifications of this section. Any advertisements concerning the second chance drawing must also contain this same information.

(a) This sign and all advertisements must clearly and conspicuously inform the Lottery retailer's customers of all the following information:

(A) The second chance drawing is being operated by the Lottery retailer and the Oregon Lottery is not an operator or sponsor of the second chance drawing.

(B) A purchase of a Lottery ticket or share, or any other purchase, is not necessary to enter the second chance drawing.

(C) The odds of winning a prize in the drawing depend on the number of entries that the Lottery retailer receives.

(D) The date and time when the drawing to determine prize winner(s) will be held.

(E) Any deadlines for entering the second chance drawing.

(F) A description and the number of prizes that will be awarded and whether one individual may win more than one prize in a single drawing, and

(G) The date or time by which a winner must claim a prize from the Lottery retailer.

(9) The Oregon Lottery is not responsible for the operation of any second chance drawing and shall not award any of the prizes offered in a second chance drawing. A Lottery retailer may not in any way imply, state, or suggest that a Lottery retailer's second chance drawing is sponsored or operated by the Oregon Lottery.

(10) A Lottery retailer that operates a second chance drawing shall not allow the following persons to enter its drawing and shall deem each such person ineligible to receive a prize in any second chance drawing:

(a) The Lottery retailer.

(b) Any employees of the Lottery retailer.

(c) The Lottery retailer's spouse, domestic partner, parents, and children (adopted or otherwise).

(d) Any person under 18 years of age, or in the case of a drawing operated in an area restricted to persons over 21 years of age, any person under 21 years of age, and

(e) Any other person the Lottery retailer identifies as ineligible in order to protect the security, integrity, honesty, and fairness of a drawing.

(11) A Lottery retailer shall not conduct false or misleading advertising in any form concerning a second chance drawing, including, but not limited to, advertising that claims a purchase will increase a participant's chances of winning. Advertising that uses any of the Lottery's trade or service marks is subject to the requirements of OAR 177-040-0055.

(12) The second chance drawing must be a legitimate drawing in which all participants are on equal footing including any participant who enters the drawing without using a Lottery ticket or share or making any other purchase. There must be no consideration required , including but not limited to, any payment or any minimum purchase requirement from prospective participants as a condition of entry in a second chance drawing.

(a) A Lottery retailer operating a second chance drawing shall allow participants to enter the drawing by depositing a non-winning ticket or share into a reasonably secure container at the location where entries in the drawing are accepted by the Lottery retailer. A participant must write any information required by the Lottery retailer in order to identify a winner on the ticket. A Lottery retailer must provide at least one alternative method of entry for participants such as allowing the deposit of a business card, or the inscription of a participant's name, telephone number, and address on any piece of paper similar in size to a Scratch-It ticket. A Lottery retailer shall not require any participant using an alternative method of entry to purchase anything. More than one person may be listed on an entry.

(b) A Lottery retailer operating a second chance drawing must conduct the drawing with security, integrity, honesty, and fairness. The drawing must be random. The Lottery retailer shall draw the winning entries in an area open to the public and at a time during regular business hours. The Lottery retailer must select the winning entries at the time and place posted and advertised. The Lottery retailer or any person designated by the Lottery retailer may draw the winning entries.

(c) No Lottery employee shall select a winning entry or otherwise participate in a second chance drawing operated by a Lottery retailer.

(d) If a participant in a second chance drawing uses a winning Lottery ticket or share as an entry, the ticket or share is a valid entry in the drawing, and if it is returned to the participant, it may be validated with the Lottery as a winning ticket. Notwithstanding section (f) below, if a participant asks the Lottery retailer to locate and return the winning ticket or share, the Lottery retailer shall make a reasonable effort to locate it after the drawing. Neither the Lottery retailer nor the Lottery is responsible for paying a Lottery prize for a winning ticket or share that a participant uses as a second chance drawing entry if the ticket or share cannot be identified among the other entries and returned to the participant who entered it.

(e) When the Lottery retailer draws the winning entries, the Lottery retailer shall announce the name of each winner and award each prize advertised for that drawing. The Lottery retailer shall post the name of each winner at the drawing location. If a winner does not claim a prize within the posted claim period, the Lottery retailer may select an alternate winner from the participants or the prize may be carried forward to the next drawing. An alternate winning entry must be selected from the remaining entries in the same manner as the original winning entry. A Lottery retailer shall not require a winner to be present to win or to collect a prize.

(f) After a drawing is completed and the Lottery retailer has awarded each prize for that drawing, the Lottery retailer shall destroy any Lottery ticket or share used as an entry in the drawing by shredding or mutilating the ticket or share to a sufficient degree that it cannot be used in any other drawing or for any other purpose.

(13) A Lottery retailer that operates a second chance drawing is responsible for conducting each second chance drawing in accordance with this rule, any other regulations adopted by the Lottery retailer, and any other applicable laws. This rule applies to existing Lottery retailer contracts, and violations may provide grounds for the Director to terminate a retailer's contract.

(14) A Lottery retailer is not entitled to any bonus or additional compensation from the Oregon Lottery because it offers a second chance drawing or because it sold a ticket or share drawn as a winning entry in any Lottery retailer's second chance drawing.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.200
Hist.: LOTT 12-2001(Temp) f. & cert. ef. 9-12-01 thru 3-7-02

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 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 it 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. e.f 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 inactivated 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 of 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 Assitant 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 conditionsw of the test shall be determined by the Assitant Director for Retail Operations: or

(c) If the facts relating to the failure of a retialer 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 Retailer 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 than 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.: 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

177-065-0015
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. e.f 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 th is 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 "Winner 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)(a) To claim an on-line prize of more than $600, the claimant shall obtain and complete a "Winner Claim Form" and submit it with the winning Ticket to the Lottery Player Services Office, Oregon Lottery, 500 Airport Road SE, Salem, Oregon by mail or in person.

(b) Notwithstanding OAR 177-075-0027(3), if a claimant for an on-line prize of more than $600 cannot submit an intact winning Ticket because a Lottery Game Retailer lost, damaged, or destroyed

the winning Ticket while performing validation procedures on the Ticket, the claimant shall obtain, complete, and sign an Oregon Lottery "Winner Claim Form" and Oregon Lottery "Claim Affidavit." The claimant shall submit the "Winner Claim Form" and "Claim Affidavit" along with any other evidence of the validation attempt in the claimant's possession including, but not limited to, the "Claim at Lottery" slip produced by the Terminal at the time of the validation attempt, to the Lottery Player Services Office, Oregon Lottery, 500 Airport Road SE, Salem, Oregon by mail or in person.

(c) Upon determination that the claim is based on a valid 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 or invalid, the claim shall be denied and the claimant shall be promptly notified. Nonwinning or invalid Tickets will not be returned to the claimant.

(d)(A) When a prize payment is authorized by the Director under OAR 177-070-0035(4), prize payment shall be validated through the Lottery's central computer system on the last day of the eligible prize claim period. If the prize claim period expires on a weekend or on a holiday when the Lottery is closed, the expiration period will be extended to the next working day. Following validation, the Lottery shall issue the prize payment in the usual course of Lottery business.

(B) Notwithstanding subsection (A) of this subsection, section (3) of this rule, and OAR 177-070-0035(3), claims made under this section postmarked or submitted to the Lottery before October 1, 1999 and in which the redemption period for the winning Ticket expired while the claim was in the possession of the Lottery, prize payment authorized by the Director under OAR 177-070-0035(4) may be validated without using the Lottery's central computer system. Following validation, the claimant shall be issued the prize payment in the usual course of Lottery business.

(C) Prize payments made under this subsection shall be restricted to the prize amount under the prize structure for the On-Line Game in which the Ticket was purchased.

(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.

[Publications: Publications referenced are 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; LOTT 4-2000(Temp), f. 6-15-00, cert. ef. 6-15-00 thru 12-12-00; LOTT 7-2000, f. & cert. ef. 10-4-00

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 canceled;

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

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

(2) Except as provided in section (4) of this rule, 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) Notwithstanding OAR 177-075-0010(4), OAR 177-081-0030(6), OAR 177-082-0100(5), OAR 177-090-0025(4), OAR 177-099-0030(3), in the event that a Lottery Game Retailer attempted to validate a winning On-Line Game Ticket with a prize of more than $600 and in the course of the validation process the Retailer or an employee of the Retailer lost, damaged, or destroyed the game Ticket, a prize claim based on the lost, damaged, or destroyed Ticket may be validated.

(a) To be validated, the information supplied on the Oregon Lottery "Winner Claim Form," the "Claim Affidavit," and other evidence submitted by the claimant must agree with the data recorded in the central computer system including, but not limited to: corroboration of the criteria set forth in section (1) of this rule except those specific criteria related to the physical properties of the lost, damaged, or destroyed game ticket; and corroboration of the validation attempt including, but not limited to, identification of the Lottery game Retailer or clerk who attempted to validate the prize, the time and date of the validation attempt, the ticket serial number, the terminal number, and the prize amount.

(b) The Assistant Director for Security will conduct an investigation to determine if the claim and winning game ticket are valid.

(c) The Director shall, based on all the facts and information available, make a determination whether prize payment is warranted and authorized.

(d) The Director may assign sanctions to a Lottery game Retailer for the loss, damage, or destruction of a Game Ticket including, but not limited to, imposing a requirement for training for the Retailer or the Retailer's employee(s), and any other actions that the Lottery may take in response to a Retailer's failure to perform contract duties or requirements as described in the Lottery Retailer Contract.

(e) A Retailer who is the subject of an investigation conducted under this section is required to complete an Oregon Lottery "Retailer Affidavit" form explaining the events in question.

(5) 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 a winning Ticket or not valid and a prize is not paid, the Director may replace the disputed Ticket with at least 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.

(6) 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.

(7) 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; LOTT 4-2000(Temp), f. 6-15-00, cert. ef. 6-15-00 thru 12-12-00; LOTT 7-2000, f. & cert. ef. 10-4-00

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

(2) "Drawing" means that process whereby the Lottery through the use of a random number generator selects six winning numbers between 1 and 48. A drawing may also be conducted manually by using mechanical equipment in accordance with ORS 461.230(1) that may be observed by a natural person.

(3) "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.

(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 consecutive Megabucks Lotto Games and was validated as a winning ticket 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.

(5) "Game" means the opportunity provided a player to purchase a ticket with the chance to win a prize by purchase of that ticket.

(6) "Game Board" or "Boards" means that area of the play slip which contains 48 squares numbered 1 through 48.

(7) "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 48 fol-

lowed by the drawing date, the price of the ticket, a retailer number, and a serial number.

(8) "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.

(9) "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 three of six, four of six, or five of six numbers.

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

(11) "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 25 years to a prizewinner. This definition applies to every Megabucks ticket purchased after 12:59 AM, May 20, 2001.

(12) "Play" or "Game Play" means the six different numbers from 1 through 48 which appear on a ticket as a single lettered selection and are to be played by a player in a game.

(13) "Privileged Terminal" means a terminal authorized to validate prizes over $600.00.

(14) "Quick Pick" means the random selection by a terminal of six different numbers from 1 through 48 which appear on a ticket and are to be played by a player in the game.

(15) "Play Slip" or "Game 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.

(16) "Random Number Generator" means a computer-driven electronic device capable of producing numbers at random.

(17) "Terminal" means a device as defined in OAR 177-070-0005(4).

(18) "Winning Numbers" means the six numbers between 1 and 48, 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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

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 Megabucks 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 48 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 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 six 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 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 three of six, four of six, and five of six numbers.

(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's 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. e.f 7-2-93; LC 3-1995, f. & cert. ef. 4-27-95; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

177-075-0015
Drawings

(1) Megabucks drawings shall normally take place every Monday, Wednesday, and Saturday at 7:29 PM.

(2) The Director shall designate a Drawing Coordinator. 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. Drawing procedures shall include provisions for the substitution of back up drawing equipment in the event the primary drawing equipment malfunctions or fails for any reason. The objective of a drawing shall be to randomly select six winning numbers between 1 and 48. Drawings may be conducted with the aid of mechanical drawing equipment or a random number generator or other such devices as the Director may determine.

(3) 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. 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. Drawings shall not be held until all pre-inspection checks are completed. No prizes shall be paid until after all post-inspection checks have been completed.

(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 the 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.

(5) If, during a drawing for a game, a mechanical or electronic failure or operator error causes an interruption in the selection of

numbers or symbols, the Drawing Coordinator will call a "technical difficulty". Any number drawn prior to a "technical difficulty" being declared will stand and be deemed official after passing inspection and certification by the Drawing Coordinator.

(6) The Director will delay payment of all prizes if any evidence exists or there are grounds for suspicion of equipment malfunction, tampering, or fraud. Payment shall be made after an investigation is completed and the Director approves the drawing and authorizes payment. If the drawing is not approved, it will be void and another drawing will be conducted to determine an actual winner.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.230
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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

177-075-0020
Determination of Prize Winners

(1) Prizes shall be determined and awarded on the following basis: [Table not included. See ED. NOTE.]

(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 25 equal periodic payments, the first immediately and the other 24 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 and 3 prize winners will be paid in cash. Division 4 prize winners with a Kicker game play will be paid in cash. Division 4 prize winners who did not select a Kicker game play on the winning ticket shall receive a free Megabucks ticket valued at $1.00 except when such prize is redeemed at Lottery Headquarters, in which event the winner will have the option to be paid $1.00 from the Privileged Terminal or to receive a free ticket from the Lottery Store terminal.

(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.

[ED. NOTE: Tables referenced are available from the agency.]
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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

177-075-0027
Annuity Conversion Option

(1) An Original Plan Winner shall have the option of receiving a single cash payment in lieu of receiving payments under the Original Plan prize payment method.

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

(3) If an Original Plan Winner wishes to receive a single cash payment the Original Plan 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 Original Plan Winner's Ticket is a winning Ticket. The Original Plan 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 an Original Plan 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 Original Plan Winner shall receive prize payments pursuant to the Original Plan prize payment method.

(4) An Original Plan 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 Original Plan Winner's election to receive a single cash payment in lieu of payments pursuant to the Original Plan prize payment method. An Original Plan Winner's election to exercise the option to receive a single cash payment is final.

(5) Multiple Original Plan 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 Original Plan Winners exercising the option to receive a single cash payment must do so pursuant to the terms of this rule. Each Original Plan Winner has the option of choosing the Original Plan or Investment Plan option when the entire prize is more than $100,000 even if each individual's portion of the prize is less than $100,000.

(6) An Original Plan 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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

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 48.

(3) A game ticket containing a winning game play which was also wagered in subsequent, 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. An exchange ticket shall also be issued at the time a previously issued exchange ticket is validated for the remainder of the drawings appearing on the validated exchange ticket.

(4) Claimants who share ownership interests in a winning ticket must comply with any additional requirements for prize payment described elsewhere in the Lottery's Administrative Rules as they may be amended from time to time.

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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

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 below. [Table not included. See ED. NOTE.]

(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 accu-

mulated 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.

[ED. NOTE: Tables referenced are available from the agency.]

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 Reformatting 11-30-97; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

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 48 numbers. [Table not included. See ED. NOTE.]

(2) In the event there is no Megabucks Division 2 or 3 prize winner, the Megabucks Plus Kicker Division 2 prize shall be $3200 and the Division 3 prize shall be $160.

[ED. NOTE: Tables referenced are available from the agency.]

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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

177-075-0045
Governing Law

All players must abide by all laws, rules, regulations, and procedures applicable to the Oregon Megabucks Lotto game. The Director shall make all final decisions regarding the 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)

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; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

177-075-0050
Suspension of Oregon Megabucks Lotto Game

At the discretion of the Director, the Oregon Megabucks Lotto Game may be suspended or terminated at any time to be effective prior to sales for any future drawing. The Director may suspend or terminate drawings only when no sales have been made for any scheduled drawing.

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 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01

DIVISION 81

PICK 4

177-081-0000
Definitions

For the purposes of Pick 4, the following definitions apply except as otherwise specifically provided or unless the context requires otherwise:

(1) "Drawing" means the process whereby the Lottery randomly selects the Winning Numbers and the order of Winning Numbers in accordance with the rules set out in OAR 177-081-0050.

(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 consecutive Pick 4 Drawings and was validated as a winning ticket 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) "Easy 4 Combo" means a specific Match Choice option as described in OAR 177-081-0080(1) in which there are six possible ways to match two to four numbers in exact order.

(5) "Game" means the opportunity provided a player to purchase a ticket with the chance to win a prize by purchase of a game ticket.

(6) "Game Play" means the number or group of numbers and the order in which they occur appearing on a Ticket for a particular drawing which shall be compared to the Winning Numbers and the order of the winning numbers, selected at the Drawing(s) appearing on the Ticket, to determine any 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 four number choices or Quick Pick of four number choices, the selection of a Match Choice(s), 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 "Pick 4," one Game Play repeated for each Match Choice wagered, the date(s) of the Drawing(s) in which the Ticket shall be played, the number of consecutive Drawings on which the Ticket shall be played, the identifying number for each Drawing, the price of the Ticket, a six-digit Retailer number, a serial number, and a bar code.

(9) "Match Choice" means one or more of the seven (7) Pick 4 Game Play selections offered by the Lottery as described in OAR 177-081-0080(1). The Match Choice options include the following:

(a) Option A — All four Game Play numbers match the Lottery's numbers in the exact order;

(b) Option B — All four Game Play numbers match the Lottery's numbers in any order;

(c) Option C — Easy 4 Combo;

(d) Option D — First three Game Play numbers match the Lottery's numbers in the exact order;

(e) Option E — Last three Game Play numbers match the Lottery's numbers in exact order;

(f) Option F — First three Game Play numbers match the Lottery's numbers in any order; and

(g) Option G — Last three Game Play numbers match the Lottery's numbers in any order.

(10) "Quick Pick" means the random selection of numbers by a Terminal which appear as the Game Play on a Ticket.

(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 as described in OAR 177-070-0035.

(13) "Winning Numbers" means the four (4) single-digit numbers, each from zero (0) to nine (9), and the order in which they occur, that are selected at each Drawing that is used to determine winning Game Plays contained on the Game Tickets.

Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0010
Game Description

(1) Pick 4 is a game based on four-digit numbers in which a player selects:

(a) A single number from each of four columns of single-digit numbers from zero (0) to nine (9). The player has the option of selecting a Quick Pick or choosing his or her own number selections;

(b) One or more Match Choices from the seven possible Match Choice options; and

(c) A wager of at least $1.00.

(2) The player's four number selections form a specific four-digit number sequence from left to right. The Player's number selections and subsequent Match Choices which match the Winning Numbers and the order of the Winning Numbers in accordance with OAR 177-081-0080(1) selected at the Drawing(s) on the date(s) indicated on the player's Ticket determine any prize amount won.

(3) An offer to buy and an offer to sell a Pick 4 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(3).

Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0020
Price

The price of a Ticket shall be determined by the amount of money a player chooses to wager on the Game Play selected, multiplied by the number of Drawings in which the Ticket will be played.

(1) The price of a Ticket for a single Drawing purchased through a clerk-operated Terminal shall range from a minimum of $1.00, to a maximum of $7.00 in $.50 increments.

(2) The price of a Ticket for a single Drawing purchased through a player-operated Terminal shall range from a minimum of $1.00 to a maximum of $7.00 in $1.00 increments. When a player requests a Quick Pick from a player-operated Terminal the only wager possible is $1.00.

(3) A player may purchase a Ticket for a single Drawing or for up to a maximum of seven (7) consecutive Drawings. The price of a Ticket shall be determined by multiplying the number of Drawings in which the Ticket will be played by the total wager for each Drawing. The minimum Ticket price for a Ticket containing consecutive Drawings is $2.00 ($1 x 2 consecutive Drawings = $2); the maximum ticket price for a Ticket containing consecutive Drawings is $49 ($7 x seven consecutive drawings = $49). A Ticket purchased for consecutive Drawings is limited to either two, three, four, five, six, or seven consecutive Drawings. A Game Slip indicating a price of less than $1.00 or greater than $49.00 shall be automatically rejected by the Terminal.

(4) Notwithstanding section (1) through (3) of this rule, the price of a Ticket for consecutive Drawing(s) purchased through an player-operated Terminal shall range from a minimum of $2.00 to a maximum of $49.00 and must be in whole dollar amounts. For example, a $1.50 wager placed for two consecutive Drawings equals a viable $3.00 total Game Play wager.

Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0030
Ticket Purchase, Characteristics, and Restrictions

(1) Pick 4 Tickets may be purchased everyday of the year during the hours of operation of the Lottery's On-Line Game system and a Lottery Retailer's business hours of operation.

(2) 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 Pick 4, a player must either:

(a) Complete a Game Slip for input into a clerk-operated Terminal or player-operated Terminal;

(b) Request a Quick Pick or manual numbers selection from a clerk; or

(c) Request a Quick Pick using a player-operated Terminal.

(3) Completing a Game Slip:

(a) A player must choose a Game Play by one of two methods:

(A) A player must select four (4) numbers, one each from four columns of numbers from zero (0) to nine (9) on the Game Slip; or

(B) The player may select the Quick Pick option.

(b) A player must also complete the selection of the Match Choice option(s) on the Game Slip.

(c) A player must indicate if the Game Play is for consecutive Drawings.

(4) Purchasing a Ticket from a clerk-operated Terminal:

(a) 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.

(b) Alternately, the player may request that a clerk, without using a Game Slip, electronically submit a player's Game Play request through the Terminal for a Quick Pick number selection or manually enter the player's four numbers, and request Game Play for a single Drawing or consecutive Drawings. A wager submitted by a clerk through the Terminal without a Game Slip can only be made on the Easy 4 Combo Match Choice.

(5) 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 play the Easy 4 Combo Match Choice and the number of consecutive Drawings to be played.

(6) 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.

(7) Ticket Restrictions: A player cannot place an "All 4 In Any Order" wager when all 4 numbers are the same, a "First 3 In Any Order" wager when all 3 numbers are the same, or a "Last 3 In Any Order" wager when all 3 numbers are the same. Any of the aforementioned shall be automatically rejected by the Terminal.

Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0035
Ticket Accuracy

It shall be the sole responsibility of the player to verify the accuracy of the Ticket, including the Game Play, the wager types and amounts, the Match Choices, the number of 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, 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 177-081-0040(1) or to retain the Ticket for play as produced. Neither the Lottery nor the Lottery Retailer shall be liable for Tickets printed in error.

Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0040
Cancellation of Tickets

(1) A player may cancel a Pick 4 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, before wagers are disabled prior to the first Drawing listed on the Ticket.

(2) Notwithstanding OAR 177-081-0040(1), an Exchange Ticket may not be canceled.

(3) In the event a Ticket is canceled in accordance with OAR 177-081-0040(1), the player shall be entitled to a refund from the Retailer equal to the price paid for the Ticket.

(4) If a Game Ticket that a player returned for cancellation cannot be canceled, credit may still be given to a Retailer provided the following steps are taken:

(a) The Retailer attempts to cancel the Ticket before the first game 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) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0050
Drawings

(1) Drawings shall normally take place 7-days a week at 7:00 p.m.

(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 shall randomly select a specific sequence of four (4) numbers, each from zero (0) to nine (9). 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.

(5) If, during a drawing for a game, a mechanical or electronic failure or operator error causes an interruption in the selection of numbers or symbols, the Drawing Coordinator will call a "technical difficulty," Any number drawn prior to a "technical difficulty" being called will stand and be deemed official after passing inspection and certification by the Drawing Coordinator.

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

Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0060
Ticket Validation Requirements

To be a valid Ticket and eligible to receive prize payment, the following requirements must be met:

(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 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) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & ORS 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

177-081-0080
Prizes

(1) Prizes for a winning Ticket are determined by the Ticket's Game Play and Match Choices which match the Winning Numbers and the Match Choice criteria established in this section. The prize structure is as follows: [Table not included. See ED. NOTE.]

(2)(a) When the potential, aggregate Pick 4 prize liability resulting from all wagers containing a particular combination of numbers reaches or first exceeds $500,000 in a single drawing, then no further wagers of that number combination shall be accepted by the Lottery gaming system for that Drawing.

(b) Notwithstanding subsection (a) of this section, the Director may, when conditions so warrant as determined in the Director's sole discretion, establish a prize liability threshold that is higher than $500,000 for a single drawing. The Director shall not raise the prize liability limit for a particular drawing once wagers have been curtailed because the prize limit has been reached for that drawing.

(3) The number of prizes for Pick 4 is not pre-determined by the Lottery. The overall prize-percentage payout for Pick 4 prizes is estimated at 60% over time, but the actual prize payout may vary from day-to-day and year-to-year, due to factors that include, but are not limited to, the number of players participating each day and the number of winning wagers.

(4) In the event of a dispute over the determination of a prize, the Lottery's determination is controlling.

(5) Each prize-winning player will be paid in one lump sum. Pick 4 prizes may be claimed by and prizes paid only to a natural person.

(6) For each Drawing, a player may receive, subject to the Validation requirements set forth in OAR 177-081-0060, multiple prizes on each ticket for which a Ticket containing a winning Game Play is eligible. When the Easy 4 Combo Match Choice is selected the player shall receive only the highest single prize for which they are eligible.

(7) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

[ED. NOTE: Tables referenced are available from the agency.]
Stat. Auth.: Or. Const. Art. XV Sec. (4) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00; LOTT 9-2000(Temp), f. & cert. ef. 10-9-00 thru 4-7-01; LOTT 4-2001, f. & cert. ef. 4-6-01

DIVISION 82

CASH QUEST GAME RULES

177-082-0100
Ticket Validation and Redemption of Winning Cash Quest Game Ticket:

(1) For the purposes of the game "Cash Quest," 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 the process whereby the Lottery selects the Winning Words in accordance with this rule.

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

(c) "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.

(d) "Game" means the opportunity provided to a player to purchase a ticket with the chance to win a prize.

(e) "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.

(f) "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.

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

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

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

(2) The Cash Quest game is discontinued on March 11, 2000. All prizes for the Cash Quest 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, March 12, 2001.

(a) 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.

(b) 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).

(c) Prizes will be determined at the time of the discontinuation of the Cash Quest game, and shall be awarded (subject to the Validation requirements set forth in this rule) for 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 shall 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.

(3) Each prize winning player will be paid in one lump sum. Cash Quest prizes may be claimed by and prizes paid only to a natural person.

(4) To be a valid Ticket and eligible to receive prize payment, the Ticket must be validated in accordance with the provisions of OAR 177-070-0035.

(5) 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) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461. 220, ORS 461.240 & 461. 250
Hist.: LOTT 2-2000, f. 3-31-00 , cert. ef. 4.-3-00

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 credit. 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 on-line 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 payout 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: Tables referenced 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: Tables referenced 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 purchased 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. 2-28-89, cert. ef. 3-2-89; LC 1-1992, f. 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. 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 Minimum 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. 2-25-92, cert. ef. 4-19-92; LC 1-1994, f. 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, share-holders, 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. 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 46./250
Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88

177-085-0065
Power Play

(1) Power Play is an optional, limited extension of the Powerball Game described in OAR Division 85. The Director, in the Director's sole discretion and based on agreements with MUSL, is authorized to initiate and terminate the Power Play option.

(2) Power Play multiplies the amount of any of the cash Set Prizes (the cash prizes normally paying $3 to $100,000) won in a drawing. The Grand Prize jackpot is not a Set Prize and will not be multiplied.

(3) A qualifying Power Play option play is any single Powerball Play for which the player selects the Power Play option on either the Play Slip or by selecting the Power Play option through a clerk-activated or player-activated terminal, pays one (1) extra dollar for the Power Play option play, and which is recorded at the Party Lottery's central computer as a qualifying play.

(4) A qualifying play which wins one of the cash Set Prizes will be multiplied by the number selected (1 through 5), in a separate random selection announced during the official Powerball drawing.

(5) MUSL will conduct an additional random "Power Play" selection and announce results during each of the regular Powerball drawings. During each random "Power Play" selection, one (1) number from twelve (12) possible numbers will be selected. The numbers available for selection are 1, 1, 2, 2, 3, 3, 4, 4, 5, 5, 5, and 5.

(6) Except as provided in these rules, all prizes awarded shall be paid as cash set prizes. Instead of the Powerball set prize amounts, qualifying Power Play option plays will pay the amounts shown below when matched with the Power Play number drawn: [Table not included. See ED. NOTE.]

In certain rare instances, the Powerball set prize amount may be less than the amount shown. In such case, the Power Play prizes will be a multiple of the new Powerball prize amount. For example, if the Match 5 Powerball set prize amount of $100,000 becomes $25,050 under the rules of the Powerball game, then a Power Play player winning that prize amount where a "5" has been drawn would win $125,250 ($25,050 x 5).

(7) The following table sets forth the probability of the various Power Play numbers being drawn during a single Powerball drawing. [Table not included. See ED. NOTE.] Power Play does not apply to the Powerball Grand Prize.

(8) The prize pool percentage allocated to the Power Play set prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

(9) Notwithstanding OAR 177-085-0025(3)(b) and (c), when the Lottery offers the Power Play option, if the total of the original Powerball set prizes and the multiplied Power Play set prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the set prizes (including the multiplied set prizes) awarded shall be drawn from the following sources, in the following order:

(a) The amount allocated to the set prizes and carried forward from previous draws, if any;

(b) An amount from the Powerball Set-Prize Reserve Account, if available in the account, not to exceed twenty-five million dollars ($25,000,000) per drawing; and

(c) If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including multiplied prizes), then the highest set prize (including the multiplied prizes) shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize, including the multiplied prize, shall become a pari-mutuel prize. This procedure shall continue down through all set prizes 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.

(10) A Party Lottery may begin paying Power Play prizes after receiving authorization to pay from the MUSL central office.

[ED. NOTE: Tables referenced are available from the agency.]
Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 3-2001(Temp), f. 3-1-01, cert. ef 3-2-01 thru 8-29-01; LOTT 10-2001, f. 5-25-01, cert. ef. 5-29-01

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. 11-7-89, 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: Tables referenced 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 94

WIN FOR LIFE

177-094-0000
Definitions

For the purposes of the Win for Life game, the following definitions apply except as otherwise specifically provided or unless the context requires otherwise:

(1) "Board" means that portion of the Game Slip through which a player, either manually or by indicating a Quick Pick, selects a Set of four, two-digit numbers from one (01) through seventy-seven (77) which comprise a Win for Life Prize Category wager. There are five (5) Boards on each Win for Life Game Slip which, depending on the number of Boards marked by the player, will produce up to five (5) Game Plays per Game Slip.

(2) "Drawing" means the process whereby the Lottery, through a random number generator, selects the Winning Numbers in accordance with OAR 177-070-0005(1) and 177-094-0050.

(3) "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.

(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 consecutive Win for Life Drawings and was validated as a winning ticket 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.

(5) "Game" means the opportunity provided a player to purchase a Ticket with the chance to win a prize by purchase of that Ticket.

(6) "Game Play" means the player selection of one (1) Set of numbers as their Win for Life Prize Category selection. The Win for Life selection, once properly submitted as described in OAR 177-094-0030, then prompts the Terminal to automatically and randomly select fourteen (14) additional Sets of numbers. The first two of the fourteen (14) Sets apply to the $50,000 Prize Category, the next four Sets apply to the $20,000 Prize Category, and the last eight Sets apply to the $10,000 Prize Category. All fifteen (15) Sets of numbers appear on a Ticket for a particular drawing each of which shall be compared to the Winning Numbers selected at the Drawing(s) and appearing on the Ticket to determine the prize or multiple prize payment that may be claimed.

(7) "Game Slip" or "Play Slip" means a paper form used by a player to select from one (1) to five (5) Game Plays, and the number of Drawings in which the Ticket(s) will be played.

(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 "Win for Life," one Game Play, the date(s) of the Drawing(s) in which the Ticket shall be played, the number of consecutive Drawings on which the Ticket shall be played, the identifying number for each Drawing, the price of the Ticket, a six-digit Retailer number, a serial number, and a bar code.

(9) "Prize Category" means a subset of the prize structure described in OAR 177-094-0080 which describes the value of the Win for Life prizes.

(10) "Quick Pick" means the random selection of numbers by a Terminal which appear as the Game Play on a Ticket.

(11) "Set" means the four, two-digit numbers from one (01) through seventy-seven (77) which are selected by the either the player or the Terminal as Win for Life wagers.

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

(13) "Ticket Validation" or "Validation" means the process of determining whether a Ticket presented for payment is a winning Ticket as described in OAR 177-094-0060.

(14) "Winning Numbers" means the four (4) numbers, from one (01) to seventy-seven (77) randomly selected at each Drawing, as described in OAR 177-094-0050, which are used to determine whether the Game Ticket contains winning Game Plays.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0010
Game Description

(1) Win for Life is a Lottery Game based on fifteen (15) horizontal Sets of numbers.

(2) Each of the fifteen (15) Sets of numbers that match the Winning Numbers as prescribed by OAR 177-094-0080(1) selected at each Drawing on the date(s) indicated on the player's Ticket determine any prize amount won.

(3) An offer to buy and an offer to sell a Win for Life 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(3).

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0020
Price

(1) The minimum price of a Ticket for a single Drawing shall be $2.

(2) The price of a Ticket for play in consecutive Drawings shall be the price of a Ticket for a single Drawing ($2.00) multiplied by the number of consecutive Drawings in which the Ticket will be played. The minimum Ticket price for consecutive Drawings is $4.00 ($2 x 2 consecutive Drawings = $4); the maximum Ticket price for multiple, consecutive Drawings is $12.00 ($2 x 6 consecutive Drawings = $12).

(3) A Ticket purchased for consecutive Drawings is limited solely to the following options: 2, 3, 4, 5, or 6 consecutive Drawings following Ticket purchase.

(4) A Game Slip contains five (5) Boards. Each of the five (5) Boards may be used by a player to purchase a single Ticket. Therefore, a Game Slip may be used to purchase up to five (5) Tickets. The maximum wager allowed through one (1) Game Slip is $60 (5 Boards x $2 = $10 x 6 consecutive Drawings = $60). Any Game Slip indicating a total Ticket purchase price greater than $60.00 shall be automatically rejected by the Terminal.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0030
Ticket Purchase, Characteristics, and Restrictions

(1) Win for Life Tickets may be purchased everyday of the year during the hours of operation of the Lottery's On-Line Game system and a Lottery Retailers business hours of operation.

(2) 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 Win for Life, a player must:

(a) Complete a Game Slip for input into a clerk-operated Terminal or player-operated Terminal:

(b) Request a Quick Pick from a clerk; or

(c) Request a Quick Pick using a player-operated Terminal.

(3) Completing a Game Slip:

(a) A player must choose a Game Play or Game Plays by one of two methods:

(A) A player may select four (4) two-digit numbers from one (01) to seventy-seven (77) on a Board on a Game Slip; or

(B) The player may select the Quick Pick option on a Board on a Game Slip.

(b) A player may choose from one (1) to five (5) Game Plays per Game Slip by utilizing one or more of the five (5) Boards.

(c) A player must indicate if the Game Play is to be played in consecutive Drawings.

(4) Purchasing a Ticket from a clerk-operated Terminal:

(a) After the player completes a Game Slip and submits it along with the price of the Ticket or Tickets to the clerk, the clerk shall use the Terminal to issue a Ticket or multiple Tickets to the player.

(b) Alternately, the player may submit the price of the Ticket or Tickets to a clerk and request that a clerk, without using a Game Slip, electronically submit a player's Quick Pick Game Play selection through the Terminal and request Game Play for a single Drawing or consecutive Drawings.

(5) Purchasing a Ticket from a player-operated Terminal:

(a) A player may purchase a Ticket from a player-operated Terminal by following the instructions appearing on the screen of the Terminal.

(b) Once the player has completed the Game Slip, inserted it along with the purchase price of the Ticket or Tickets into the Terminal, the Terminal will issue a Ticket or multiple Tickets to the player.

(c) Alternately, the player may request a Quick Pick Game Play selection without using a Game Slip through a player-operated Terminal by selecting the Win for Life game option, indicating the number of consecutive Drawings to be played, and inserting the purchase price of the Ticket. The Terminal will then issue a Ticket to the player.

(6) Ticket Characteristics: A Ticket shall be the only acceptable evidence of a Game Play selected by a player. 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
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0035
Ticket Accuracy

It shall be the sole responsibility of the player to verify the accuracy of a Ticket, including the Game Play, the number of 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, 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 177-094-0040(1) or to retain the Ticket for play as produced. 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
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0040

Cancellation of Tickets

(1) A player may cancel a Win for Life Ticket for a single Drawing or consecutive Drawings. To cancel a Ticket, a player must return the Ticket to the selling Retailer prior to the time Ticket sales for the first Drawing listed on the Ticket have ended.

(2) Notwithstanding section (1) of this rule, an Exchange Ticket may not be canceled.

(3) In the event a Ticket is canceled in accordance with section (1) of this rule, the player shall be entitled to a refund from the Retailer equal to the price paid for the Ticket.

(4) If a Game Ticket that a player returned for cancellation cannot be canceled, credit may still be given to a Retailer provided the following steps are taken:

(a) The Retailer attempts to cancel the Ticket before the first game 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
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0050
Drawings

(1) Win for Life Drawings shall normally take place every Monday, Wednesday, and Saturday at 7:30 P.M.

(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 shall randomly select four (4), two-digit numbers from a possible seventy-seven (77) numbers from one (01) to seventy-seven (77) which shall be the Winning 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.

(5) If, during a Drawing for a Game, a mechanical or electronic failure or operator error causes an interruption in the selection of numbers or symbols, the Drawing Coordinator will declare a "technical difficulty." Any number drawn prior to a "technical difficulty" being declared will stand and be deemed official after passing inspection and certification by the Drawing Coordinator.

(6) The Director will delay payment of all prizes if any evidence exists or there are grounds for suspicion of equipment malfunction, tampering, or fraud. Payment shall be made after an investigation is completed and the Director approves the Drawing and authorizes payments. If the Drawing is not approved, it will be void and another Drawing will be conducted to determine an actual winner.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0060
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 which was also wagered in subsequent, 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. An Exchange Ticket shall also be issued at the time a previously issued Exchange Ticket is validated for the remainder of the Drawings appearing on the validated Exchange Ticket.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0080
Prizes

(1) Prizes for a winning Ticket are determined by matching each horizontal Set in the Ticket's Game Play with the Winning Numbers from the relevant Drawing. [Table not included. See ED. NOTE.]

(2) The number of prizes for the Win for Life Game is not predetermined by the Lottery. The overall prize percentage payout for the Win for Life Game is estimated at approximately 65% over time, but the actual prize payout may vary from day-to-day and year-to-year due to factors that include, but are not limited to, the numbers of players participating each day and the number of winning wagers.

(3) In the event of a dispute over the value of a prize or whether a Ticket contains Winning Numbers, the Lottery Director's determination is controlling.

(4)(a) For each Drawing, a player may receive, subject to the Validation requirements set forth in OAR 177-094-0060, multiple prizes on each ticket for which a Ticket containing a winning Game Play is eligible.

(b) Only the top-prize associated with each Set of numbers within the Win for Life, $50,000, $20,000, and $10,000 Prize Categories shall be paid.

(5) Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

(6) All prizes resulting from a Ticket shall be paid in one lump-sum except for the Win for Life prize of $1,000 per week for life.

(7) Win for Life top prize:

(a) Only one (1) natural person may claim the Win for Life top prize of $1,000 per week for life per winning Ticket. The Lottery may pay a Win for Life top prize of $1,000 per week for life only to one (1) natural person per winning Ticket. A Win for Life top prize cannot be shared by multiple owners of a single winning Ticket. In the event a single winning Ticket is owned by more than one natural person, the individual owners with an ownership interest in the Ticket must identify the natural person who will receive the top prize on a form provided by the Lottery.

(b) The Win for Life top prize is $1,000 per week for life and shall be paid, based upon a selection made by the winner, either as:

(A) A prize payment of $1000 each week of a 12-month year beginning on the date prize payment is initiated upon validation of the winning Ticket; or

(B) One annualized prize payment equal to the sum of all the weekly prize payments which would be paid to a winner during a specific 12-month year beginning on the date prize payment is initiated upon validation of the winning Ticket.

(c) The Win for Life top prize of $1,000 per week for life will be paid to the winning player until such time as the winning player dies at which time all further prize payments shall cease.

(d) Notwithstanding subsection (c) of this section, if the prize winner dies within five years of the date of prize validation, the Lottery shall pay any remaining prize payments the prize winner would have received within the first five years after prize validation in one lump sum to the individual designated on a beneficiary designation form or to the prize winner's estate.

(e)(A) A winner of the Win for Life top prize of $1,000 per week for life must, at the time of the validation of the winning Win for Life Ticket, choose to receive either weekly or annual prize payments as described in subsection (b) of this section. The winner's initial choice to receive their Win for Life prize payment weekly or annually may be changed once during their life. The winner must

make this second choice at the same time the winner submits the annual affidavit as described in subsection (i) of this section.

(B) Notwithstanding subsection (A) of this subsection and subsection (g) of this section, when a search of delinquent child support obligors performed pursuant to ORS 461.715 and OAR 177-010-0090 Child Support Validation Check, results in a positive match with the prize winner and the Adult and Family Services Division of the Department of Human Services initiates garnishment proceedings, the winner of the Win for Life top prize of $1,000 per week for life may only receive annual prize payments as described in subsection (b)(B) of this section. No subsequent change to a weekly prize payment as described in subsection (e)(A) of this section shall be allowed during the prize payment period.

(f) Notwithstanding subsection (b), (c), and (d) of this section, if there are more than three individual winners of a Win for Life top-prize of $1,000 per week for life in a single Drawing, then each year of the life of each actual winner the value of the Win for Life top prize for three winners for that year shall be combined and then divided by the number of original, actual, winners of the prize to produce the actual prize amount to be paid to each actual winner that year. Subsequent events including, but not limited to, the death of one of the prize winners, shall not alter each actual winners original pro rata share of the three-winner prize pool. For example, if the prize payment year contains fifty-two (52) weeks, then 52 weeks x $1,000 = $52,000 x 3 winners = $156,000 (the three-winner prize pool) divided by 4 actual winners = $39,000 prize payment per each actual winner.

(g) Prize payment is initiated upon validation of the winning Ticket and will continue to be paid weekly or annually in accordance with the winner's payment selection under subsection (e) of this rule.

(h) The Lottery shall, after the initial prize payment issued to a Win for Life top prize winner, pay both weekly and annualized Win for Life prize installments via electronic funds transfer (EFT) in the usual course of Lottery business.

(i)(A) Each winner of a Win for Life top prize of $1,000 per week for life, shall annually and no earlier than thirty days prior to the anniversary of the original validation date, provide the Lottery with a complete affidavit on a form provided by the Lottery and signed by the winner, bearing the seal of a notary public, verifying the winner is living, and containing their current address and a bank account number to which the prize shall be paid.

(B) If a winner of a Win for Life prize of $1,000 per week for life does not provide the Lottery with the notarized affidavit described in subsection (i)(A) of this section from within thirty days prior to an anniversary of the original validation date through the annual prize payment period, which ends on the next anniversary of the validation date, prize payment shall stop and the remainder of the prize shall be terminated.

(C) Notwithstanding subsection (i)(B) of this section, the Director may, when it is reasonable and prudent to do so based on the facts underlying the winner's failure to provide an annual affidavit, authorize prize payment even though an affidavit has not been provided or is not timely provided. No interest shall be paid by the Lottery on the value of the prize during the period a prize remained unclaimed.

(j) If a winner of a Win for Life prize of $1,000 per week for life dies after five years have elapsed from the date of validation and if a sequence of weekly prize payments are paid over the course of the year in which the prize winner dies or if a single annual prize payment has been paid prospectively to the winning player for that year, the prize could be overpaid. It shall be the policy of the Lottery that the difference between the prize that should have been paid based on the date of the death of the prize winner relative to the anniversary date of validation of the prize and the prize amount that was actually paid during the year in which the winner died will not be subject to reimbursement by the Lottery. Any prize payment paid after the year in which the winner dies relative to the anniversary date of validation of the prize shall be subject to reimbursement to the Lottery.

(k) A Win for Life top prize of $1,000 per week for life is based on the unknown duration of the life of the prize winner and is therefore a prize of unspecified value and uncertain periodicity. Consequently, a Win for Life top prize of $1,000 per week for life is not a future periodic prize payment as described in ORS 461.253(1) and cannot, except for the remaining portion of the prize payments the prize winner would have received within the first five years after prize validation as described in subsection (d) of this section, be assigned, gifted, sold, or transferred in any manner from the winner to another person or entity.

[ED. NOTE: Tables referenced are available from the agency.]
Stat. Auth.: Or. Const. Art. XV, Sec. 4(4) & ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00; LOTT 1-2001(Temp), f. & cert. ef. 1-22-01 thru 7-21-01; LOTT 7-2001, f. 4-25-01, cert. ef. 4-26-01

177-094-0085
Retailer Selling Bonus

(1) For the purposes of OAR 177-040-0025(3)(a), and notwithstanding OAR 177-040-0025(3)(b), a Retailer who sells any winning and validated Win for Life top prize of $1,000 per week for life shall receive a bonus of $13,000 which is based on one percent (1%) of an estimated prize value of $52,000 per year paid over a period of 25 years ($52,000 x 25 = $1,300,000 x .01 = $13,000).

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS Ch 461
Stats. Implemented: ORS Ch 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0090
Governing Law

All players must abide by all laws, rules and regulations, and procedures applicable to the Win for Life Game. The Director shall make all final decisions regarding the Win for Life 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 Ch 461
Stats. Implemented: ORS Ch 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

177-094-0095
Suspension of Win for Life

At the discretion of the Director, Win for Life may be suspended or terminated in anticipation of the end of the game at any time to be effective prior to the beginning of sales for any future Drawing. The Director may suspend or terminate Drawings only when no sales have been made for any scheduled Drawing.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4), ORS 461
Stats. Implemented: ORS 461
Hist.: LOTT 11-2000, f. & cert. ef. 12-1-00

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, 461.230, 461.240 & 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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 x $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 x $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 x $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 high-

est 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: Tables referenced 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, 461.230, 461.240 & 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.

[ED. NOTE: Tables referenced 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, 461.230, 461.240 & 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 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 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 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 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: Tables referenced 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, 461.230, 461.240 & 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, 461.230, 461.240 & 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) "Cash Slip" means the receipt issued by a terminal for the payment of prizes or credits by a retailer.

(2) "Casino Game" means any of the games commonly known as dice, faro, monte, roulette, fan-tan, twenty-one, blackjack, Texas hold-'em, seven-and-a-half, 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, or any other gambling-based game similar in form or content.

(3) "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.

(4) "Decal" means the stamp which is displayed upon video lottery game terminals authorized by the Oregon State Lottery.

(5) "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.

(6) "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.

(7) "Gross Revenues" means the total cash value of the games played on a video lottery terminal.

(8) "Manufacturer" means any individual, partnership, corporation, or association that manufactures, assembles or produces video lottery devices.

(9) "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.

(10) "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
Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

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 acquired by the Lottery.

(2) The Lottery shall select and procure terminals from approved manufacturers approved pursuant to OAR 177 division 35 and provide them to approved video lottery retailers.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

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

177-100-0160
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 of a trip is within the boundaries of the state and the termination point is either within or outside the boundaries of the state. Transporting or shipping into the state means the starting point of a trip is outside the boundaries of the state and terminates within the boundaries of 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. Transporting or shipping through the state means the starting point and termination point of a trip are outside the boundaries of the state and the route between the starting and termination points enters the state.

(3) Notwithstanding section (1) of this rule, authorization to transport a Video Lottery Terminal within or into the state for purposes of display or demonstration at a trade show conducted within the boundaries of the State of Oregon must be obtained as described in OAR 177-010-0120.

(4) The written authorization required under sections (1) and (2) of this rule shall include:

(a) The manufacturer of each terminal being transported;

(b) The model of each terminal being transported;

(c) The serial number of each terminal being transported;

(d) The full name and address of the person or establishment from which the terminals are obtained;

(e) The full name and address of the person or venue to whom the machines are being sent or transported; and

(f) The dates of shipment or transport within, into or through the state.

(5) A copy of the written authorization shall accompany, at all times, the terminal or terminals in transport.

Stat. Auth.: Or. Const. Art. XV, Sec. 4 & ORS 461
Stats. Implemented: OL 1999, Ch. 193 & ORS 461.215
Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LOTT 12-1999(Temp), f. & cert. ef. 12-27-99 thru 6-20-00; LOTT 3-2000, f. 3-31-00, cert. ef. 4-3-00

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 division 035 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; LOTT 6-2000, f. 7-26-00, cert. ef. 8-1-00

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 communica-

tions 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