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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) “Instant Ticket Vending Machine” or “ITVM” means an electrical, electronic, or electro-mechanical device which dispenses Scratch-It or Breakopen tickets directly to a consumer upon payment of the appropriate purchase price.

(7) “Lottery” or “State Lottery” means the Oregon State Lottery, established and operated pursuant to the constitution and the Oregon State Lottery Act of 1984.

(8) “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.

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

(10) “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.

(11) “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.

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

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

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

(15) “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.

(16) “Ticket” means a Scratch-It Ticket or On-Line Ticket which provides the opportunity to win a prize.

(17) “Traditional games” means all On-Line, Scratch-It, and breakopen games.

(18) “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.

(19) “Video Lottery Terminal” means an electrical, electronic, or electro-mechanical device, component, or terminal which may display a game or other graphic(s) through the use of a video display screen, which is available for consumer play upon payment of the necessary or appropriate consideration, with winners determined by the application of the element of chance and the possible prizes displayed on the device.

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

Stats. Implemented: ORS 461.010

Hist.: 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; LOTT 16-2001(Temp), f. & cert. ef. 12-3-01 thru 5-24-02; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

DIVISION 10

GENERAL PROVISIONS

177-010-0000

General

(1) **Applicability:** Unless the context requires otherwise, the definitions contained in this Division are generally applicable throughout OAR Chapter 177. Specific Divisions may contain the

definitions of words specific to that Division. In the event of a conflict, the definition in the specific Division controls the usage of the word in that Division.

(2) **Headings:** Where headings are used throughout OAR Chapter 177, they are for the convenience of the user only and are of no substantive effect.

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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0003

Definitions

(1) “Commissioner” has that definition as defined in ORS 461.010(2).

(2) “Director” has that definition as defined in ORS 461.010(3).

(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) “Immediate family” and “family member” mean a natural person’s spouse, child, brother, sister, or parent by blood or adoption.

(5) “Lottery” or “State Lottery” has that definition as defined in ORS 461.010(1).

(6) “Lottery Commission” or “Commission” has that definition as defined in ORS 461.010(4).

(7) “Lottery contract” means any contract entered into by the Lottery for the purchase, lease, or sale of goods or services.

(8) “Lottery contractor” or “Contractor” has that definition as defined in ORS 461.010(9).

(9) “Lottery game” or “Game” has that definition as defined in ORS 461.010(5).

(10) “Lottery game retailer” or “Retailer” has that definition as defined in ORS 461.010(7).

(11) “Lottery vendor” or “Vendor” has that definition as defined in ORS 461.010(8).

(12) “Person” has that definition as defined in ORS 461.010(6).

(13) “Prize” means any award of economic value, monetary or otherwise, that may be distributed to a Lottery player for submitting a valid claim based on a winning Lottery ticket or share.

(14) “Retailer contract” means any written contract entered into by the Lottery with a retailer for selling Lottery tickets or shares to the public.

(15) “Share” means an opportunity to win a prize in a Lottery game that does not use certificates or tokens, such as in video lottery games.

(16) “Ticket” means a certificate or token of the opportunity to win a prize in a Lottery game.

(17) “Unclaimed prize” means any prize offered in a Lottery game which has not been submitted to the Lottery 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.

(18) “Video lottery terminal” means an electrical, electronic, or electro-mechanical device, component, or terminal, which may display a game or other graphics through the use of a video display screen, which is available for consumer play upon payment of the necessary or appropriate consideration, with winners determined by the application of the element of chance and the possible prizes displayed on the device.

(19) “Winner claim form” means a form provided by the Lottery to a player for the purpose of claiming a prize.

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

Stats. Implemented: ORS 192.440, ORS 461.020, ORS 461.100, ORS 461.120, ORS 461.170, ORS 461.213, ORS 461.215, ORS 461.230, ORS 461.240, ORS 461.250, ORS 461.260, ORS 461.300, ORS 461.310, ORS 461.500 & 461.510
Hist.: LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0005

Oregon State Lottery Commission

The Oregon State Lottery Commission hereinafter called “the Commission”, is the Commission appointed by the Governor pur-

suant 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; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0007

Notice of Proposed Rules

Prior to the adoption, amendment, or repeal of any rule, other than a temporary rule which is adopted in accordance with ORS 183.335(5), the Lottery Director 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 Lottery Director’s mailing list established pursuant to ORS 183.335(8) and at least 49 days before the effective date of the intended action to the persons specified in ORS 183.335(15);

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

(4) By listing any rule changes proposed for adoption 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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0009

Model Rules of Procedure

The Lottery has adopted the following Model Rules of Procedure from the Attorney General under the Oregon Administrative Procedures Act as adopted October 3, 2001:

(1) Division 1 Rulemaking.

(2) Division 2 Declaratory Rulings.

(3) Division 5 Collaborative Dispute Resolution.

[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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0025

Director of the Oregon State Lottery

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

(2) The Director may appoint, prescribe the duties of, and establish the compensation of, no more than four assistant directors as the Director deems necessary. The Director shall supervise the assistant directors. The Commission delegates the authority to the Director to discipline, and/or terminate with or without cause, any or all of the assistant directors at any time. The decision of the Director to discipline and/or terminate an assistant director is final.

(3) Except for approving the salaries of the Director and the assistant directors, and cost-of-living increases, the Director shall

have the authority to establish and implement personnel policies and procedures pertaining to the employment, termination, and compensation of all Lottery staff.

(4) The Director may adopt temporary administrative rules in accordance with the procedures set forth in ORS 183.335(5) and (6) upon the Director's signature.

(5) The Director shall perform all duties, exercise all powers and jurisdiction, assume and discharge all responsibilities and carry out and effect the purposes of ORS 461.

(6) The duties and responsibilities of operating a lottery which are not otherwise specified in law or rules are reserved to the Director subject to review and approval by 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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspend- ed by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0045

Contingency Reserve

Use of Reserve: The money allotted to Lottery's contingency reserve may include amounts retained to fund specific future expenses or may be for an undesignated purpose. The Lottery shall not include contingency reserve expenditures in its calculation of the total annual revenues allocated for administrative expenses.

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

Stats. Implemented: ORS 461.510

Hist.: SLC 8-1985, f. & ef. 6-21-85; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0050

Merchandise Prizes

The Director may, in the exercise of the Director's discretion, pay the cash value of a merchandise prize in lieu of that prize. The cash value of a merchandise prize is the amount that the Lottery paid for the merchandise.

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; LOTT 10- 2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspend- ed by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3- 6-03

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; Suspend- ed by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 trans-

ferred 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; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0080

Sale of Tickets and Shares

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

(2) The Director may also develop procedures for the sale of Lottery tickets and shares directly to the public. The procedures shall contain measures to ensure the accountability and security of all tickets and shares 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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0085

Unclaimed Prize Money

Any prize not claimed within the specified period for a lottery game is forfeited and credited to the public purpose. The Lottery shall transfer unclaimed prize money when it transfers proceeds allocated to the public purpose.

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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0090

Child Support Validation Check

The Lottery will use the following procedures as part of the validation process before paying any portion of a Lottery prize in excess of \$600:

(1) Lottery information systems personnel shall work with the Division of Child Support of the Department of Justice (DOJ) to maintain a current database on the Lottery's central computer system containing the names and social security numbers of obligors who are delinquent in paying child support obligations.

(2) The Lottery shall enter a prize claimant's name, address, date-of-birth, and social security number into the Lottery's central computer system. The computer shall search the database containing the names of the delinquent child support obligors for a possible match.

(3) When a claimant is listed in the database and a possible match is found, the Lottery will confirm the match with DOJ. If DOJ responds with a confirmation that the claimant is delinquent on child support payments, the Lottery will place a 30-day hold on any payment to the claimant pending initiation of garnishment proceedings. The Lottery will inform the claimant of the hold, immediately notify DOJ by telephone that the Lottery has placed the hold on the prize payment, and transmit a facsimile copy of supporting information to DOJ.

(4) If a garnishment proceeding is initiated within the 30-day hold period, the Lottery shall make payment to DOJ when the garnishment is received. If the prize claim exceeds the amount of the garnishment, the Lottery will pay the claimant the balance remaining after deduction of the garnishment and applicable taxes. If the garnishment exceeds the amount of the prize claim, the Lottery will inform the claimant that the entire amount of the prize claim was used to respond to the garnishment.

(5) If a garnishment proceeding is not initiated within the 30-day hold period, the Lottery will make payment on the prize to the claimant at the end of the 30 day hold period or when DOJ notifies the Lottery that a garnishment proceeding will not be initiated, whichever is sooner.

(6) Nothing in this section is intended to prevent a prize claimant from directing payment of all or any portion of the claimant's prize towards payment of the claimant's delinquent child support obligations.

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

Stats. Implemented: ORS 461.715

Hist.: LC 6-1992, f. & cert. ef. 6-23-92; LOTT 8-2002(Temp), f. & cert. ef. 7-15-02 thru 1-3-03; LOTT 20-2002, f. & cert. ef. 9-30-02

177-010-0096

Non-Sufficient Funds Policy

(1) For the purpose of this rule, "Working Day" means a week-day (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; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0100

Requests and Fees for Copies of Public Records

(1) **Procedure:** A request to inspect or obtain copies of a public record in the custody of the Lottery must be made in writing and delivered in person or by mail to the Director, Oregon State Lottery, P.O. Box 12649, Salem, Oregon 97309. At its discretion, the Lottery may accept oral requests. Each request must include the name, address, and telephone number of the requester.

(2) **Fees — Paper Records:** For paper records a fee of \$0.10 (ten cents) per page copied is charged.

(3) **Fees — Computer Records:** For standard computer reports which are maintained in machine readable or electronic form, the following fee schedule applies:

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

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

(4) **Fees — Other Requests:** For all other requests, including but not limited to, requests for records to be created using existing Lottery software, or video, or audio tape records, the Lottery shall determine its actual costs to produce the records at the time the request is made. This fee must be paid before the Lottery produces the records.

(5) **Additional Fees:** If the Lottery's costs in responding to a request exceed the costs normally associated with a routine file search, an additional fee to cover those costs may be imposed.

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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0110

Lottery Trade or Service Marks

(1) **Requests for Use:** All requests from the public for the use of trade or service marks registered by the Lottery must be approved by the Director or the designee of the Director. Trade or service marks registered by the Lottery include, but are not limited to, the Lottery's name, logo, and promotional names.

(2) **Requirements:** All requests must be in writing and must include a sample of the proposed use of the trade or service mark. The request must also explain how and where the trade or service mark will be used.

(3) **Permission:** Permission for use of a trade or service mark may 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) **Rights:** Nothing in this rule shall be construed to grant or create any expectation 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 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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-010-0120

Display and Demonstration of a Trade Show Device at a Trade Show

(1) **Definition:** 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) **Trade Show Display:** 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) **Limitations:** 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 in a mobile demonstration van or be conducted simultaneously at multiple locations.

(4) **Application:** 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) **Approval:** 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) **Approval to Accompany Machine:** 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) **Transport:** A trade show device scheduled to be displayed or demonstrated at a trade show must be transported as described in the approval 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) **Inspection:** 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.

(9) 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; LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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) Pending 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; Suspended by LOTT 10-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 gen-

erating 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, 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 are subject to all disclosure requirements specified in ORS chapter 461 and OAR Chapter 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; LOTT 1-2002, f. & cert. ef. 1-28-02

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 chapter 177 division 40, the following definitions apply except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

(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 tickets or shares to the public, and any key person.

(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 471.175(8).

(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 471.175(8), 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 venture 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 were 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 service 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 chapter 177, a Lottery retailer contract, or Lottery form in effect or in use on the effective date of this rule shall be deemed to 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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 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 to the Lottery a complete application with a copy of the purchase agreement and other relevant sales documents 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 includes, but is not 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; and

(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 Issuing 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 (3), (6), and (7)

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

(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 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 or convictions, depending on the nature and severity of the crimes involved; or

(B) the applicant or key person has been involved in any civil action 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.

(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 (EFT) bank account for Lottery funds;

(c) Pay all necessary fees associated with the installation of telephone lines 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 sales sought by the applicant. For example, if the applicant seeks a contract to offer video Lottery games, the business must have an appropriate liquor license and an age controlled area that meets the Lottery's requirements. 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 177-060-0060, 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 defined in ORS 471.175(8), 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 tickets and shares 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 security 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.

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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-040-0005

Criteria Precluding Issuing Contract

The following criteria shall preclude the Director from entering into a retailer contract with an applicant. The Lottery will not contract 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 will be 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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 shows that the applicant 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 the person's 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 is sufficient to open, maintain, and operate the business 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. The Director may also deny an application if the applicant has ever engaged in conduct which violates ORS 91.240.

(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 fidu-

ciary 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, other than 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 is 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. In the Director's sole discretion, the Director may waive this requirement based on a showing of good cause by the applicant.

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; LOTT 17-2001(Temp), f. & cert. ef. 12-20-01 thru 6-7-02; LOTT 4-2002, f. & cert. ef. 3-25-02; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 hun-

dred 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 transaction is the same or consistent with the proposed transaction contained as part of the Person's Application.

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

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

(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; Suspended by LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 associ-

ated 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 Lottery tickets and shares is determined by a retailer's weekly sale of traditional Lottery tickets and shares at a particular retail location. For purpose of calculating base compensation, a retailer's weekly sales of traditional Lottery tickets and shares 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:

Amount Per Week — Compensation - % of Gross Sales

Below \$1,000 —	5.00%
\$1,000 to \$1,999.99 —	7.00%
\$2,000 to \$2,999.99 —	7.50%
\$3,000 to \$3,999.99 —	8.00%
\$4,000 to \$4,999.99 —	8.50%
\$5,000 to \$5,999.99 —	9.00%
\$6,000 to \$6,999.99 —	9.50%
\$7,000 and up —	10.00%

(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 Lottery tickets and shares. If a retailer's weekly sales of traditional Lottery tickets and shares 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 Lottery tickets and shares shall be compensated in accordance with section (1) above. For example: If a retailer's weekly sales of traditional Lottery tickets and shares 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 offered or advertised prize won by the player 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 chosen by the winner; 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. The Director's determination of the prize value is final.

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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 is the policy of the Lottery that the minimum weekly sales average for a traditional Lottery retailer for the combined sale of all Scratch-It tickets, On-Line tickets or shares, or Breakopens 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). 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). For the purposes of this rule, weekly sales average means the total sales of all traditional Lottery tickets and shares sold from a retailer's location over a specified, consecutive 52 week period divided by 52.

(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.

(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, by following 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:

Weekly Sales Average — Quarterly/Yearly EOC

\$251-500 — $\$406.25 \times 4 = \$1,625$

\$0-250 — $\$568.75 \times 4 = \$2,275$

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 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 Lottery tickets and shares.

(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 tickets and shares at the terminated Lottery retail site. In the Director's sole discretion, the Director may waive this requirement based on a showing of good cause by the applicant.

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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 tickets or shares.

(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 tickets and shares.

(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 tickets or shares at the retail site.

(d) After October 31, 2000, all Lottery retailers who receive a Lottery contract 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 and payment 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.

(6) The Director may sanction a Lottery retailer for the loss, damage, or destruction of any winning game ticket or share including, but not limited to, imposing a requirement for training for the retailer or the retailer's employees, 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 or OAR chapter 177.

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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-040-0051

Designated Employees and Hours of Payment

(1) Each retailer shall designate employees authorized to redeem winning Lottery tickets and shares and the hours that winning Lottery tickets and shares may be redeemed. A retailer may elect to redeem during all of the retailer's business hours of operation. A retailer may also elect to restrict the hours that winning Lottery tickets and shares may be redeemed. A retailer electing to limit the hours that Lottery tickets and shares may be redeemed shall post a readily visible sign notifying customers of the limited hours of redemption. Prizes shall be immediately paid in cash or check when a player presents a winning Lottery ticket or share for payment meeting the requirements of these rules. Prizes cannot be paid in tokens, chips, or merchandise.

(2) Notwithstanding the above, once a Lottery retailer validates a winning ticket or share, the retailer must redeem it if otherwise authorized by the Lottery or these rules.

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

Stats. Implemented: ORS 461

Hist.: LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-040-0052

Non-Sufficient Funds Policy

(1) For the purpose of this rule, "working day" means a week-day (Monday through Friday) from 8 a.m. to 5 p.m. except those weekdays when the Lottery office is closed.

(2) It is 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 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 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) In the Director's sole discretion, the Director may allow the retailer to post a bond or letter of credit, or make a cash deposit via certified funds with the Lottery. The Director shall determine 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. 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's 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 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's 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 working days after the retailer's Lottery equipment was disabled.

(8) Termination of the retailer's 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 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.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461

Hist.: LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-040-0055

Advertising Lottery Games and Inducements to Play

(1) **Prohibitions:** A retailer must not 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) **Requests for Use:** All requests from a retailer for the use of trade or service marks registered by the Lottery must be approved by the Director or the Director's designee. Trade or service marks registered by the Lottery include, but are not limited to, the Lottery's name, logo, and promotional names.

(3) **Requirements:** All requests from a retailer must be in writing and must include a sample of the proposed use of the trade or service mark. The request must also explain how and where the trade or service mark will be used.

(4) **Permission:** Permission for use of a trade or service mark may 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.

(5) **Rights:** Nothing in this rule shall be construed to grant, or create any expectation 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 by a retailer 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 the right to take any action to enforce its rights in such trade and service marks.

(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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 compli-

ance. 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

Any time a retailer moves a business, the retailer must receive approval before moving the sale of Lottery tickets or shares to the new location.

(1) The Director may approve the sale of Lottery tickets or shares 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. In such event, 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.

(2) When the new location will not serve essentially the same customer base or is essentially a new business, the Director may terminate the existing 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; LOTT 11-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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

177-040-0160

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. A lottery retailer can not charge a fee or any other consideration to prospective participants as a condition of entry in the lottery retailer's second chance drawing. Consideration is the payment of money or anything of value.

(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; LOTT 14-2001, f. & cert. ef. 12-3-01

DIVISION 45

RETAIL SALES EQUIPMENT AND GAME MANAGEMENT

177-045-0000

Definitions

Unless the context requires otherwise, for the purposes of OAR chapter 177, division 45:

(1) "Equipment" means all equipment placed by the Lottery or a Lottery vendor on a retailer's premises including, but not limited to, video lottery terminals and all equipment necessary for their operation, instant ticket vending machines, validation terminals, on-line sales terminals, display equipment, and interior and exterior signage.

(2) "Lottery game or games" has that definition as used in OAR 177-005-0000(9).

(3) "Instant ticket vending machine" or "ITVM" has that definition as used in OAR 177-005-0000(6).

(4) "Premises" has that definition as used in OAR 177-040-0000(6).

(5) "Video lottery terminal" has that definition as used in OAR 177-005-0000(19).

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

Stats. Implemented: ORS 461.200

Hist.: LOTT 16-2001(Temp), f. & cert. ef. 12-3-01 thru 5-24-02; LOTT 5-2002, f. & cert. ef. 3-25-02

177-045-0010

Equipment Management Generally

(1) General Equipment Management: The Director of the Lottery shall manage Lottery equipment pursuant to ORS 461.200. The Director may discontinue Lottery equipment at any time and in any manner authorized by the Commission. The Lottery is under no obligation to continue to operate existing equipment and may implement new or replacement equipment at any time.

(2) Retailer's Sales: A retailer's sales, or in the case of an applicant, estimated sales, of Lottery tickets and shares are the prime factor considered by the Director in managing Lottery equipment.

(3) Equipment Inspection: The Lottery may inspect, furnish, repair, place, replace, add, or remove Lottery equipment at a retailer's premises at any time during regular business hours for one or more of the following reasons:

(a) Maintenance, repair, or upgrade of equipment;

(b) In response to changes in the Lottery games offered;

(c) For changes in the laws or rules governing games offered by the Lottery;

(d) To enhance the sale of Lottery tickets or shares;

(e) For contract or rule violations;

(f) Upon contract termination; or

(g) When access is required to avoid an interruption of Lottery sales.

(4) Obsolete and Defective Equipment: The Lottery may replace obsolete or defective equipment with new, used, or refurbished replacement equipment.

(5) Test Equipment: With the consent of the retailer, the Lottery may deploy test equipment on a retailer's premises.

(6) Other Laws: This rule does not preclude the Lottery from removing any or all of its equipment pursuant to any other applicable law, rule, or contract provision.

(7) Ordinary Course of Business: The Lottery will repair or replace, at its option, equipment damaged in the ordinary course of business at the retailer's premises. The Lottery may decide, at its option, to neither repair nor replace equipment and may permanently remove the damaged equipment. Equipment damaged in the ordinary course of business includes all reasonable wear and tear on the equipment due to customary use in the retail environment. The Lottery shall review a variety of factors in determining what is reasonable wear and tear, including but not limited to: The equipment's physical location, the characteristics of the retailer's customer base, and the type of business operated by the retailer.

(8) Charging the Retailer: The Lottery will charge a retailer for the cost of replacing or repairing damaged equipment when in the determination of the Director, the retailer did not exercise reasonable care to protect the equipment or the equipment was damaged outside of the ordinary course of business. The Lottery will not charge a retailer for the cost of replacing or repairing damaged equipment in the following situations unless such loss or damage could have been prevented by the exercise of reasonable care by the retailer:

(a) Vandalism, criminal mischief, theft, or loss occurring while the retailer is open to the public; or

(b) Vandalism, criminal mischief, theft, or loss occurring while the retailer is closed to the public if the retailer has activated an alarm system on site designed to detect illegal entry, and the alarm fails to notify the retailer or law enforcement of the entry.

(9) Aging Equipment: The Lottery shall not charge a retailer for damaged equipment when it is fully depreciated, expensed, or is close to the end of its useful life if the retailer has exercised reasonable care in the protection of the equipment. If the retailer has not exercised reasonable care in the protection of the equipment, the Lottery may charge the retailer for the cost of the repair or replacement of such equipment.

(10) Director's Decision: The decision of the Director to inspect, furnish, repair, place, replace, add, remove, or dispose of equipment, or charge a retailer for the cost of the repair or replacement is final.

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

Stats. Implemented: ORS 461.200

Hist.: LOTT 16-2001(Temp), f. & cert. ef. 12-3-01 thru 5-24-02; LOTT 5-2002, f. & cert. ef. 3-25-02

177-045-0020

Video Lottery Game Management and Sales Requirements

(1) Video Game Management: The Director of the Lottery shall manage the video lottery games installed on its video lottery terminals pursuant to ORS 461.200. The Director may revise the Lottery's video lottery games at any time and in any manner authorized by the Commission. The Lottery is under no obligation to continue to operate existing games and may initiate new or revised games at any time.

(2) Retailer's Sales: A retailer's sales of all lottery tickets and shares and sales of non-lottery products are the prime factors considered by the Lottery in managing the games installed on its video lottery equipment. A retailer's sales of video lottery games must comply with the provisions of OAR 177-040-0017 and/or 177-040-0061.

(3) Removal of Games: The Lottery may furnish or remove video games from equipment on a retailer's premises at any time for any reason. The Lottery may limit the amount of time that a game is available at any time for any reason.

(4) Test Equipment: With the consent of the retailer, the Lottery may test new or revised games on its equipment on a retailer's premises.

(5) Operation of Other Laws: This rule does not preclude the Lottery from removing any or all of its games installed on its equipment or limiting the time or hours the games are operational pursuant to any other applicable law or contract provision.

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

Stats. Implemented: ORS 461.200

Hist.: LOTT 16-2001(Temp), f. & cert. ef. 12-3-01 thru 5-24-02; LOTT 5-2002, f. & cert. ef. 3-25-02

177-045-0030

Number of Video Lottery Terminals and Sales Requirements

(1) Video Lottery Terminal Cap: The Director may recommend that the Commission establish a maximum total number of video lottery terminals available for operation at retail locations. In the event that the Commission does not adopt a new maximum, any pre-existing limit shall continue to apply.

(2) Video Lottery Terminal Placement: In addition to all other equipment placement requirements:

(a) The Lottery will only place video lottery terminals in those areas of a business with restricted visibility from areas outside of the business. Additionally, the video lottery terminals must be restricted from the view of dining areas or other areas where minors are permitted to linger.

(b) When two or more adjacent businesses appear to the Director to be a single business, or are operated by the same or commingled ownership, then the Lottery may limit such businesses to no more than five video lottery terminals total.

(3) Video Sales Requirements: The video sales requirements for video lottery retailers are as follows: A retailer must maintain \$1000 or more in average net video sales per week per twelve month time period determined by the Lottery per retailer premises to be eligible for five video lottery terminals. A retailer must maintain \$800 to \$999.99 in average net video sales per week per twelve month time period determined by the Lottery per retailer premises to be eligible for four video lottery terminals. A retailer maintaining less than \$800 in average net video sales per week per twelve month time period determined by the Lottery per retailer premises is not eligible for more than three video lottery terminals. The Lottery is under no obligation to furnish video lottery terminals to a lottery retailer able to meet the sales requirements. The Lottery is under no obligation to remove video lottery terminals from a lottery retailer unable to meet the sales requirements. The Director will base placement and removal on availability of equipment and the sales of all lottery video retailers and the Director's determination, in the exercise of the Director's discretion, that it is in the best interests of the Lottery and shall promote the sale of Lottery tickets or shares.

(4)(a) Terminal Removal: In lieu of contract termination, the Director may remove one or more video lottery terminals from a video lottery retailer that is unable to meet the applicable sales requirements or is not in compliance with OAR 177-040-0017 and/or OAR 177-040-0061, and may place them in a different location with another retailer.

(b) Replacement While on Compliance Plan: Notwithstanding any other provision of OAR 177, the Director will not provide new or replacement video lottery terminals to lottery retailers who are on any compliance plan for the purposes of OAR 177-040-0017 and/or 177-040-0061 until the retailer has complied with all terms of the compliance plan described thereunder. Lottery retailers on compliance plans who are found to have deliberately damaged existing equipment in an attempt to be provided new equipment will not be provided equipment or repairs. The Director's determination of whether the retailer deliberately caused the damage or deliberately allowed it to happen is final. If the Director determines that a retailer acted deliberately, the retailer's action is grounds for termination of the retailer contract. Otherwise, the Director will continue to pro-

vide repairs to the damaged equipment pursuant to OAR 177-045-0010(7).

(c) Games Removal: In lieu of contract termination, the Director may remove one or more video games from one or more video lottery terminals from a video lottery retailer that is not in compliance with OAR 177-040-0017 and/or 177-040-0061.

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

Stats. Implemented: ORS 461.200

Hist.: LOTT 16-2001(Temp), f. & cert. ef. 12-3-01 thru 5-24-02; LOTT 5-2002, f. & cert. ef. 3-25-02

177-045-0040

Instant Ticket Vending Machines (ITVMs) Placement and Sales Requirements

(1) Location Specifications: The Director of the Lottery may place an ITVM on a retailer's premises if the retailer meets the applicable sales requirements and the retailer's business has:

(a) A minimum of 5,000 square feet of retail space and a minimum of four operating check-out lanes which accommodate shopping carts;

(b) An arrival or departure waiting area for customers of commercial transportation;

(c) A minimum of twelve operating bowling lanes;

(d) A minimum of four operating diesel fuel pumps;

(e) A location on an interstate highway interchange, a state highway, or on a direct access road to an interstate or state highway;

(f) An interior location in a shopping mall with a minimum traffic count of 50,000 people per week through the mall.

(2) Director's Discretion: The Director may place an ITVM at any other location identified by the Director as serving the best interests of the Lottery.

(3) Test Placement: The Director may also place an ITVM at any retail location as a test. The Director or the Director's designee shall determine the length and conditions of the test.

(4) Sales Requirements: The sales requirement for placement of an ITVM is \$200 in average Scratch-It ticket sales per week per twelve month time period determined by the Lottery for placement of one machine and \$400 for a maximum of two machines on a retailer's premises. These dollar amounts do not apply to a retailer who elects not to have an ITVM machine on-premises. The Lottery is under no obligation to furnish an ITVM to a lottery retailer that meets the sales requirements or location criteria in section (1) above. The Lottery is under no obligation to remove an ITVM from a lottery retailer that is unable to meet the sales requirements. The Director will base placement and removal on the availability of equipment and the sales of all lottery retailers and the Director's determination, in the exercise of the Director's discretion, that it is in the best interests of the Lottery and shall promote the sale of Lottery tickets or shares.

(5) Stocking Machine: The retailer must keep any ITVM on its premises fully stocked with a variety of Oregon Lottery games. In the event that a retailer fails to replenish the ITVM at least once a day as games are sold out, the Lottery may remove the machine.

(6) Removal of Machine: At the discretion of the Director, an ITVM may be removed from a retailer's premises if the retailer fails to meet the applicable sales requirement after receiving notice of non-compliance from the Lottery.

(7) Director's Decision: The Director's decision is final in all such cases.

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

Stats. Implemented: ORS 461.200

Hist.: LOTT 16-2001(Temp), f. & cert. ef. 12-3-01 thru 5-24-02; LOTT 5-2002, f. & cert. ef. 3-25-02

DIVISION 46

LOTTERY GAMES GENERAL OPERATING RULES

177-046-0010

Purpose

The purpose of this Division of OAR chapter 177 is to set forth standardized rule provisions that are applicable to lottery games (excluding video lottery games) offered by the Lottery. Each type of

game is set forth in a specific division containing rules unique to that type of game. In the event of a conflict between a provision contained in this Division and the specific rule Division, the provision in the specific rule Division controls.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0020

Sale of Lottery Tickets and Shares

(1) The Director shall contract with retailers for the sale of Lottery tickets and shares. Only a retailer under contract with the Lottery may sell Lottery tickets or shares. Nothing in this section shall be construed to prevent a person who may lawfully purchase or possess a Lottery ticket or share from making a gift of such ticket or share to another.

(2) Unless authorized by the Lottery, Lottery tickets or shares may only be sold at locations listed in a retailer contract.

(3) Nothing in this section prohibits the Lottery from designating its agents or employees to sell Lottery tickets or shares directly to the public either in person or through electronic means.

(4) Unless otherwise provided in OAR chapter 177, the sale of all Lottery tickets and shares is final. A player may not return a Lottery ticket or share for a refund of the purchase price or exchange unless the specific game rule provides otherwise. The Lottery is not liable for Lottery tickets or shares that are purchased in error.

(5) The Director is authorized to arrange for the direct distribution of on-line terminals, ticket stock, and supplies to authorized retailers.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0030

Stolen, Destroyed, or Damaged Tickets or Shares

A Lottery retailer may receive credit for stolen, defective, damaged, or destroyed tickets or shares only as specified in the specific game rule or in the retailer contract.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0040

Retail Price Discounts and Promotions

(1) The Lottery may offer discounts from the retail sale price of Lottery tickets or shares to the public by any method approved by the Director. The Director will communicate or distribute information regarding discounts by 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 offering coupons at Lottery offices or retail locations.

(2) The Director may provide written authorization for a Lottery retailer to engage in a promotion in which the retailer gives one or more Lottery tickets or shares to the retailer's customers in exchange for the purchase of goods or services.

(a) A 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 Lottery ticket or share and the number and type of tickets or shares to be given to the customer in exchange.

(b) A Lottery retailer is not permitted to increase the price of goods or services offered for sale as a part of the promotion to recoup costs associated with the promotion.

(c) It is the policy of the Lottery to authorize a promotion described in this section only when the proposed promotion maintains the integrity, security, honesty, and fairness of the Lottery.

(d) Lottery tickets or shares given during an authorized promotion are considered and counted as a sale for the retail price established by the Lottery in the rules for each Lottery game.

(e) No promotion is authorized unless it complies with this rule.
 Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)

Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0050

Accuracy of Tickets and Shares

It is the sole responsibility of a player to verify the accuracy of a ticket or share purchased by the player. The Lottery is not liable for any Lottery ticket or share purchased or printed in error. Specific game rules may provide for cancellation under certain circumstances.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0060

Cancellation of Tickets and Shares

(1) Where a specific rule provides that the purchaser of a Lottery ticket or share may cancel the purchase, the following is the procedure for cancellation:

(a) To cancel a purchase of a Lottery ticket or share, the player must return it to the selling retailer on the day of purchase before wagers are disabled prior to the first drawing or other winner determination time as relevant.

(b) The player shall receive a refund from the retailer equal to the purchase amount of the Lottery ticket or share.

(c) If a Lottery ticket or share cannot be cancelled because the Lottery's central computer system does not record the cancellation in a timely manner due to a mechanical or electronic transmission malfunction, credit may still be given to the retailer provided the following steps are taken:

(A) The retailer attempts to cancel the Lottery ticket or share before wagers are suspended and a computer record is created of the attempt.

(B) The retailer calls the Retailer Services Hotline and gives the Lottery ticket or share's identifying number to the operator, and

(C) The retailer mails the Lottery ticket or share to the Lottery within two weeks from the date of purchase.

(2) Notwithstanding any other rule, exchange tickets or shares cannot be cancelled under any circumstances.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0070

Official Start of Each Game

The Director may publicly announce the start date of each new lottery game by releasing the game launch to Lottery retailers, by posting the information on the Lottery's official website, or by any other appropriate means. The Director may also announce the description of the game, the number and value of the prizes in the game, and the odds of winning those prizes.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
 Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0080

Drawings

(1) 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.

(2) The equipment used to determine the winning combination shall not be electronically or otherwise connected to the Lottery's 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 ran-

domness 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.

(3) 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 employee or officer, 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.

(4) 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.

(5) 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.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0090

Validation Requirements

(1) Each type of Lottery game rule may specify unique or additional requirements necessary for validation for that specific game.

(2) In general, to be a valid ticket or share:

(a) The ticket or share must not be counterfeit or a forgery in whole or in part.

(b) The Lottery must have issued the ticket or share in an authorized manner.

(c) The ticket or share must not be altered, unreadable, reconstituted, or tampered with in any manner and must meet all of the Lottery's security requirements.

(d) The ticket or share must not appear on any list of omitted, inactive, missing, previously paid, or stolen tickets on file at the Lottery, and the Lottery's Instant Ticket System (ITS) must accept and validate the ticket or share as a winner.

(e) The ticket or share must not be blank or partially blank, misregistered, non-scratchable, or printed or produced in error.

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

(3) A ticket or share is the only proof of a game play or plays and the submission of a winning ticket or share to the Lottery or an authorized retailer is the sole method of claiming a prize or prizes unless otherwise provided in OAR chapter 177. A play slip or a copy of a ticket or share has no pecuniary or prize value and does not constitute evidence of ticket or share purchase or otherwise represent an opportunity to win a prize.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0100

Ownership of Tickets and Shares

(1) **Bearer Instrument:** Except for tickets or shares claimed jointly in accordance with the provisions of OAR 177-046-0110(6) of this rule, until such time as a name of an individual or individuals is imprinted or placed upon a Lottery ticket or share in the area designated for "Name," the ticket or share is a bearer instrument and is owned by the bearer of the ticket or share. When a name or names is placed on the ticket or share in the designated place, the ticket or

share ceases to be a bearer instrument and the individual whose name appears in that area is the owner of the ticket or share. Only natural persons may own a ticket or share and claim a prize.

(2) **Multiple Names:** Multiple individuals may jointly own, possess, and claim a prize as owners of a winning ticket. Multiple individuals hold the ticket as tenants in common. Multiple individuals may specify the percentage of ownership each person holds. Each person must hold \$1.00 of the prize at a minimum.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0110

Payment of Prizes

(1) **General:** All winning Lottery tickets or shares may be presented to the Oregon Lottery for payment. Winning tickets or shares for prizes under \$600 may also be presented to the appropriate Lottery retailer specified in the applicable game rule and may be paid by the retailer in cash or by check.

(2) **Mailing address:** Winners who wish to mail their winning Lottery ticket or share to the Lottery must sign the back of the Lottery ticket or share, write the player's mailing address on the back of the Lottery ticket or share, and mail it to the Oregon Lottery, P.O. Box 14515, Salem, Oregon 97309 (registered mail recommended.)

(3) **Headquarters Address:** Winners who wish to present their claim in person at the Lottery may do so by bringing the winning Lottery ticket or share to the Oregon Lottery, Player Services, 500 Airport Road SE, Salem, Oregon 97301 during Lottery business hours.

(4) **Retailer Validation:** To determine whether a ticket or share presented for payment entitles the holder to a prize, a retailer shall validate the claim with the Lottery by scanning the bar code or manually entering the bar code number printed on the back of each Lottery ticket or share into equipment provided by the Lottery, and, if authorized by the Lottery, pay the player the prize amount due.

(5) **Payment:** Upon the Director's determination that a ticket or share presented to the Lottery for payment is valid and a winner, and the claimant has a valid claim, the Director may present or mail a check to the player for the amount of the prize less any applicable tax withholding. If the ticket is determined to be invalid or a non-winning ticket or the claim is invalid, the Director shall deny the claim and inform the player.

(6) **Claiming Tickets or Shares Jointly:** If more than one name appears on a Lottery ticket or share or if a Lottery ticket or share is owned by two or more persons, the prize must be claimed in accordance with the following:

(a) **General:** All persons claiming ownership of the winning Lottery ticket or share must complete and sign the Lottery's request and release form. Each of the persons signing the form must indicate each person's proportionate share of the prize. Each person must receive at least \$1.00. At least one of the persons claiming ownership of the ticket or share must sign the ticket or share. That person's signature must also appear on the request and release form. If a winning ticket or share is mailed to the Lottery with multiple signatures on it, the Director will mail the request and release form to the claimants.

(b) **Deceased Signatories:** A deceased signatory who dies before signing the request and release form will be presumed to have an ownership interest equal to that of the other signatories. In the event there is a deceased signatory, the Director may place a hold on payment for 60 days from the date of validation to allow co-owners the opportunity to seek a declaratory ruling.

(c) **Relinquishment of Interest:** When a person who has signed a Lottery ticket or share wishes to relinquish the person's ownership interest in the Lottery ticket or share, that person must sign the Lottery's release of ownership form relinquishing the person's ownership interest. In no event, will a person be permitted to relinquish ownership interest once it is determined that the person owes money for child support or other legal attachment has taken place. Once the Lottery receives the release of ownership form, it is irrevocable.

(d) **Issuance of Prize Checks to Multiple Owners:** The Director may issue prize checks to each person whose name appears on the Lottery's request and release form. However, the Director reserves the right to issue a single prize check to an individual whose name appears on the ticket or share instead of multiple prize checks to the owners of the ticket or share if the value of each individual prize check would be less than \$50 or if the number of persons claiming a share of the prize exceeds 100 people. The Lottery shall pay multiple winners of Lottery prize only through the Salem Lottery office. Lottery retailers are not authorized to pay multiple winners who share a single prize.

(e) **Conflicting Information or Discrepancies:** If there is conflicting information or discrepancies between the names on a winning ticket or share and the names on a claim form, the Lottery may hold payment until the winners resolve the conflicting information. Discrepancies include but are not limited to: Names or addresses scratched out or erased, unreadable or altered names or addresses.

(f) **Investigations:** In the exercise of its discretion, the Director may conduct an investigation to aid in the determination of the rightful owners prior to payment of any prize.

(g) **Determinations:** The Director's decisions and judgments in respect to the determination of a winning ticket or share, or the determination of the rightful owner or owners of a prize, or of any other dispute or matter arising from payment or awarding of prizes are final.

(7) Payment of Prizes Donated Anonymously to a Charitable Institution and Others:

(a) The Director may pay a prize according to written anonymous instructions received with a winning ticket or share. The recipient must be a natural person or a charitable institution as defined by Section 501(c)(3), Internal Revenue Code.

(b) If the intended recipient is a natural person of majority, the Director will contact them and make payment to them in accordance with the anonymous written instructions.

(c) If the intended donation benefits a natural person who is a minor, the Director will make payment in accordance with the Oregon Gifts to Minors Act, Chapter 126.

(d) If the intended recipient is a charitable institution as defined by Section 501(c)(3), Internal Revenue Code, the Director will make payment only as follows:

(A) The Director will attempt to identify and contact the intended recipient. The intended recipient shall designate in writing an agent, (a natural person) to act on its behalf and to receive the prize payment on behalf of the recipient. The Director shall confirm both the written authorization and the agent. An intended recipient is encouraged to select a bonded agent.

(B) The agent shall appear in person at the Lottery headquarters to claim the prize payment on behalf of the intended recipient. The Director may confirm to the Director's satisfaction that the agent is authorized to accept the donation in the agent's own name on behalf of the intended recipient.

(C) Subsequent to receipt of acceptable identification, along with a completed claim form from the agent, and the Director's review and approval, the agent shall sign the agent's own name on the back of the winning ticket or share in the presence of a duly authorized Lottery official and immediately return it to the Lottery. The Director shall then make payment to the agent less any applicable taxes.

(D) If the Director can reasonably identify the donor, the Director shall not make payment as specified above, but shall instead contact the donor and notify the donor to retrieve the ticket or share upon presenting acceptable proof of identification. The donor may retrieve the winning ticket or share in person at the Lottery's office in Salem upon the presentation of acceptable proof of identification.

(e) If the winning ticket received is a Win for Life top prize of \$1,000 a week for life, the prize paid will be the lump sum guaranteed five year payment under the Win for Life game rules.

(f) In the event that the Director is unable to locate the intended recipient or the anonymous donor, the winning ticket or share shall be retained until the end of the prize claim period. After the end of the prize claim period, the ticket or share shall constitute an

unclaimed prize as described in OAR 177-010-0085 and shall be forfeited to the public purpose.

(g) The State of Oregon, its agents, officers, employees, and representatives, including but not limited to, the Oregon Lottery, its Director, agents, officers, employees, and representatives, are discharged of all liability upon payment of an anonymously donated prize in accordance with this rule and any applicable game rules to the extent that they do not conflict with this rule. The Lottery is not responsible in any way for the fulfillment or completion of the agreement between the intended recipient and the agent. The Lottery's decisions and judgment in respect to the determination of a winning ticket or share donated anonymously or any question or dispute arising from the payment of such a prize is final and binding on all parties. In the event a question or issue arises regarding payment of a prize donated anonymously, the Director may hold payment until the controversy is resolved, or the Lottery, or the intended recipient, or the agent for the intended recipient may petition a court of competent jurisdiction for instructions and a resolution of the matter.

(8) **Social Security Numbers:** Each United States resident who is to receive a payment of winnings greater than \$600 shall furnish to the Lottery the information required on the Internal Revenue Form W-2G (or any other form required by the IRS,) including but not limited to the winner's name, address, and social security number. This disclosure is mandatory and the authority for such disclosure is 42 USC 405(c)(2)(C), 26 CFR 31.3402(q)-1(e), and ORS 461.715(1)(a). A winner's social security number will be used for the purpose of identifying child support obligors and submitting required documents to state and federal tax authorities.

(9) **Payment Decisions:** The final decision on whether any prize is paid is made by the Director. All prizes shall be paid within a reasonable time after they are validated. For any 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 the Director's attention. All delayed payments will be brought up to date immediately upon the Director's validation and continue to be paid on each original anniversary date thereafter.

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

Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260

Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0120

Prizes Payable after Death

(1) A person is a deceased prize winner if that person dies after the Lottery validates a prize claim for that person but has not disbursed a prize or a portion of a prize to that person. The Director may rely on the presentment of certified copies of the court's appointment of a personal representative or other evidence of a person entitled to the payment of prize winnings when due and may make payment to the winner's estate once the Director is satisfied that such payment is lawful and proper.

(2) For deceased prize winners, the personal representative of the winner's estate, or all the parties listed on a beneficiary designation form if one is on file, must sign the Lottery's release form before payment of the prize or any remaining portions of the prize.

(3) The Director reserves the right to petition any court of competent jurisdiction to determine the proper payment of any prize winnings due to a deceased prize winner.

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

Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260

Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0130

Disclosure of Winners

(1) The Lottery may use the name, addresses, and likenesses of a winner in any Lottery promotional campaign. A winner consents to the use of the winner's name, address, and likeness for advertising and publicity purposes by the Lottery and Lottery retailers. A winner who receives a prize or prize payment from the Lottery grants

the Lottery, its agents, officers, employees, and representatives the right to use, publish in print or by means of the Internet, and reproduce the winner's name, address, physical likeness, photograph, portraits, statements made by the winner, and/or use audio sound clips and video or film footage of the winner for the purpose of promoting the Lottery and its games.

(2) If the Lottery, its agents, officers, employees, and representatives deem it suitable for advertising, promotional or publicity use, or press use, a winner further grants the Lottery the right to use and reproduce the winner's likeness in print either alone or in any combination with other persons. Examples of permitted uses include but are not limited to: Radio, television, newspapers, posters, billboards, commercials, magazines, print advertisements, and the Lottery web site.

(3) Each winner releases the State of Oregon, its agents, officers, employees, and representatives, the Oregon Lottery, its Director, agents, officers, employees, and representatives from any liability arising out of any blurring, distortion, alteration, or use in composite form whether intentional or otherwise, that may occur, or be produced in the printing and production process towards the completion of any finished product. A winner waives any right to inspect or approve the finished products, whether it is for advertising, promotional publicity, or press use.

(4) Any addresses used shall not contain the street or house number of the winner.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0140

Suspension of Play

(1) **Suspension of Drawings:** At the discretion of the Director, a Lottery drawing may be suspended.

(2) If the Director suspends a drawing after tickets or shares have been sold for that drawing, a player may receive a refund of the player's ticket or share price, or a replacement ticket or share from another Lottery game, or the Director may hold a replacement drawing at the Director's discretion.

(3) **Termination of Games:** A Lottery game may be discontinued at any time.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0150

Official End of Games and Last day to Claim a Prize or to Receive Credit for Unsold Tickets or Shares

(1) The Director shall announce the official end of a Lottery game and last day to claim a prize by use of any appropriate means, including, but not limited to, providing notice on the Lottery's official website or through Lottery retail sales sites unless specific game rules provide otherwise. The Director will calculate the last day to claim a prize by adding one calendar year to the end of the game. Prizes must be claimed by the close of business on the last day to claim prizes. 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 at the close of the next Lottery business day.

(2) Where applicable, a retailer must return to the Lottery unsold tickets or shares 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 the retailer's contract. In extraordinary circumstances, the Director may extend the one year time limit.

(3) From time to time, the Director may offer games or drawings having top tier prizes consisting of merchandise of limited availability. Since such prizes are randomly available among the game tickets or shares, it is not possible to tell when the final top tier prize is won and will be claimed until it actually is validated and claimed. For this reason, the Lottery will continue to sell such tickets or shares until the last such top tier prize is validated. Once the last such prize is validated, the Director will then end the game, end orders for that game, and end activations 30 days from that date of validation by fol-

lowing the announcement procedure in section (1) above. The Director will notify retailers as soon as reasonably possible after the last top tier prize is claimed so that the retailers may notify customers purchasing such tickets or shares that the top tier prizes have all been claimed and that the game is ending on the 30th day from the date of the last top tier prize validation. Customers may still purchase such tickets during that 30 day time period for the other prizes offered in the particular game.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0160

Discharge of Lottery from Liability

(1) The State of Oregon, its agents, officers, employees and representatives, the Lottery, its Director, agents, officers, employees, and representatives are discharged of all liability upon payment of a prize or any one installment thereof to the holder of any winning ticket or share or in accordance with the information set forth on any winning ticket or share, any claim form, including but not limited to a winner claim form, request to divide prize form, beneficiary designation form, and relinquishment of ownership interest form, supplied by the Lottery.

(2) The Director's decisions and judgments regarding payment or awarding of prizes is final and binding. In the event a question arises relative to any winning ticket or share, any claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an interest bearing escrow fund until it resolves the controversy, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy. All interest that may accrue while the prize winnings are on deposit in an interest bearing fund is and remains the property of the Lottery.

(3) In the event a dispute occurs between the Lottery and a player as to the amount of a prize, whether a ticket or share is a winner, whether it is valid, or whether it was purchased in error, the Director shall provide the player with one unplayed replacement ticket or share from any current Lottery game, and also in the Director's discretion, may provide up to one hundred new tickets or shares from any current game. This is the player's sole and exclusive remedy.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-046-0170

Governing Law

(1) All players or persons purchasing or possessing any Lottery ticket or share will comply with and are bound by all applicable laws, rules, and procedures and any additional terms and conditions found on the ticket or share itself. In the event of a conflict between the additional terms and conditions found on the back of a ticket or share with the Lottery's rules, the rules control.

(2) All materials distributed by the Lottery for playing Lottery games 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.

(3) All decisions of the Director regarding Lottery games are final.

Stat. Auth.: ORS 461 & Or. Const. Art. XV, Sec. 4(4)
Stats. Implemented: ORS 461.020, ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240, ORS 461.250 & ORS 461.260
Hist.: LOTT 12-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 operate Scratch-It games authorized by the Commission.

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; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0002

Definitions

For the purposes of division 50, the following definitions apply except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

(1) "Pack" means a book of shrink-wrapped Scratch-It game tickets which may or may not be attached to each other by perforations.

(2) "Pack-Ticket Number" means the uncovered number printed on the back 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 or other colored 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 or other colored ink.

(5) "Retailer Validation Code" means the small letters found under the removable rub-off latex that covers the play symbols on the front of the ticket. 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 winning tickets are produced at the time of manufacture with the aid of equipment, and the winning tickets are identified after purchase by scanning the bar code or manually entering the bar code number printed on the back of each ticket with equipment provided by the Lottery. A Scratch-It game ticket offers a player the opportunity to remove a latex covering on the front of a ticket and play the Scratch-It ticket for entertainment purposes.

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

(8) "Void if Removed Number" (VIRN) means the series of digits on the face of a Scratch-It ticket located beneath the play area and covered with latex which is used in the validation process.

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. & ef. 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; LOTT 15-2001, f. & cert. ef. 12-3-01; LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0010

Sale of Tickets

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

(2) Unless authorized by the Lottery, Scratch-It 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 Scratch-It tickets directly to the public.

(4) Sales of Scratch-It tickets are final. No player may return a Scratch-It ticket for a refund of the purchase price or exchange the ticket for another Lottery ticket. Neither the Lottery nor a retailer is liable for a ticket purchased in error.

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. & cert. ef. 10-18-93; LC 2-1995, f. & cert. ef. 7-1-95; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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.

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; LOTT 15-2001, f. & cert. ef. 12-3-01; LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0021

Prize Structures

(1) Prize structures for each Scratch-It ticket game shall be approved by the Director or the Director's designee.

(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 Scratch-It lottery game and the close approximation of the odds of winning such prizes. All cash and merchandise prizes shall be included in calculating the total odds and prize payout percentages.

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; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0023

Official Start of Scratch-It Game

The Director shall publicly announce the starting date of a new Scratch-It game by releasing the game launch to the Lottery retailers, by posting the information on the Lottery's official website, or by any other appropriate means. The Director shall also announce Scratch-It game information including but not limited to 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; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0024

Method of Determining Winners

(1) Winning tickets in a Scratch-It game are determined at the time of manufacture when winning tickets are produced at random with the aid of equipment in accordance with the payout percentage and prize structure established for the game.

(2) To determine a winning ticket, the official bar code or bar code number printed on the back of the ticket must be scanned or manually entered either at the Salem Lottery office or at a retail site by a Lottery retailer into equipment connected to the Lottery's central computer system. If the ticket is a winner, Lottery's computer system will identify it as such based upon the official bar code or bar code number. Removing the latex covering on the front of the ticket does not identify a winning ticket. The latex covering feature is offered for entertainment purposes only. The ticket holder must notify the Lottery or a retailer of the apparent winning ticket and submit it for validation as specified in these rules in order to claim a prize. The ticket must be validated in accordance with Lottery's administrative rules as may be amended from time to time before a prize may be paid.

(3) Only the highest prize amount will be paid on a given Scratch-It ticket, except for games which are designed to offer multiple prizes. In all events, the determination of prize winners is subject to the general ticket validation requirements set forth in OAR 177-050-0027 and any additional requirements set forth on the back of each Scratch-It ticket. If the terms on the back of a ticket conflict with the Lottery's administrative rules, then the rules are the controlling authority.

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; LOTT 15-2001, f. & cert. ef. 12-3-01

177-050-0025

Payment of Prizes

This rule provides procedures for a player to claim Scratch-It ticket prizes and for payment of prizes on valid winning tickets.

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

(a) The player may present the Scratch-It ticket to a Lottery retailer. The retailer shall determine whether a ticket entitles the holder to a prize, validate the claim with the Lottery by scanning the bar code or manually entering the bar code number printed on the back of each ticket into equipment provided by the Lottery, and, if authorized by the Lottery, pay the player the prize amount due.

(b) In the event the retailer is not authorized to pay the claim, the player may bring the ticket to the Oregon Lottery, Player Services Office, 500 Airport Road SE, Salem, Oregon during Lottery business hours and present the ticket to the Oregon Lottery.

(c) The player may also sign the back of the ticket, write the player's mailing address on the back of the ticket, and mail it to the Oregon Lottery, PO Box 14515, Salem, Oregon 97309 (registered mail recommended).

(d) Upon the Director's determination that the ticket is a winner and validation of the ticket under OAR 177-050-0027, the Lottery may then present or mail a check to the player in payment of the amount of the prize due less any applicable tax withholding. If the ticket is determined to be invalid or a non-winning ticket or the claim is invalid, the claim shall be denied and the player shall be promptly notified.

(2) A retailer that is authorized to pay a prize of \$600 or less shall pay that prize in cash or check, or any combination thereof.

(a) A retailer that pays a prize with a check that is dishonored may be subject to termination of the Lottery Retailer Contract.

(b) If a retailer's prize payment check is dishonored, the player may seek payment from the Lottery by presenting a copy of the dishonored check to the Oregon Lottery, Player Services Office, 500 Airport Road SE, Salem, Oregon during Lottery business hours, or by mailing a copy of the dishonored check with a winner claim form to the Oregon Lottery, PO Box 14515, Salem, Oregon 97309. If the Lottery determines that payment of the prize is authorized, the retailer has not paid the prize, and it is unlikely that the retailer will pay the prize, the Lottery may then issue a check to the player in the amount of the prize due less any applicable tax withholding.

(3) A claimant must claim a Scratch-It ticket prize of more than \$600 by:

(a) Bringing the ticket to the Oregon Lottery, Player Services Office, 500 Airport Road SE, Salem, Oregon during Lottery business hours and presenting the ticket to the Oregon Lottery; or

(b) Signing the back of the ticket, writing the player's mailing address on the back of the ticket, completing a winner claim form, and mailing it together with the winning ticket to the Oregon Lottery, PO Box 14515, Salem, Oregon 97309 (registered mail recommended). The winner claim form may be obtained from any Lottery retailer offering traditional games or from the Lottery at the addresses listed above.

(c) Upon the Director's determination that the ticket is a winner and validation of the ticket under OAR 177-050-0027, the Lottery may then present or mail a check to the player in payment of the amount of the prize due less any applicable tax withholding. If the ticket is determined to be invalid or a non-winning ticket or the claim is invalid, the claim shall be denied and the player shall be promptly notified.

(4) If a claimant of a Scratch-It prize of more than \$600 cannot submit an intact winning ticket because a Scratch-It game retailer lost, damaged, or destroyed the ticket while attempting to perform validation procedures on the game ticket, a prize claim based on the lost, damaged, or destroyed ticket may still be validated provided the claim is made before the end of the one year claim period after the end of the game as described in OAR 177-046-0150(1).

(a) To claim a prize based on a lost, damaged, or destroyed ticket, the player shall obtain, complete, and sign a winner claim form and a claim affidavit furnished by the Lottery. The player shall submit the two completed forms along with any other evidence of the validation attempt that is in the player'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 at the addresses listed above either by mail (registered mail recommended) or in person at the Lottery office during Lottery business hours.

(b) The evidence submitted by the player must corroborate 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 validation number, the terminal number, and the prize amount.

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

(d) A retailer who is the subject of an investigation conducted under this section is required to complete and provide to the Lottery a retailer affidavit form explaining the events in question.

(e) Based upon all the facts and information available, the Director shall make a determination whether prize payment is warranted and authorized.

(f) Upon the Director's determination that the claim submitted under subsection (4) of this rule is based on a valid, winning ticket, and that the player is the proper person to whom a prize is payable, the Lottery shall present or mail a check to the player in payment of the appropriate prize amount less any applicable tax withholding.

(g) Payments of claims submitted under subsection (4) of this rule are restricted to the prize amount.

(h) The Director may sanction a Lottery game retailer for the loss, damage, or destruction of a winning Scratch-It game ticket including, but not limited to, imposing a requirement for training for the retailer or the retailer's employees, 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.

(5) If the ticket is determined to be invalid or a non-winning ticket or the claim is invalid, the claim shall be denied and the player shall be promptly notified.

(6) A prize claim must be made under this rule within the time limit specified in OAR 177-046-0150(1).

(7) Any ticket not passing all applicable validation checks is invalid and void for claims made under OAR 177-050-0025(4). A player submitting an invalid or void ticket is ineligible for any prize and no prize shall be paid for such a ticket.

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; LOTT 15-2001, f. & cert. ef. 12-3-01; LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0027

Ticket Validation Requirements

(1) Besides meeting all of the other requirements in OAR chapter 177 and as may be printed on the back of each ticket, the following validation requirements shall apply with regard to Scratch-It game tickets:

(2) Except as provided in OAR 177-050-0025(4), to be a valid Scratch-It 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 play symbol must agree with its play symbol caption;

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

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

(d) The game number, pack number, ticket number, bar code, bar code number, and VIRN number must be present and all information shall correspond with the Lottery's computer records.

(e) 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;

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

(g) 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;

(h) 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, display printing, game numbers, retailer validation code; and ticket VIRN number.

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

Stats. Implemented: ORS 461.250

Hist.: LC 7-1987, f. & ef. 4-29-87; LC 4-1988, f. & cert. ef. 1-26-88; LC 4-1990, f. & cert. ef. 4-3-90; LC 6-1993, f. & cert. ef. 7-2-93; LC 7-1995, f. & cert. ef. 7-7-95; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96; LC 1-1997, f. 1-31-97, cert. ef. 2-1-97; LOTT 15-2001, f. & cert. ef. 12-3-01; LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0037

Stolen, Destroyed, and Damaged Scratch-It Tickets

(1) A Lottery game retailer shall receive credit for defective, damaged, or destroyed active Scratch-It tickets or shall not be billed for inactive defective, damaged, or destroyed Scratch-It tickets under the following conditions:

(a) The defect is a result of a manufacturing error or damage during shipment; or

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

(c) All such damaged or defective Scratch-It tickets must be returned to the Lottery. In those instances where the Scratch-It 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 Scratch-It 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 Scratch-It tickets.

(d) Credit for defective, damaged, or destroyed Scratch-It tickets will be given upon approval of the Director.

(2) A retailer who is the victim of a criminal act which results in the loss of \$200 or more of active Scratch-It 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 Scratch-It ticket numbers of the stolen tickets to the local law enforcement agency and to the Lottery.

(b) The retailer submits to the Lottery a copy of the crime report prepared by the local law enforcement agency.

(c) The retailer submits to the Lottery, on an affidavit form 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 Scratch-It ticket numbers of the stolen tickets; and

(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 receive a credit for the stolen tickets. If the loss is not entirely covered by third-party insurance, then the retailer may receive a credit for the balance of the loss if 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 such stolen Scratch-It 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 inactive Scratch-It tickets will not be billed for such tickets nor will they receive credit for them provided the retailer follows the steps specified in sections (2)(a), (b), (c), and (d) 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; LOTT 15-2001, f. & cert. ef. 12-3-01; LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0045

Scratch-It Prizes Payable After Death or Disability of Owner

(1) All Scratch-It prizes or a portion thereof which remain unpaid at the time of the prize winner's death may be paid accord-

ing 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 Scratch-It 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; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0051

Governing Law

In purchasing or playing a Scratch-It ticket, the customer agrees to comply with, and abide by Oregon law including all rules and final decisions of the Lottery Director, and all procedures and instructions established by the Director or the Director's designee for the conduct of the game.

Stat. Auth.: ORS 461

Stats. Implemented: ORS 461.250

Hist.: LC 7-1987, f. & ef. 4-29-87; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0055

Discharge of State Lottery From Liability

(1) 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 Scratch-It ticket or in accordance with the information set forth on any claim form, including but not limited to a Winner Claim form, Request to Divide Prize form, and Relinquishment of Ownership Interest form, supplied by the Director. If there is a conflict between the information on a winning Scratch-It ticket and the information on a claim form, the Lottery may rely on the claim form after the Scratch-It 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 Scratch-It 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 Scratch-It 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.

(2) In the event a dispute occurs between the Lottery and a player as to the amount of a prize, whether a ticket is a winning ticket, whether it is a valid ticket, or whether the ticket was purchased in error, the Director shall provide the player with one unplayed replacement ticket from any current Lottery game, and also in the Director's discretion, may provide up to one hundred new tickets

from any current game. This shall be the player's sole and exclusive remedy.

Stat. Auth.: ORS 461

Stats. Implemented: ORS 461.250

Hist.: SLC 8-1985, f. & ef. 6-21-85; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0065

Disclosure

The Lottery may use the names, addresses, and photographs of Scratch-It 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; LOTT 15-2001, f. & cert. ef. 12-3-01; Suspended by LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-050-0070

Confidentiality of Scratch-It 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 Scratch-It 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; LOTT 15-2001, f. & cert. ef. 12-3-01

177-050-0075

Last Day to Receive Credit for Unsold Tickets

A retailer must return to the Lottery unsold Scratch-It 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 the 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; LOTT 15-2001, f. & cert. ef. 12-3-01; LOTT 13-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0005

Definitions

For the purposes of division 65, the following definitions apply except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

(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.

(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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0015

Breakopen Game Special Inspection

(1) The Director has 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:

(a) Receive a new sealed Breakopen pack;

(b) 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

(c) 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.

(2) The permanently withdrawn Breakopen pack becomes the property of the Lottery. Whether the retailer receives credit or a replacement Breakopen pack is 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0020

Limitations on the Sale of Breakopen Games

(1) No retailer is permitted to display or sell any Breakopen share which may have been in any manner marked, defaced, or tampered with or otherwise placed in a condition that may deceive the public or affect the chances of winning the prizes associated with the Breakopen pack.

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

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

Stats. Implemented: ORS 461.210

Hist.: LC 14-1987(Temp), f. & ef. 7-27-87; LC 16-1987, f. 8-24-87, ef. 9-1-87; LC 12-1989(Temp), f. & cert. ef. 7-17-89; LC 15-1989, f. & cert. ef. 8-28-89; LC 6-1993, f. & cert. ef. 7-2-93; LOTT 6-1999, f. & cert. ef. 5-27-99; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0025

Breakopen Game Price

The price of a Breakopen share is \$0.25, \$0.50, or \$1.00, or such other price approved by the Director and 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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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, is 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 methodology specified in subsection (1)(b) is 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 or check, 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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0035

Claiming of Prizes

(1) Breakopen 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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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. Any container or device that attempts to reveal the uncovered play symbols of a Breakopen share that is being dispensed to a player shall not be a Breakopen dispensing 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 this 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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0045

All Devices Must Comply with Requirements

A retailer is not permitted to display or use any device to dispense 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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0055

Breakopen Game 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. 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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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. & cert. 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-065-0075

Number and Value of Breakopen Game Prizes

(1) For each Breakopen game and Breakopen pack, the Director shall determine the number and value of prizes, the quantity of shares ordered, and the odds of winning prizes.

(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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 is within the Director's discretion.

(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 becomes 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; LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 14-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-070-0005

Definitions

For the purposes of division 70, the following definitions apply except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

(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 games, 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. Examples of On-Line games include, but are not limited to Megabucks, Powerball, Sports Action, Pick 4, Win for Life, and Keno.

(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 enters 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 is the only acceptable evidence of the combination of numbers or symbols selected.

(6) "Play slip" means a card used in selecting and marking a player's game plays which may then be inserted into a terminal's play slip reader.

(7) "Validation" means the process of determining whether an On-Line ticket presented for payment is a winning ticket.

(8) "Winning combination" means the one or more numbers or symbols randomly selected by the Lottery in a 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; LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 check, 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 applicable tax withholding. If the ticket is

determined to be a non-winning ticket, the claim shall be denied and the claimant 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 applicable tax withholding. 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 non-winning ticket or invalid, the claim shall be denied and the claimant notified. Non-winning 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) 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.

[ED. NOTE: Publication 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; LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 Lottery's 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 is the only valid receipt for claiming a prize. A copy of a ticket or a play slip has no pecuniary or prize value and does 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 177-090-0025(4), in the event that a Lottery 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 winner claim form, the claim affidavit, and other evidence submitted by the claimant must agree with the data recorded in the Lottery's 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 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 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.

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; LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-070-0080

Unauthorized Use of Play Slips

(1) A person shall not insert into an on-line terminal's play slip reader any material that is not a play slip printed and approved for use by the Oregon Lottery, including but not limited to facsimiles or copies of play slips. No device shall be connected to a Lottery terminal to enter plays, except as may be approved by the Lottery.

(2) All plays made in the game shall be marked on the play slip by hand. No play slips with plays marked by an electric or mechanical device shall be used to enter plays.

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

Stats. Implemented: ORS 461.210

Hist.: LC 6-1992, f. & cert. ef. 6-23-92; LOTT 15-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

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

(2) "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.

(3) "Game board" or "boards" means that area of the play slip which contains 48 squares numbered 1 through 48.

(4) "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 followed by the drawing date, the price of the ticket, a retailer number, and a serial number.

(5) "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 prizes for matching three of six, four of six, or five of six numbers.

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

(7) "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.

(8) "Privileged terminal" means a terminal authorized to validate prizes over \$600.00.

(9) "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.

(10) "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.

(11) "Random number generator" means a computer-driven electronic device capable of producing numbers at random.

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

(13) "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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-075-0005

Price

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.

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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 also choose whether to play "Kicker". Kicker awards larger prizes for correctly selecting three of six, four of six, and five of six numbers.

(3) 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. ef. 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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-075-0015

Drawings

(1) Megabucks drawings shall normally take place every Monday, Wednesday, and Saturday at approximately 7:29 PM or at any other times as determined by the Director.

(2) 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.

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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-075-0020

Determination of Prize Winners

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

Tickets Containing the Following Number of Matches in One Single Lettered Game Play Irrespective of Drawing Order — Prize Category

All Six Winning Numbers — Division 1

Five Winning Numbers — Division 2

Four Winning Numbers — Division 3

Three Winning Numbers — Division 4

(2) Division 1 prizes of less than \$100,000 will be paid in a lump sum. Division 1 prizes with a 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) Divisions 2 and 3 prize winners will be paid in a lump sum. Division 4 prize winners with a Kicker game play will be paid in a lump sum. 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.

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

(5) 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 (amounts left over after rounding down) shall be carried forward to the prize pool for the next drawing.

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

Stats. Implemented: ORS 461.220

Hist.: SLC 11-1985(Temp), f. & ef. 10-24-85; SLC 6-1986, f. & ef. 3-5-86; SLC 12-1986, f. 5-28-86, ef. 6-1-86; SLC 22-1986(Temp), f. 8-26-86, ef. 9-21-86; LC 19-1987, f. & ef. 9-28-87; LC 4-1990, f. & cert. ef. 4-3-90; LC 9-1990, f. 7-20-90, cert. ef. 8-5-90; LC 8-1992, f. & cert. ef. 7-23-92; LC 6-1993, f. & cert. ef. 7-2-93; LC 3-1994, f. 2-24-94, cert. ef. 3-1-94; LC 3-1995, f. & cert. ef. 4-27-95; LOTT 8-2001(Temp), f. & cert. ef. 5-18-01 thru 11-9-01; LOTT 11-2001, f. & cert. ef. 8-7-01; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-075-0027

Annuity Conversion Option

(1) A Division 1 prize winner has the option of receiving the advertised Division 1 prize in a single lump sum payment consisting of one-half of the advertised Division 1 prize or of receiving the full value of the Division 1 prize paid out in equal annual installments over a period of 25 years.

(2) A Division 1 prize winner shall present the winner's ticket and completed claim form, in person, at the Salem Lottery office, pursuant to OAR 177-070-0025. Upon the Lottery's determination and validation that the winner's ticket is a winning ticket of a Division 1 prize, the prize winner may exercise the payment option provided in this rule.

(3) Within 60 days of the date of validation of the Division 1 prize, a winner, prior to receiving any prize payment from the Lottery, may acknowledge in writing the winner's election to receive either the single lump sum payment or the annuitized prize payments. A winner's election is irrevocable once the winner's written election is received by the Lottery subject to the limited exception provided in Section 5 below.

(4) In the event a winner does not exercise the above option within 60 days of the validation of the Division 1 prize, the winner shall receive the full value of the prize paid in equal annual installments over a period of 25 years pursuant to OAR 177-075-0020(2).

(5) A Division 1 prize winner who has elected the annuitized prize payment method or who has failed to make an election and is placed on the annuitized prize payment plan according to Section 4 above, may be permitted at the Lottery's sole discretion to convert to the lump sum payment provided the Lottery has not yet made any payments to the prize winner. Once the Lottery makes any payment of a Division 1 prize to a Division 1 prize winner, the choice of payment is irrevocably fixed.

(6) Multiple winners, jointly claiming ownership of a Division 1 prize winning ticket in accordance with OAR chapter 177, shall make individual determinations whether to exercise the option to receive their portion of the prize in the form of a single lump sum payment or annuitized payments. Each of the multiple winners exercising the option to receive a single lump sum payment or annuitized payments must do so pursuant to the terms of this rule. Each winner has the option of choosing the lump sum payment or the annuitized payments when the entire prize is more than \$100,000 even if each individual's portion of the prize is less than \$100,000.

(7) A winner is under no obligation to exercise the option made available by this rule.

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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-075-0030

Ticket Validation Requirements

To be a valid ticket and eligible to receive a prize, all the following requirements must be satisfied in addition to all other requirements contained in OAR chapter 177:

(1) Each winning game play appearing on the ticket must be separately lettered and consist of six different numbers between one and 48.

(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.

(3) Claimants who share ownership interests in a winning ticket must comply with any additional requirements for prize payment described elsewhere in OAR chapter 177 as it 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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 accumulated with the monies allocated for that prize category for the next drawing. This process shall continue until such time as there is one or more valid winning ticket(s) for the Division 1 prize category.

(3) In the event the Oregon Megabucks game is terminated for any reason whatsoever, any prizes which were not won shall be reallocated by the Director. Any prizes which were won but not claimed

within the specified claim period shall be forfeited and allocated to the benefit of the public purpose. The transfer shall take place at the same time the Lottery's next scheduled transfer of proceeds is made.

[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; LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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, 461.230, 461.240 & 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; Suspended by LOTT 16-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

DIVISION 81

PICK 4

177-081-0000

Definitions

For the purposes of division 81, the following definitions apply except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

(1) "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.

(2) "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.

(3) "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.

(4) "Match Choice" means one or more of the seven 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.

(5) "Quick Pick" means the random selection of numbers by a terminal which appear as the game play on a ticket.

(6) "Winning numbers" means the four single-digit numbers, each from zero to nine, 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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 to nine. 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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 twelve consecutive drawings. The price of a ticket is 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 \$84 (\$7 x twelve consecutive drawings = \$84). A game slip indicating a price of less than \$1.00 or greater than \$84.00 shall be automatically rejected by the terminal. Expansion of the number of consecutive drawings from seven to twelve applies retroactively to 1:00 P.M. February 11, 2002.

(4) Notwithstanding sections (1) through (3) of this rule, the price of a ticket for consecutive drawings purchased through a player-operated terminal shall range from a minimum of \$2.00 to a maximum of \$84.00 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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 numbers, one each from four columns of numbers from zero to nine 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 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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-081-0040

Cancellation of Tickets

A player may cancel a Pick 4 ticket for a single drawing or consecutive drawings. To cancel a ticket, a player must follow the procedure in OAR 177-046-0060.

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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-081-0050

Drawings

Effective February 11, 2002, drawings shall generally occur 7-days a week at 1:00 p.m., 4:00 p.m., 7:00 p.m. and 10:00 p.m. or as otherwise authorized by the Director. Each drawing shall randomly select a specific sequence of four numbers, each from zero to nine. The winning numbers selected at each drawing shall be generated through the use of a computer-driven random number generator.

Stat. Auth.: ORS 461 & Or. Const. Art. XV Sec. 4(4)
Stats. Implemented: ORS 461.200
Hist.: LOTT 2-2000, f. 3-31-00, cert. ef. 4-3-00; LOTT 2-2002(Temp), f. 1-1-02, cert. ef. 1-11-02 thru 8-2-02; LOTT 6-2002, f. & cert. ef. 4-29-02; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-081-0060

Ticket Validation Requirements

(1) For a ticket to be valid and eligible to receive prize payment, the requirements in OAR chapter 177 must be met:

(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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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.

(6) For each drawing, a player may have more than one winning combination on a single ticket depending on the game play and match choice selected. However, when the Easy 4 Combo Match Choice is selected the player shall receive only the highest single prize for which the player is eligible.

[ED. NOTE: Tables referenced in this rule 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; LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-081-0090

Governing Law

All players must abide by all laws, rules and regulations, and procedures applicable to the Pick 4 game. The Director shall make all final decisions regarding the Pick 4 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) & ORS 461
Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230, ORS 461.240 & ORS 461.250
Hist.: LOTT 2-2000, f. 3-31-00, cert. ef. 4-3-00; Suspended by LOTT 17-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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.

(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 fifty-three squares, numbered 1 through 53, and the second set containing forty-two squares, numbered 1 through 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) "Match 5 Bonus Prize" means the bonus money won when a Grand Prize has reached a new high level and bonus prize monies have been declared by the Product Group. The Match 5 Bonus Prize does not include the original amount declared for the Match 5 Prize. For the purposes of the Match 5 Bonus Prize, Match 5 means matching five of the numbers drawn from the first set containing fifty-three numbers.

(6) "MUSL" means the Multi-State Lottery Association.

(7) "MUSL Board" means the governing body of the MUSL which is comprised of the chief executive officer of each Party Lottery.

(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 from a field of fifty-three numbers and the last one from a field of forty-two 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 containing 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) "Winning Numbers" means the six numbers, the first five from a field of fifty-three numbers and the last one from a field of forty-two 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0010

Ticket Price

(1) A Powerball ticket shall cost one dollar (USA \$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 retailer 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0015

Game Description

(1) Powerball is a five out of fifty-three numbers plus one out of forty-two numbers on-line lottery game, drawn every Wednesday and Saturday, which pays the Grand Prize, at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on an annuitized pari-mutuel basis or as a 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.

(2) To play Powerball, a player shall select five different numbers, between 1 and 53 and one additional number between 1 and 42, for input into a terminal. The additional number may be the same as one of the first five numbers selected by the player.

(3) 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.

(4) It is 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. The placing of plays is done at the player's own risk through the on-line retailer.

(5) The winning numbers for the Powerball game shall be determined at a drawing conducted under the supervision of the MUSL Board. The MUSL Board shall determine the frequency of Powerball game drawings. Winning numbers shall be selected at random with the aid of mechanical drawing equipment. The Lottery Director shall designate a Drawing Manager who shall review and randomly observe the drawings conducted by the MUSL 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0020

Prize Claims

A ticket, subject to the validation requirements set forth in these rules, is the only proof of a game play or plays and the submission of a winning ticket to the Lottery or an authorized retailer as required by these rules is the sole method of claiming a prize or prizes. A play slip or a copy of a ticket has no pecuniary or prize value and does 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

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 Grand 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 in accordance with state law.

(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 lump sum 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 \$25,000,000.00 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.

(d) The prize money allocated to the Match 5 Bonus Prize shall be divided equally by the number of game plays winning the Match 5 prize when a game play wins the new high jackpot amount.

[ED. NOTE: Tables referenced in this rule 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

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 30-payment (30 payments over 29 years) 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 in this rule 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0035

Prize Payment

(1) Grand prizes shall be paid, at the election of the player made no later than 60 days after validation of the prize, with either a per winner annuity or single lump sum payment. If the payment election is not made by the player within 60 days after validation, then the prize shall be paid as an annuity prize. The election to take the single lump sum payment may be made at the time of validation of the prize claim or within 60 days thereafter. An election made after val-

idation is final and cannot be revoked, withdrawn or otherwise changed. Shares of the Grand Prize shall be determined by dividing the amount available in the Grand Prize pool equally among all winners of the Grand Prize. Winner(s) who elect 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 it is determined that the prize is to be paid as an annuity prize or after the expiration of 60 days after the winner becomes entitled to the prize. Neither MUSL nor the party lotteries shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL. In certain instances announced by the Product Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to 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 thirty equal payments with the initial payment being made directly with available funds, to be followed by twenty-nine payments funded by the annuity. Annual payments after the initial payment shall be made by the lottery on the anniversary date of the first payment or if such date falls on a non-business day, then the first business day following the anniversary date of the selection of the jackpot winning numbers. Funds for the initial payment of an annuitized prize or the lump sum payment prize shall be made available by MUSL for payment by the Party Lottery which sold the winning ticket by the 15th calendar day (or the next banking day if the fifteenth day is a holiday) following the drawing. If necessary, when the due date for the payment of a prize occurs before the receipt of sufficient funds in the prize pool trust to pay the prize, then the transfer of funds for the payment of the full lump sum payment amount may be delayed pending receipt of funds from the party lotteries. A state may elect to make the initial payment from its own funds after validation, with notice to MUSL. In the event of the death of a lottery winner during the annuity payment period, the Product Group, in its sole discretion, upon the petition of the estate of the lottery winner (the "Estate") or the persons identified on the winner's Beneficiary Designation form (BDF), whichever is applicable, 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 or the designated beneficiary 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 or the persons on the BDF. 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 that sold the winning ticket. 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. If a new high Grand

Prize is not won in a drawing, the prize money allocated for the Match 5 Bonus Prizes shall roll over and be added to the Match 5 Bonus Prize pool for the following drawing.

(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. If there are multiple Grand Prize winners during a single drawing, each selecting the annuitized option prize, then a winner's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winners. If there are multiple Grand Prize winners during a single drawing and at least one of the Grand Prize winners has elected the annuitized option prize, then the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize. 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 in accordance with these rules.

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

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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

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 MUSL Board, the Product Group, and published as the Confidential MUSL Minimum Game Security Standards. The Lottery and MUSL shall not be responsible for tickets which are altered in any manner. When a winning ticket is submitted to the Lottery for validation along with the Lottery's completed claim form, and the Lottery has initiated the val-

idation procedures, the Lottery retains possession of the winning ticket and claim form.

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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0045

Ticket Responsibility

Until such time as a signature is placed in the area designated for signature, a ticket is owned by the bearer of the ticket. MUSL, the Product Group, or the Lottery are not 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

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.

(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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0055

Applicable Law

In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of MUSL and the party lottery where the ticket was purchased.

Stat. Auth.: Or. Const. Art. XV, Sec. 4(4)
 Stats. Implemented: ORS 461.250
 Hist.: LC 6-1988(Temp), f. & cert. ef. 1-26-88; LC 9-1988, f. & cert. ef. 2-23-88; Suspended by LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

177-085-0065

Power Play

(1) Power Play is an optional, limited extension of the Powerball Game described in OAR Division 85. The Lottery Director, in the Lottery 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. Match 5 Bonus Prizes are awarded independent of the Power Play option and are not multiplied by the Power Play multiplier.

(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 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 (2 through 5), in a separate random selection announced during the official Powerball drawing show.

(5) MUSL will conduct a separate random "Power Play" drawing and announce results during each of the regular Powerball draw-

ings. During each random "Power Play" drawing, one number from fifteen possible numbers will be selected. The numbers available for selection are 2, 2, 2, 3, 3, 3, 4, 4, 4, 5, 5, 5, 5, 5, and 5.

(6) Except as provided in these rules, all prizes awarded shall be paid as lump sum set prizes. Instead of the Powerball set prize amounts, qualifying Power Play 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 or to any Match 5 Bonus 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) 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.

[ED. NOTE: Tables referenced in this rule 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; LOTT 9-2002(Temp), f. 9-4-02, cert. ef. 10-6-02 thru 3-31-03

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 follow-

ing 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 in this rule are available from the agency.]

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

Stats. Implemented: ORS 461.220

Hist.: LC 14-1989, f. & cert. ef. 8-28-89; Administrative Correction 4-15-98; LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0055

Determination of Winners

(1) If a player selected the Favorite team to win, that team must defeat the Underdog by more points than the Point Spread to be a correct selection.

(2) If the player selected the Underdog team to win, that team must win the Game or lose by fewer points than the Point Spread to be the correct selection.

(3) To win, all of the player's Event selections must match the final outcomes listed in the Official Sports Action Results winning team column. For example, no prize shall be awarded to players who match 3 of 4 Event selections, 5 of 7 Event selections, or 11 of 14 Event selections.

(4) A Game becomes official for the purpose of playing Sports Action after 55 minutes of play have been completed. The Lottery shall not recognize protests or overturned decisions. In the event a Game is canceled, postponed or suspended, the Director reserves the right to make a final determination on the outcome of the Game.

(5) At the end of each Play Week, the Lottery shall make available the Sports Actions Results at all Retailer locations that sell Sports Action Tickets.

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

Stats. Implemented: ORS 461.210, ORS 461.220, ORS 461.230 & ORS 461.250

Hist.: LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

177-090-0060

Governing Law

(1) All players must abide by all laws, rules and regulations, and procedures applicable to Sports Action. Notwithstanding any other rule, the Director shall make all final decisions regarding Sports Action, including, but not limited to, all final decisions regarding the determination of prize winners, the validation of Tickets, the cancellation of Tickets, or the issuance of credit to a Retailer for a refund paid to a player.

(2) All materials distributed by the Lottery for playing Sports Action are to be used solely for playing the Game described by these rules. Any use or reproduction of the materials for purposes other than those permitted by these rules may constitute a violation of the gambling laws of the State of Oregon.

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

Stats. Implemented: ORS 461.250

Hist.: LOTT 10-1999, f. 6-30-99, cert. ef. 7-1-99

DIVISION 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 in OAR chapter 177 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 through seventy-seven which comprise a Win for Life prize category wager. There are five boards on each Win for Life game slip which, depending on the number of

boards marked by the player, will produce up to five game plays per game slip.

(2) "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.

(3) "Game play" means the player selection of one 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 additional sets of numbers. The first two of the fourteen 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 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.

(4) "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.

(5) "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.

(6) "Quick Pick" means the random selection of numbers by a terminal which appear as the game play on a ticket.

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

(8) "Winning numbers" means the four numbers, from one to seventy-seven 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; LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-094-0010

Game Description

(1) Win for Life is a Lottery game based on fifteen horizontal sets of numbers.

(2) Each of the fifteen 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.

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 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-094-0020

Price

(1) The minimum price of a ticket for a single drawing is \$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 boards. Each of the five boards may be used by a player to purchase a single ticket. Therefore, a game slip may be used to purchase up to five tickets. The maximum wager allowed through one 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; LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-094-0030

Ticket Purchase, Characteristics, and Restrictions

(1) Win for Life tickets may be purchased every day of the year during the hours of operation of the Lottery's On-Line game system and a Lottery retailer's business hours.

(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 two-digit numbers from one to seventy-seven 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 to five game plays per game slip by utilizing one or more of the five 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(s) to the clerk, the clerk shall use the terminal to issue the ticket(s) to the player.

(b) Alternately, the player may submit the price of the ticket(s) 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(s) into the terminal, the terminal will issue the ticket(s) 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.

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 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-094-0040

Cancellation of Tickets

A player may cancel a Win for Life ticket for a single drawing or consecutive drawings. To cancel a ticket, a player must follow the procedure in OAR 177-046-0060.

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 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-094-0050

Drawings

(1) Win for Life drawings shall normally take place every Monday, Wednesday, and Saturday at approximately 7:30 P.M. or at other times as determined by the Director.

(2) Each drawing shall randomly select four, two-digit numbers from a possible seventy-seven numbers from one to seventy-seven 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.

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 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-094-0060

Ticket Validation Requirements

(1) For a ticket to be valid and eligible to receive prize payment, the ticket must be validated in accordance with the provisions of OAR chapter 177.

(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; LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 Director's determination is controlling.

(4)(a) Subject to the validation requirements in OAR 177-094-0060, for each drawing, a player may receive 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 natural person may claim and receive payment of the Win for Life top prize of \$1,000 per week for life 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) Election of Payment Schedule:

(A) At the time of the validation of a winning Win for Life ticket for the top prize of \$1000 per week for life, the winner of that prize must elect either the weekly or annual prize payment schedule described in subsection (b) of this section. A winner who elects the annual payment schedule cannot subsequently convert to the weekly payment schedule. The election of the annual payment schedule is irrevocable. A winner who elected the weekly payment schedule may convert to the annual payment schedule at any time, and the Lottery will issue payment to the winner for the sum of the remaining weekly payments from that date to the next anniversary date. Subsequent annual payments will be made on the anniversary date.

(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 Division of Child Support of the Department of Justice (DOJ) or its successor initiates garnishment proceedings, the winner of the Win for Life top prize of \$1,000 per week for life has no payment options from which to select and will be placed on the annual payment schedule as described in subsection (7)(b)(B) of this section. This placement on the annual payment schedule is irrevocable.

(C) Upon receipt of garnishment proceedings from DOJ directed to the Lottery for monies due or to become due to a winner receiving weekly payments under the Win for Life top prize, the Lottery will place that winner on the annual payment schedule as described in subsection (7)(b)(B) of this section. Conversion of the winner's payment schedule from weekly to annual under this section of the rule is irrevocable. The Lottery shall make payments to such a winner as follows:

(i) Within a reasonable time after the disposition of the garnishment proceeding, the Lottery shall pay the winner the sum of the winner's weekly payments from the date the Lottery placed the winner's payments on hold to the winner's next anniversary date less any amounts withheld pursuant to the garnishment proceedings and applicable tax laws.

(ii) The Lottery shall make any subsequent annual payments, less any amounts withheld pursuant to the garnishment proceedings and applicable tax laws, on the anniversary date of the validation of the prize.

(f) Limitation on Prize Amount for Multiple Top Prize Winners

(A) Notwithstanding the \$1,000 per week amount referred to in this rule, 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, the top prize payment per individual winner shall be limited to an amount

equal to three times the top prize award divided by the number of actual top prize winners in that drawing.

(B) For example, if there are four top prize winners in a single drawing and the prize payment year contains 52 weeks, then $52 \text{ weeks} \times \$1,000 \times 3 = \$156,000$ divided by 4 winners = \$39,000 annual prize payment per each winner. If a winner has selected the weekly payment schedule, then the calculated annual prize payment shall be divided by the number of weeks in that prize payment year to arrive at the winner's weekly payment amount. In the above example, the \$39,000 annual prize amount shall be divided by 52 weeks for a weekly payment of \$750 to a winner on the weekly payment schedule less applicable taxes.

(C) Subsequent events, including, but not limited to, the death of one of the prize winners, shall not alter the other winners' original pro rata share of the calculated prize amount.

(g) Prize payment is initiated upon validation of the winning ticket and will continue to be paid weekly or annually in accordance with the payment provisions contained in subsection (e) of this rule.

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

(i) Annual Affidavit Required:

(A) Once each year and no earlier than thirty days prior to the anniversary of the original validation date, a winner of a Win for Life top prize of \$1,000 per week for life shall provide the Lottery with an affidavit on a form provided by the Lottery, signed by the winner, bearing the seal of a notary public, verifying the winner is living, containing the winner's 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 affidavit described in subsection (i)(A) of this section, then the Lottery shall not make further prize payments to the winner. If the failure of a winner to provide the affidavit continues to the next anniversary of the validation date, the remainder of the prize shall be terminated.

(C) Notwithstanding subsection (i)(B) of this section, when it is reasonable and prudent to do so based on the facts underlying a winner's failure to provide an annual affidavit, the Director may 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 is 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 prizewinner 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 be assigned, gifted, sold, or transferred in any manner from the winner to another person or entity except under the circumstances as described in subsection (d) of this rule.

[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; LOTT 8-2002(Temp), f. & cert. ef. 7-15-02 thru 1-3-03; LOTT 20-2002, f. & cert. ef. 9-30-02

177-094-0085

Retailer Selling Bonus

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 ($\$52,000 \times 25 = \$1,300,000 \times .01 = \$13,000$).

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; LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 18-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

DIVISION 99

KENO

177-099-0000

Definitions

For the purposes of Keno, the following definitions apply except as otherwise specifically provided in OAR chapter 177 or unless the context requires otherwise:

(1) "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.

(2) "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.

(3) "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.

(4) "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.

(5) “Quick Pick” means the random selection of numbers by a terminal which appear as the game play on a ticket.

(6) “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.

(7) “Spot” means the amount of numbers a player may play for a game play. A player may play from one spot, i.e., one number, to ten spots, i.e., ten different numbers.

(8) “Winning numbers” means the twenty numbers, from one to eighty, 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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0010

Game Description

Keno is a 20/80 Lottery game with set prize amounts. For each drawing, a player may choose to play from one to ten spots and a corresponding selection of number choices from one to eighty. That is the player’s game play. The Lottery then selects twenty winning numbers from one to eighty. 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.

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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0030

Ticket Purchase, Characteristics, and Restrictions

(1)(a) Keno tickets may be purchased every day of the year during the hours of operation of the Lottery’s On-Line game system and a Lottery retailer’s business hours.

(b) A player may purchase a ticket for play under either the Keno prize structure set forth in OAR 177-099-0080, or the Special Keno prize structure set forth in 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 to ten numbers from the eighty 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.

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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0040

Cancellation of Tickets

A player may cancel a Keno ticket for a single drawing or consecutive drawings. To cancel a ticket, a player must follow the procedure in OAR 177-046-0060.

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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0050

Drawings

(1) Drawings shall take place at such times and upon such intervals as determined by the Director. Drawings shall normally 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) Each drawing shall randomly select twenty numbers from a possible eighty numbers 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.

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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0060

Ticket Validation Requirements

(1) For a ticket to be valid and eligible to receive prize payment, the ticket must be validated in accordance with the provisions of OAR chapter 177.

(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; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0080

Keno Prizes

Section (1) of this rule specifies prizes for Keno drawings.

(1) 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.]

(2) The total prize amount for a winning ticket multiplies according to the amount wagered on that ticket. Except as provided in OAR 177-099-0100, the highest potential prize for any Keno ticket that does not contain the phrase "Special Keno" is \$200,000 per drawing. If a ticket shows a wager of 2, 3, 4, 5, 10, or 20 dollars per drawing on a winning game play, the prize shown above for a \$1 wager shall multiply, up to \$200,000, according to the wager amount shown on the winning ticket. For example, if a ticket shows a \$5 wager on the 8 spot category and the game play on the ticket matches 8 out of 8 of the winning numbers, the prize associated with that ticket is $\$15,000 \times \$5 = \$75,000$. If a \$5 wager is played on the 9 spot category and the winning game play on the ticket matches 9 out of 9 of the winning numbers, the prize associated with that ticket is capped at \$200,000 regardless of the fact that $\$50,000 \times \$5 = \$250,000$.

(3) A prize-winning player shall be paid in one lump sum.

(4) 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.

(5) 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
 Stats. Implemented: ORS 461.200,
 Hist.: LC 3-1991, f. & cert. ef. 7-24-91; LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99; LOTT 3-2002(Temp) f. & cert. ef. 2-4-02 thru 8-2-02; LOTT 7-2002, f. & cert. ef. 4-29-02; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0090

Special Keno Prizes

(1) Special Keno 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) As described in OAR 177-099-0030, a player must indicate the choice to play under the Special Keno prize structure. 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 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 among 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) Upon the Lottery's determination that the ticket is a winning ticket, the winner of a \$1,000,000 annuitized prize has 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.

(b) Within 60 days of the date of validation of the \$1,000,000 ticket, the winner, prior to receiving any prize payment from the Lottery, may acknowledge in writing the winner's election to receive either the single lump sum payment or the annuitized prize payments. A winner's election is irrevocable once the winner's written election is received by the Lottery.

(c) 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.

(d) Multiple \$1,000,000 annuitized prize winners, jointly claiming ownership of a ticket in accordance with OAR 177-046-0100(2), shall make individual determinations whether to exercise the option to receive their portion of the prize in the form of a single lump sum payment.

(e) In the event a \$1,000,000 annuitized prize winner does not exercise the option to receive a single lump sum payment within 60 days of the date of the validation of the ticket, 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 lump sum 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 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
 Stats. Implemented: ORS 461.200,
 Hist.: LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99; LOTT 3-2002(Temp) f. & cert. ef. 2-4-02 thru 8-2-02; LOTT 7-2002, f. & cert. ef. 4-29-02; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

177-099-0100

Keno Jackpot Bonus

(1) In addition to the prizes described in OAR 177-099-0080 and 177-099-0090, 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 177-099-0090. If the jackpot bonus prize pool for a specific spot is not won, the jackpot bonus prize pool for that spot continues to grow.

(2) If a game play on a ticket is for a 6, 7, or 8 spot, the ticket is automatically playing for the jackpot bonus prize, as well as a prize under either OAR 177-099-0080 or 177-099-0090. For example, if a Keno ticket with a 6 spot game play is the only Keno or Special Keno ticket to match 6 out of 6 of the winning numbers, that ticket, subject to ticket validation requirements, would win the top prize for the 6 spot under OAR 177-099-0080 (\$1,600) and the accumulated jackpot bonus prize for the 6 spot.

(3) The prize money in the jackpot bonus prize pool for a specific spot for any given drawing shall be divided by the number of tickets winning the top prize for that spot under either OAR 177-099-0080 or 177-099-0090. The jackpot bonus prize pool shall be divided among those winning tickets on a pro rata basis determined by the amount that each winning ticket played in 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 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 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

Stats. Implemented: ORS 461.200

Hist.: LOTT 3-1999, f. 3-25-99, cert. ef. 4-4-99; LOTT 3-2002(Temp) f. & cert. ef. 2-4-02 thru 8-2-02; LOTT 7-2002, f. & cert. ef. 4-29-02; LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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; Suspended by LOTT 19-2002(Temp), f. 9-6-02, cert. ef. 9-9-02 thru 3-6-03

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 ducy, 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 subse-

quent 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, 461.250, 461.260 & 962, OL 1991 (enrolled HB 3151)
 Stats. Implemented: ORS 461.240
 Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0020

Payment of Video Lottery Game Prizes

(1) Validation Requirements - Retailer Level: Payment for prizes awarded on a terminal may be made only if the cash slip is presented for payment at the retail location where the prize was won within 28 days of the date it was won and only if it meets all of the following requirements:

(a) If it is intact and fully legible and meets all the Lottery's security requirements;

(b) If it must not be stolen, counterfeit, fraudulent, lacking the correct captions, altered, or tampered with in any manner;

(c) If it must have been properly issued and claimed by a person authorized to play under these rules;

(d) The cash slip data must have been recorded in the central computer system and the information appearing on the cash slip must correspond with the computer record;

(e) An original cash slip shall be the only valid receipt for claiming a prize for purposes of validation and prize payment. A copy of a cash slip has no pecuniary or prize value and shall not constitute evidence of a cash slip;

(f) If it must not have been previously paid;

(g) If it is subject to all other confidential security checks of the Lottery.

(2) Validation Exceptions - Retailer Level: If a claim is made for a prize and the cash slip meets the requirements of section (1) of this rule, except subsections (a) or (e) of section (1) of this rule, the

prize may nevertheless be paid by the retailer if the following conditions are satisfied:

(a) Upon notification by a player of a problem with a video lottery terminal not issuing a cash slip that is intact and fully legible, the retailer is able to obtain a validation number from the terminal which corresponds to the time and amount of the prize claimed by the player. If the validation number matches the player's claim, the retailer shall validate the prize through the clerk validation terminal; and

(b) A Retailer Software Validation Report is completed by the player and the retailer and retained by the retailer for one year. Reports shall be grouped by month and be made available for audit by the Lottery immediately upon request.

(c) If the retailer is unable to obtain a validation number from the terminal which corresponds to the time and amount of the prize claimed by the player as required by subsection (a) of this section, the affected player may request consideration of the denial of payment of the prize as provided in section (4)(b) of this rule.

(d) In the event a cash slip for the prize paid by a retailer under this subsection is later submitted for payment to the Lottery, the Lottery shall pay the prize and debit the retailer's account for the amount of the prize.

(3) Validation Requirements - Lottery Headquarters. Payment for prizes awarded on a video lottery game terminal may be made only if the cash slip presented for payment meets all of the requirements in subsections (1)(a-g) of this rule and is presented within one year of the date that the prize was awarded. If the final day of the one year claim period falls on a weekend or official Oregon State Lottery holiday, the claim period shall be extended to end on the next business day.

(4) Validation Exceptions - Lottery Level: If a video lottery game cash slip or prize cannot be validated in accordance with the requirements of either section (1) or section (2) of this rule, the Director or the Director's designee may still authorize payment in such circumstances if any of the following exceptions apply:

(a) Cash Slip Data Not Recorded on Central System: If a claim is made for a prize and the cash slip meets the requirements of section (1) of this rule, except for subsection (1)(d) of this rule, the prize may nevertheless be paid if:

(A) An investigation of the report is conducted by the Lottery and

(B) The Director or Director's designee concludes that the claimant was an authorized player and that the failure to meet the requirements of subsection (1)(d) of this rule was the result of either a technical problem in the video lottery terminal or a communications problem that prevented the recording of the prize in the central computer system.

(b) Lack of Cash Slip or Validation Number: In the event where a player does not have a cash slip, or a retailer was unable to obtain a validation number per section (2)(a) of this rule, the Lottery will conduct an investigation of the claim, including the reasons or causes for the failure of the terminal to produce a cash slip or to print an intact and fully legible cash slip and the reasons or causes for the failure of the retailer to obtain a validation number. If the Lottery can determine from information in the central computer system and its investigation that a prize in the amount claimed by the player was won on the terminal identified by the player at the time claimed by the player, and that no prize previously has been paid on the video lottery play as evidenced by the information on the central computer system and the investigation findings, the Lottery may pay the claimed prize to the player. No prize will be paid without a signed statement by a player. The player's statement must contain game play information that can be compared to information in the central computer system which substantiates that a prize in fact was won in the amount and at the approximate time claimed by the player, and information from which the Lottery reasonably can determine that no previous payment was made for the same prize.

(c) Extension for Payment On Cash Slip Past 28-Day Claim Period: The Director or the Director's designee shall extend the 28-day period in which a player may submit a cash slip to claim a prize, but only if all of the following conditions are satisfied:

(A) The holder of the cash slip must be a person who is authorized to play video lottery games and presents the cash slip in person or by mail (Acceptance by mail shall be retroactive to May 22, 1996) to the Lottery office in Salem;

(B) The cash slip meets all the requirements contained in subsections (1)(a) through (1)(g) of this rule; and

(C) The Lottery can verify, by checking cash slip data recorded on the Lottery's central computer system, that no prize has been previously paid on the cash slip or on the video lottery play presented on the cash slip.

(d) As a condition of prize payment under the exceptions for either subsection (4)(a) or (4)(b), the Lottery may withhold payment of any prize under this subsection until the expiration of the 28 day prize claim period at the retailer's location to ensure against the payment of more than one prize based on that play.

(5) Payment Credit/Debit: Video lottery game prizes may be paid by the Lottery from its central office. Except for prizes which are presented for payment under section (4)(a) of this rule, the amount of any prize paid by the Lottery from its central office may be debited to the retailer from which the prize was won unless the retailer has already been debited under section (6) of this rule. Prizes which are paid by a retailer but not validated at the time of payment may be credited to the retailer if payment is authorized under section (2) of this rule.

(6) Automatic Transfer for Unclaimed Prizes: If a prize is not claimed within 28 days, the Lottery will withdraw the amount of the prize from the retailer's account.

(7) The Director shall periodically report to the Commission on the number of prize claims submitted for payment and the number of claims paid and denied.

(8) Retroactive Application: This rule shall apply to all prize claims filed with the Lottery on or after November 16, 1995.

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

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 9-1993, f. 11-18-93, cert. ef. 12-1-93; LC 9-1994, f. 8-19-94, cert. ef. 9-1-94; LC 1-1995, f. 1-25-95, cert. ef. 3-1-95; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96; LC 4-1997, f. & cert. ef. 4-25-97

177-200-0030

Method of Payment

Each retailer shall designate employees authorized to redeem cash slips during the retailer's business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens, chips, or merchandise.

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

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0040

Restrictions on Payment of Prizes

Retailers may only redeem cash slips for prizes awarded on terminals located on its premises.

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

Stats. Implemented: ORS 461.250

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0050

Requirements for Randomness Testing

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements:

(1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard chi-squared analysis. "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.

(2) Each card, symbol position, or number position does not produce a significant statistic with regard to producing patterns of

occurrences. Each card of number position will be considered random if it meets the 99 percent confidence level with regard to the “run test” or any similar pattern testing statistic. The “run test” is a mathematical statistic that determines the existence of recurring patterns within a set of data.

(3) Each card, symbol position, or number position is independently chosen without regard to any other card or number drawn within that game play. This test is the “correlation test”. Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.

(4) Each card, symbol position, or number position is independently chosen without reference to the same card or number position in the previous game. This test is the “serial correlation test”. Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.

(5) The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electromagnetic interferences, ESD, RF interferences.

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

Stats. Implemented: ORS 461.217

Hist.: LC 8-1991, f. & cert. ef. 11-25-91

177-200-0060

Requirements for Percentage Payout

The Commission shall establish a maximum average payout percentage for its video lottery games in the annual financial plan approved by the Commission.

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

Stats. Implemented: ORS 461.220

Hist.: LC 8-1991, f. & cert. ef. 11-25-91; LC 9-1993, f. 11-18-93, cert. ef. 12-1-93; LC 9-1994, f. 8-19-94, cert. ef. 9-1-94; LC 1-1995, f. 1-25-95, cert. ef. 3-1-95; LC 7-1995, f. & cert. ef. 7-7-95; LC 3-1996(Temp), f. & cert. ef. 3-27-96; LC 6-1996, f. 5-30-96, cert. ef. 6-1-96

177-200-0070

Requirements for Draw Poker Games

Video lottery terminals offering draw poker games must meet the following requirements:

(1) A standard deck of 52 playing cards shall be used. Jokers may be used if the payout percentages can be validated to meet the requirements of OAR 177-200-0060.

(2) Before each deal, the deck must be shuffled randomly and frozen. All cards used for play must be taken in order from the top of the deck. The top ten cards of the deck must be stored in the non volatile video lottery terminal memory. Nonvolatile video lottery terminal memory is a device that stores information which cannot be erased or destroyed when power is disconnected to the video lottery terminal. The manufacturer need not represent the whole deck in memory. “Shuffling” is the process of generating the ten cards possibly used in the play and may be conducted in any manner that satisfies the randomness tests in OAR 177-200-0050.

(3) The program must deal the first five cards in order to the player. The player must have the option to hold or discard any or all cards. Autohold features that assist players in their decision of the cards to hold and discard for the chance to obtain a winning combination must be displayed. Any cards that are discarded must be replaced by the remaining cards in the deck by a predefined process and drawing any additional cards in the order they are contained in the deck.

(4) If the initial five dealt cards constitute a five-card winning hand, the video lottery terminal must automatically notify player of winning hand and amount to be won if player holds all cards.

(5) If the initial five dealt cards contains a combination of fewer than five cards making up a winner according to the game’s pay table, display the kind of hand, e.g., one pair, two pair, three of a kind.

(6) At the conclusion of each game, the video lottery terminal must display the winning combination, if any, and the amount won.

(7) An extended play option may be included as long as a prize won under that option does not exceed \$600.

