NOTE: This posting is a convenience for Lottery staff. The official copy of any Oregon Administrative Rule is the Administrative Order filed with the Secretary of State. Discrepancies are resolved in favor of the Administrative Order.

OREGON STATE LOTTERY

ADMINISTRATIVE RULES

CHAPTER 177

January 1, 2016

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DIVISION 10

GENERAL PROVISIONS

January 1, 2016

OAR 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.

OAR 177-010-0003 Definitions

(1) **"Business day"** means the period beginning at 5 a.m. of a calendar day and ending at 4:59 a.m. on the morning of the next calendar day.

(2) **"Business week"** means the period beginning at 5 a.m. on a Sunday and ending at 4:59 a.m. the following Sunday morning.

(3) **"Business year"** means the period beginning at 5 a.m. on the Sunday immediately following the last Saturday in June, and ending at the end of the business day of the last Saturday of the following June.

(4) **"Commissioner"** has that definition as defined in ORS 461.010(2).

(5) **"Director"** has that definition as defined in ORS 461.010(3).

(6) **"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.

(7) **"Immediate family"** and **"family member"** mean a natural person's spouse, child, brother, sister, or parent by blood or adoption.

(8) **"Lottery"** or **"State Lottery"** has that definition as defined in ORS 461.010(1).

(9) **"Lottery Commission"** or **"Commission"** has that definition as defined in ORS 461.010(4).

(10) **"Lottery contract"** means any contract entered into by the Lottery for the purchase, lease, or sale of goods or services.

(11) **"Lottery contractor"** or **"contractor"** has that definition as defined in ORS 461.010(9).

(12) **"Lottery game"** or **"game"** has that definition as defined in ORS 461.010(5).

(13) **"Lottery game retailer"** or **"retailer"** has that definition as defined in ORS 461.010(7).

(14) **"Lottery Headquarters"** means the Debbs Potts Oregon State Lottery Commission building located at 500 Airport Road SE, Salem, Oregon.

(15) **"Lottery Kiosk"** means a location, other than Lottery Headquarters, designated by the Director as a Lottery Kiosk, where Lottery tickets or shares are sold directly to the public by Lottery employees.

(16) **"Lottery sales location"** means a Lottery Kiosk, Lottery Headquarters, any location designated by the Director for the sale of Lottery tickets and shares, or sales by the Lottery through electronic means.

(17) **"Lottery vendor"** or **"vendor"** has that definition as defined in ORS 461.010(8).

(18) **"Person"** has that definition as defined in ORS 461.010(6).

(19) **"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, or for a winning entry in a second chance drawing.

(20) **"Retailer contract"** means any written contract entered into by the Lottery with a retailer for selling Lottery tickets or shares to the public.

(21) **"Second Chance Drawing"** or **"2nd Chance Drawing"** means a drawing in which an eligible non-winning Oregon Lottery® ticket or share is submitted to the Lottery for entry into a drawing for a chance to win a prize.

(22) **"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.

(23) **"Ticket"** means a certificate or token of the opportunity to win a prize in a Lottery game.

(24) **"Traditional Lottery games"** means the following lottery games offered by the Oregon State Lottery:

(a) Scratch-its℠;
(b) Lottery Raffle Game;
(c) Megabucks℠;
(d) Pick 4℠;
(e) Lucky Lines℠;
(f) Powerball®;
(g) Sports Action℠;
(h) Scoreboard℠;
(i) Win for Life℠;

(j) Keno;
(k) Mega Millions®,
(l) Second chance drawing; and
(m) Any other Lottery game designated by the Oregon State Lottery Commission as a Traditional Lottery game.

(25) **"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.

(26) **"Video Lottery℠ game retailer"** or **"Video Lottery℠ retailer"** has that definition as defined in ORS 461.217.

(27) **"Video Lottery℠ game terminal"** means a type of video device for the playing of Video Lottery℠ games which is in a console that contains a game platform with a video display and a random number generator, is connected to and monitored by a central system, and accepts cash payments to permit a person to play the Video Lottery℠ games offered on the terminal for the opportunity to win a prize. Unless the context or a specially applicable definition indicates otherwise, any reference to a "Video Lottery℠ terminal", "video lottery terminal", or "video terminal" in OAR Chapter 177, a Lottery retailer contract, or Lottery form in effect or in use on or after the effective date of this rule shall be deemed to refer to a "Video Lottery℠ game terminal" as defined in this section. Video Lottery℠ Game Terminal does not include any device determined by the Oregon State Lottery Commission not to be a Video Lottery℠ game terminal.

(28) **"Website"** means the Lottery's Internet address at www.oregonlottery.org, or any other website that may be specified by the Lottery for a particular promotion or promotional program.

(29) **"Winner claim form"** means a form provided by the Lottery to a player for the purpose of claiming a prize.

OAR 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) **SOS Bulletin:** 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) **Mailing:** By mailing, electronic mailing, or delivering 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) **Press Room:** By delivering sufficient copies of the notice to the Capitol Press Room to provide one copy to each member of the press that maintains a mail receptacle there at least 28 days before the effective date of the intended action; and

(4) **Commission Agenda:** By listing any rule to be adopted, amended, or repealed on the agenda for the Commission's monthly meeting.

OAR 177-010-0009 Model Rules of Procedure

Pursuant to the Oregon Administrative Procedures Act, the Oregon State Lottery adopts the following Attorney General Model Rules of Procedure, OAR Chapter 137, in effect on June 30, 2008.

(1) Division 1 Model Rules for Rulemaking.

(2) Division 2 Model Rules for Agency Declaratory Rulings.

(3) Division 5 Collaborative Dispute Resolution Model Rules.

[**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.]

OAR 177-010-0011 Confidentiality and Inadmissibility of Mediation Communications

(1) The words and phrases used in this rule have the same meaning as given to them in ORS 36.110 and 36.234.

(2) Nothing in this rule affects any confidentiality created by other law. Nothing in this rule relieves a public body from complying with the Public Meetings Law, ORS 192.610 to 192.690. Whether or not they are confidential under this or other rules of the agency, mediation communications are exempt from disclosure under the Public Records Law to the extent provided in ORS 192.410 to 192.505.

(3) This rule applies only to mediations in which the agency is a party or is mediating a dispute as to which the agency has regulatory authority. This rule does not apply when the agency is acting as the "mediator" in a matter in which the agency also is a party as defined in ORS 36.234.

(4) To the extent mediation communications would otherwise be compromise negotiations under ORS 40.190 (OEC Rule 408), those mediation communications are not admissible as provided in ORS 40.190 (OEC Rule 408), notwithstanding any provisions to the contrary in section (9) of this rule.

(5) **Mediations Excluded:** Sections (6)-(10) of this rule do not apply to:

> (a) Mediation of workplace interpersonal disputes involving the interpersonal relationships between this agency's employees, officials or employees and officials, unless a formal grievance under a labor contract, a tort claim notice or a lawsuit has been filed; or

(b) Mediation in which the person acting as the mediator will also act as the hearings officer in a contested case involving some or all of the same matters;

(c) Mediation in which the only parties are public bodies;

(d) Mediation involving two or more public bodies and a private party if the laws, rule or policies governing mediation confidentiality for at least one of the public bodies provide that mediation communications in the mediation are not confidential;

(e) Mediation involving 15 or more parties if the agency has designated that another mediation confidentiality rule adopted by the agency may apply to that mediation.

(6) **Disclosures by Mediator:** A mediator may not disclose or be compelled to disclose mediation communications in a mediation and, if disclosed, such communications may not be introduced into evidence in any subsequent administrative, judicial, or arbitration proceeding unless:

(a) All the parties to the mediation and the mediator agree in writing to the disclosure; or

(b) The mediation communication may be disclosed or introduced into evidence in a subsequent proceeding as provided in subsections (c)-(d), (j)-(l) or (o)-(p) of section (9) of this rule.

(7) **Confidentiality and Inadmissibility of Mediation Communications:** Except as provided in sections (8)-(9) of this rule, mediation communications are confidential and may not be disclosed to any other person, are not admissible in any subsequent administrative, judicial or arbitration proceeding and may not be disclosed during testimony in, or during any discovery conducted as part of a subsequent proceeding, or introduced as evidence by the parties or the mediator in any subsequent proceeding.

(8) **Written Agreement:** Section (7) of this rule does not apply to a mediation unless the parties to the mediation agree in writing, as provided in this section, that the mediation communications in the mediation will be confidential and/or nondiscoverable and inadmissible. If the mediator is the employee of and acting on behalf of a state agency, the mediator or an authorized agency representative must also sign the agreement. The parties' agreement to participate in a confidential mediation must be in substantially the following form. This form may be used separately or incorporated into an "Agreement to Mediate."

Agreement to Participate in a Confidential Mediation

The agency and the parties to the mediation agree to participate in a mediation in which the mediation communications are confidential and/or nondiscoverable and inadmissible to the extent authorized by OAR 177-010-0011(7) and this agreement. This agreement relates to the following mediation:

a) _____
(Identify the mediation to which this agreement applies)

b) To the extent authorized by OAR 177-010-0011(7), mediation communications in this mediation are: (check one or more)

___ Confidential and may not be disclosed to any other person.

___ Not admissible in any subsequent administrative proceeding and may not be disclosed during testimony in, or during any discovery conducted as part of a subsequent administrative proceeding, or introduced as evidence by the parties or the mediator in any subsequent administrative proceeding.

___ Not admissible in any subsequent administrative, judicial or arbitration proceeding and may not be disclosed during testimony in, or during any discovery conducted as part of a subsequent administrative, judicial or arbitration proceeding, or introduced as evidence by the parties or the mediator in any subsequent administrative, judicial or arbitration proceeding.

c) _____
Name of Agency

_____ _____
Signature of Agency's authorized representative (when Agency is a party) or Agency employee acting as the mediator (when Agency is mediating the dispute) Date

d) _____
Name of party to the mediation

_____ _____
Signature of party's authorized representative Date

e) _____
Name of party to the mediation

_____ _____
Signature of party's authorized representative Date

(9) **Exceptions to Confidentiality and Inadmissibility:**

(a) Any statements, memoranda, work products, documents, and other materials, otherwise subject to discovery that were not prepared specifically for use in the mediation are not confidential and may be disclosed or introduced into evidence in a subsequent proceeding.

(b) Any mediation communications that are public records, as defined in ORS 192.410(4), and were not specifically prepared for use in the mediation are not confidential and may be disclosed or introduced into evidence in a subsequent proceeding unless the substance of the communication is confidential or privileged under state or federal law.

(c) A mediation communication is not confidential and may be disclosed by any person receiving the communication to the extent that person reasonably believes that disclosing the communication is necessary to prevent the commission of a crime that is likely to result in death or bodily injury to any person. A mediation communication is not confidential and may be disclosed in a subsequent proceeding to the extent its disclosure may further the investigation or prosecution of a felony crime involving physical violence to a person.

(d) Any mediation communication related to the conduct of a licensed professional that is made to or in the presence of a person who, as a condition of his or her professional license, is obligated to report such communication by law or court rule is not confidential and may be disclosed to the extent necessary to make such a report.

(e) The parties to the mediation may agree in writing that all or part of the mediation communications are not confidential or that all or part of the mediation communications may be disclosed and may be introduced into evidence in a subsequent proceeding unless the substance of the communication is confidential, privileged or otherwise prohibited from disclosure under state or federal law.

(f) A party to the mediation may disclose confidential mediation communications to a person if the party's communication with that person is privileged under ORS Chapter 40 or other provision of law. A party to the mediation may disclose confidential mediation communications to a person for the purpose of obtaining advice concerning the subject matter of the mediation, if all the parties agree.

(g) An employee of the agency may disclose confidential mediation communications to another agency employee so long as the disclosure is necessary to conduct authorized activities of the agency. An employee receiving a confidential mediation communication under this subsection is bound by the same confidentiality requirements as apply to the parties to the mediation.

(h) A written mediation communication may be disclosed or introduced as evidence in a subsequent proceeding at the discretion of the party who prepared the communication so long as the communication is not otherwise confidential under state or federal law and does not contain confidential information from the mediator or another party who does not agree to the disclosure.

(i) In any proceeding to enforce, modify, or set aside a mediation agreement, a party to the mediation may disclose mediation communications and such communications may be introduced as evidence to the extent necessary to prosecute or defend the matter. At the request of a party, the court may seal any part of the record of the proceeding to prevent further disclosure of mediation communications or agreements to persons other than the parties to the agreement.

(j) In an action for damages or other relief between a party to the mediation and a mediator or mediation program, mediation communications are not confidential and may be disclosed and may be introduced as evidence to the extent necessary to prosecute or

defend the matter. At the request of a party, the court may seal any part of the record of the proceeding to prevent further disclosure of the mediation communications or agreements.

(k) When a mediation is conducted as part of the negotiation of a collective bargaining agreement, the following mediation communications are not confidential and such communications may be introduced into evidence in a subsequent administrative, judicial or arbitration proceeding:

(A) A request for mediation, or

(B) A communication from the Employment Relations Board Conciliation Service establishing the time and place of mediation, or

(C) A final offer submitted by the parties to the mediator pursuant to ORS 243.712, or

(D) A strike notice submitted to the Employment Relations Board.

(l) To the extent a mediation communication contains information the substance of which is required to be disclosed by Oregon statute, other than ORS 192.410 to 192.505, that portion of the communication may be disclosed as required by statute.

(m) Written mediation communications prepared by or for the agency or its attorney are not confidential and may be disclosed and may be introduced as evidence in any subsequent administrative, judicial, or arbitration proceeding to the extent the communication does not contain confidential information from the mediator or another party, except for those written mediation communications that are:

(A) Attorney-client privileged communications so long as they have been disclosed to no one other than the mediator in the course of the mediation or to persons as to whom disclosure of the communication would not waive the privilege, or

(B) Attorney work product prepared in anticipation of litigation or for trial, or

(C) Prepared exclusively for the mediator or in a caucus session and not given to another party in the mediation other than a state agency, or

(D) Prepared in response to the written request of the mediator for specific documents or information and given to another party in the mediation, or

(E) Settlement concepts or proposals, shared with the mediator or other parties.

(n) A mediation communication made to the agency may be disclosed and may be admitted into evidence to the extent the Director determines that disclosure of the communication is necessary to prevent or mitigate a serious danger to the public's health

or safety, and the communication is not otherwise confidential or privileged under state or federal law.

(o) The terms of any mediation agreement are not confidential and may be introduced as evidence in a subsequent proceeding, except to the extent the terms of the agreement are exempt from disclosure under ORS 192.410 to 192.505, a court has ordered the terms to be confidential under ORS 30.402 or state or federal law requires the terms to be confidential.

(p) The mediator may report the disposition of a mediation to the agency at the conclusion of the mediation so long as the report does not disclose specific confidential mediation communications. The agency or the mediator may use or disclose confidential mediation communications for research, training, or educational purposes, subject to the provisions of ORS 36.232(4).

(10) When a mediation is subject to section (7) of this rule, the agency will provide to all parties to the mediation and the mediator a copy of this rule or a citation to the rule and an explanation of where a copy of the rule may be obtained. Violation of this provision does not waive confidentiality or inadmissibility.

OAR 177-010-0025 Director of the Oregon State Lottery

(1) **General:** The Director shall implement and execute the rules and policies adopted by the Commission, and may adopt such procedures as the Director may deem appropriate, to promote and insure the integrity, security, honesty, fairness, and efficient administration of the Lottery.

(2) **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) **Personnel Policies and Procedures:** Except for approving the salaries of the Director and the assistant directors, including cost-of-living adjustments, 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. Such policies and procedures shall conform to generally accepted personnel practices based upon merit principles.

(4) **Temporary Administrative Rules:** The Director shall have the authority to adopt temporary administrative rules in accordance with the procedures set forth in ORS 183.335(5) and (6) upon the Director's signature.

(5) **Miscellaneous:** The duties and responsibilities of operating a lottery which are not otherwise specified in law, including, but not limited to, statutes and administrative rules, are reserved to the Director subject to review and approval by the Commission.

OAR 177-010-0045 Contingency Reserve

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

OAR 177-010-0050 Merchandise Prizes

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

OAR 177-010-0080 Sale of Tickets and Shares

(1) **Sales by Retailers:** 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) **Sales by the Lottery:** The Director may 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.

OAR 177-010-0085 Unclaimed Prize Money

(1) A prize not validly claimed within the period specified for claiming a prize in any lottery game shall remain the property of the Commission and shall be allocated to the benefit of the public purpose. The Lottery shall transfer unclaimed prize money when it transfers proceeds allocated to the public purpose.

(2) The Commission delegates to the Director or the Director's designee the authority to set a time period that is shorter than one year to claim prizes in any Lottery game.

OAR 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) **Database:** 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) **Searching the Database:** 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) **30 Day Hold:** 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) **Garnishment:** 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) **Payment of Prize:** 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) **Voluntary Release:** Nothing in this section is intended to prevent a prize claimant from voluntarily releasing payment of all or any portion of the claimant's prize towards payment of the claimant's delinquent child support obligations.

177-010-0094 Overpayments Recovery 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. These procedures are in addition to any other procedures set forth in OAR Chapter 177, including the child support validation check contained in OAR 177-010-0090.

(1) **Database:** The Lottery shall work with the Department of Human Services and the Oregon Health Authority to establish and operate a data match system using automated data exchanges with the Department of Human Services and the Oregon Health Authority that identifies persons that have received an overpayment of assistance for which a final order for overpayment has been issued by the Department of Human Services or the Oregon Health Authority under ORS Chapter 183. Any information necessary to identify the person and hold a payment on a Lottery prize must be available to the Lottery's central computer system through the data match system.

(2) **Searching the Database:** When a Lottery ticket or share is presented at the Lottery for payment for a prize that is in excess of $600, or when a prize winner claims any other prize payment at the Lottery that is in excess of $600, the Lottery shall enter the prize claimant's name, social security number, and any other available identifying information into the Lottery's central computer system. The computer shall search the database containing the names of the persons that have received an overpayment of assistance as described in section (1) of this rule for a possible match.

(3) **30 Day Hold:** When a claimant is listed in the database, the Lottery will place a 30-day hold on any prize payment to the claimant. The Lottery will inform the claimant of the hold, notify the Department of Human Services or the Oregon Health Authority that a recipient of an overpayment of assistance has won a Lottery prize in excess of $600 or is entitled to payment in excess of $600 on a Lottery prize.

(a) If Lottery has questions concerning a match, Lottery will confirm the match with the Department of Human Services or the Oregon Health Authority before proceeding. If the department or the authority confirms that the claimant is the obligor on an overpayment of assistance, Lottery will proceed as provided herein.

(4) **Garnishment:** If the Lottery receives a notice or writ of garnishment under ORS 18.600 to 18.857 within the 30-day hold period, the Lottery must continue to hold any payment to the claimant pending disposition of the garnishment. Thereafter, the Lottery shall make payment to the garnishor. 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) **Payment of Prize:** If a garnishment is not received within the 30-day hold period, the Lottery shall pay the prize to the claimant at the end of the 30-day hold period or when the Department of Human Services or the Oregon Health Authority notifies the Lottery that a garnishment will not be issued, whichever is sooner.

(6) **Voluntary Release:** Nothing in this section is intended to prevent a prize claimant from voluntarily releasing payment of all or any portion of the claimant's prize towards payment of the claimant's overpayment of assistance.

(7) **Priorities:** If the Lottery receives multiple garnishments against the same claimant while it is holding the prize claim, it will honor the garnishments in the order that they were received pursuant to ORS 18.627(1), provided however that payment of any past-due child support under OAR 177-010-0090 has priority over the recovery of any overpayment of assistance from a Lottery prize under this rule.

(8) **Definitions:** As used herein,

(a) **"Assistance"** includes:

(A) Medical assistance as defined in ORS 414.025.

(B) Public assistance as defined in ORS 411.010.

(C) Supplemental nutrition assistance provided under ORS 411.806 to 411.845.

(D) Any other benefit, aid, or assistance for which the Department of Human Services or the Oregon Health Authority is authorized to issue a final order for an overpayment under ORS Chapter 183.

(b) **"Garnishor"** means:

(A) The creditor, if the writ of garnishment is issued by a court administrator.

(B) The person or entity that issued the notice or writ of garnishment, if the garnishment was issued by any person other than a court administrator.

OAR 177-010-0100 Requests and Fees for Copies of Public Records

(1) **Procedure:** Any person may request to inspect or obtain a copy of a public record, as defined in ORS 192.410(4), which is in the custody of the Lottery.

(2) **Reasonable Access:** The Lottery will allow reasonable access to any public record in the custody of the Lottery, during the Lottery's regular business hours, unless the record is exempt from disclosure. The Lottery may determine the time and manner of inspection or copying to protect the public record and to prevent interference with the regular activities of the Lottery and its employees. The Lottery will determine reasonable access by taking into account the necessity to maintain the fairness, integrity, security, and honesty of the Lottery.

(3) **Written Requests:** Unless otherwise provided herein, a request for a public record must be made in writing and delivered in person, by mail, facsimile transmission, or electronic mail to the Oregon State Lottery, P.O. Box 12649, 500 Airport Road S.E., Salem, Oregon 97309. At its discretion, the Lottery may accept oral requests. Each request must include:

(a) The name, address, (if needed for mailing), and telephone number, if any, of the requestor.

(b) The identification, description, or type of the public record requested, and the format of the public record, if known to the requestor.

(c) The number of copies and format requested if a copy of the public record is requested.

(4) **Processing Requests:** The Lottery will respond to a public records request within a reasonable period of time. Inspection or copying of a public record is contingent upon the number of pending requests and staff availability. Requests normally will be processed in the order they are received. The Director or designee may advise the requestor, if necessary, whether the record may be disclosed, the date, time, and place the requestor may inspect the record or obtain a copy, and the estimated cost of inspection, copying, and other fees as described in this rule. If the requested record contains information exempt from disclosure, the requestor will be furnished a copy of the record with the exempt information redacted, if it is reasonably possible to do so. If it is not reasonably possible to redact the exempt information, the record will not be made available for inspection or copying.

(5) **Payment of Costs:** The requestor must pay the costs for making the public record available for inspection or for copying as follows:

(a) **Notification of Costs:** The Lottery will provide the requestor with a written notification of the actual or estimated costs to make the requested public records available for inspection or for providing copies, if the estimated or actual costs exceed $25. The Lottery will not provide the public records until the requestor confirms that the requestor wants the Lottery to proceed with making the requested public records available. The Lottery may also provide the requestor with a written notification if the costs are $25 or less. The Lottery may require that all fees and charges, whether estimated or actual, be paid before the public record is made available for inspection or copies provided.

(b) **Estimates:** If the Lottery must estimate the costs of making a public record available either for inspection or copying, the estimated costs must be paid before a public record will be made available for inspection or a copy made. The Lottery does not guarantee the accuracy of any estimate provided. If the total actual costs exceed the estimate, the total actual costs must be paid before the records are made available for inspection or copies are made and provided to the requestor. If the total actual cost is less than the estimate, the Lottery will refund the overcharge to the requestor. The Lottery will not refund amounts less than $1.

(c) **Requests by Current Lottery Retailers:** With the written or electronic authorization of a Lottery retailer, the Lottery may bill a retailer the cost of fulfilling a public records request made by the retailer through the retailer's electronic funds transfer bank account established for Lottery funds. Such amounts will be deducted from the account during the next regularly scheduled electronic debit of the retailer's account or anytime thereafter.

(6) **Fees - General:** Unless otherwise provided herein or by law, the Lottery shall charge a fee, in accordance with ORS 192.440, reasonably calculated to reimburse the Lottery for its actual costs of providing a copy of a public record or furnishing a reasonable opportunity to inspect the record.

(7) **Fees - Paper Records:** For paper records, the Lottery's charge is 25¢ per page for the first 20 pages and 15¢ per page thereafter to recover the costs of photocopying, or printing from laserfiche, and normal and reasonable staff time to locate, separate, review, redact exempt information, copy, return documents to file, and to otherwise prepare and deliver a public record to a requestor.

(a) **"Page"** refers to the number of copies produced, either on 8 1/2 x 11 or 8 1/2 x 14 or 8 1/2 x 17 inch paper. Lottery staff will not reduce the copy size or otherwise manipulate a record in order to fit additional records on a page, unless staff concludes that it would be the most effective use of staff time. Consistent with ORS 192.240, all copies will be produced on recycled paper in double-sided print format whenever feasible. A double-sided copy constitutes two pages. Because of the increased staff time involved in double-sided copying, there is no reduction in the fee per page.

(b) A **"normal and reasonable"** amount of staff time is fifteen minutes or less for each request.

(8) **Additional Staff Time Charges:** Additional charges for staff time may be made when responding to a public records request that requires more than a "normal and reasonable" amount of staff time for responding to a records request as set forth in this rule.

(a) **Lottery Staff:** Staff time over fifteen minutes will be charged at the hourly rate of the staff member, who responds to the request, as follows:

(A) **Hourly Employees:** The Lottery shall charge the actual hourly rate of the employee including benefits.

(B) **Salaried Employees:** The Lottery shall charge an hourly rate determined by the monthly salary including benefits of the employee divided by the number of hours of work that month based upon an eight hour day.

(b) **Oregon Attorney General Staff:** If the Lottery uses the services of the Oregon Attorney General's Office in reviewing the public records, redacting material from the public records, or segregating the public records into exempt and non-exempt records, the costs billed to the Lottery by the Attorney General's Office shall be charged to the requestor. The Lottery will not include, in a fee charged under this section, the costs for time spent by the Attorney General's staff in determining the application of the provisions of ORS 192.410 to 192.505 to a request for public records.

(c) **Outside Contractors:** If the Lottery uses the services of an outside facility or contractor to respond to a public records request, the actual costs incurred by the Lottery shall be billed to the requestor.

(d) **Miscellaneous:** Unless otherwise provided herein, charges incurred in responding to a public records request include, but are not limited to:

(A) All time spent locating, compiling, sorting, and reviewing records to prepare them for inspection or copying;

(B) All time required to segregate or redact exempt information;

(C) All time required to supervise the inspection of records, including time spent with the requestor while the requestor reviews the public records; and

(D) All time required to copy or format the records.

(9) **Fees - Electronic Reproduction of Records:** In addition to the staff time required to respond to a public records request where electronic reproduction is required or if requested is available, the Lottery may provide reproduction media at the following rates:

(a) **Diskette, 5 1/4 or 3 1/2:** $1 each.

(b) **CD:** $1 each.

(c) **DVD:** $1 each.

(d) **Video Cassette, 2 hours:** $6 each.

(e) **Audio Cassette, 60 minutes:** $2 each.

The Lottery will not permit a requestor to provide a diskette, CD, or DVD for electronic reproduction of a computer record.

(10) **Mailing or Shipping Costs:** The Lottery may charge a requestor the actual postage or freight costs for mailing or shipping a copy of a record to the requestor, including, but not limited to, any special charges such as certified mail, express mail, or restricted delivery. Lottery shall determine the manner of shipment.

(11) **Faxing Costs:** In addition to other fees related to the request, the Lottery shall charge the requestor $1 per public records page when a record is faxed locally or within the state of Oregon. The Lottery shall charge a requestor $5 for the first public records page for out-of-state faxes and $1 per page thereafter. The Lottery will not fax more than 30 pages in response to a public records request.

(12) **Certification Costs:** When requested, the Lottery shall provide a certified copy of a public record at an additional cost of $5.00 for each certification. Certified copy means a copy which is certified to be a true and accurate copy of the public record requested.

(13) **Payment:** Unless otherwise provided herein or as directed by the Director, a requestor must pay all fees in advance before the Lottery will release a requested record for inspection or before a copy is made and provided. The requestor may make payment by cash, check, or money order. The check or money order must be made payable to the Oregon State Lottery.

(14) **No Charge:** The Lottery may provide a single copy of the following items at no charge to a requestor once every 30 days. The Lottery will charge the requestor for an item requested more often than once every 30 days, unless the item has been updated or modified within that timeframe.

(a) **Press Release:** A single copy of any Lottery press release issued within the 30 days immediately preceding the request.

(b) **Minutes and Reports:** A single copy of approved Commission minutes for a Commission meeting that occurred within the previous twelve months, including monthly financial, marketing, and sales reports made to the Commission during that meeting.

(c) **Rules:** A single copy of the Lottery's current administrative rules.

(d) **ORS Chapter 461:** A single copy of the current Oregon Revised Statutes, Chapter 461.

(e) **Lottery Publications:** A single copy of a current Lottery publication, unless a price is set for the publication, including, but not limited to, winning numbers, frequency or odds

charts, job announcements, problem gambling informational materials and brochures, and newsletters.

(f) **Electronic Copies:** At the Lottery's discretion, any single record or report readily available electronically from the Lottery which can be provided to the requestor electronically through electronic mail. If a hard copy of such materials is requested, the Lottery shall charge the requestor in accordance with the provisions of this rule. If the request entails preparation of an electronic report using Lottery software which requires more than a normal and reasonable amount of time to prepare, the charges for staff time specified herein apply.

(g) **Marketing Materials:** A single copy of a currently stocked marketing brochure, pamphlet, flyer, or any similar item, which is normally distributed freely to the public, or to retailers to distribute to the public. This includes, but is not limited to, any item that is intended or used by the Lottery to promote the sale of Lottery tickets or shares; advertise or promote the Lottery or its games; foster good public relations; act as an incentive to purchasers, players, or retailers; publicly disclose odds or numbers of winners in Lottery games; or communicate with the general public or specific market segments.

(h) **ADA Format:** The Lottery will not charge any extra fee for providing records in an alternative format when required under the Americans with Disabilities Act.

(i) **Nominal Expense:** The Lottery will not charge a fee if a record can be provided at nominal expense or if the cost to collect the fee would be more than the cost to provide the copy of the record.

(15) **Limitation on Waiver:** Except as provided in this rule, the Lottery may not reduce or waive fees and must charge the actual costs for making a public record available for inspection or copying, and any related services.

OAR 177-010-0110 Lottery Trademarks or Service Marks

(1) **Public Display, Use, or Publication of Trademarks and Service Marks:** The Lottery's trademarks and service marks include, but are not limited to, the Lottery's name and logo; game names, logos, and taglines; and licensed game names and logos that the Lottery has contractual authority to use. The public display, publication, or other use of the Lottery's trademarks and service marks is permitted only after the Director or the Director's designee:

(a) Provides written approval of a request for the display, publication, or other use; or

(b) Enters into a license agreement with the requestor for the display, publication, or other use.

(2) **Request Requirements:** All requests for display, publication, or other use of the Lottery's trademarks and service marks must be in writing and must include the following:

(a) A sample showing the proposed use of the trademark or service mark in a display, publication, or other use; and

(b) An explanation of how and where the trademark or service mark will be displayed, published, or otherwise used.

(3) **Director's Approval:** The Director or the Director's designee has sole and exclusive discretion whether or not to approve a request and to determine the conditions applying to use of the trademark or service mark. The Director or the Director's designee may require the requestor to enter into a licensing agreement before use of a trademark or service mark is authorized.

(4) **Rights:** This rule shall not be construed to grant or create any right to display, publish, or otherwise use, in any manner, in whole or in part, any of the Lottery's trademarks or service marks. The Lottery may take any action that the Lottery deems necessary to enforce its rights in its trademarks and service marks.

OAR 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(20) 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 State Police Lottery Security Section to assure compliance with applicable law.

(9) **Confiscation:** A device displayed, demonstrated, transported, or otherwise possessed in violation of this rule or any statute is subject to confiscation by law enforcement officers and may be forfeited and destroyed.

DIVISION 36

LOTTERY PROCUREMENT RULES

March 21, 2010

OAR 177-036-0000 Definitions

The following definitions apply to all Oregon Administrative Rules contained in OAR Chapter 177, Division 36:

(1) **"Addendum"** or **"Addenda"** means an addition or deletion to, a material change in, or general interest explanation of a Solicitation Document.

(2) **"Advantageous"** means in the Lottery's best interests, as assessed according to the judgment of the Lottery.

(3) **"Award"** means either the act or occurrence of the Lottery's identification of the Person with whom the Lottery will enter into a Contract.

(4) **"Bid"** means a response to an Invitation to Bid.

(5) **"Bidder"** means a Person that submits a Bid in response to an Invitation to Bid.

(6) **"Closing"** means the date and time announced in a Solicitation Document as the deadline for submitting Offers.

(7) **"Contract"** means a purchase, lease, rental or other acquisition or sale or other disposal by the Lottery of Goods or Services.

(8) **"Contract Price"** means, as the context requires, (i) the maximum payments that the Lottery will make under a Contract if the Contractor fully performs under the Contract, (ii) the maximum not-to-exceed amount of payments specified in the Contract, or (iii) the unit prices for Goods and Services set forth in the Contract.

(9) **"Contractor"** means the Person with whom the Lottery enters into a Contract.

(10) **"Days"** means calendar days.

(11) **"Director"** has that definition as defined in ORS 461.010(3).

(12) **"Emergency"** means circumstances that:

(a) Could not have been reasonably foreseen; and

(b) Require prompt execution of a Contract to remedy the condition; and

(c) Meet one of the following two conditions:

(A) The circumstances create a substantial risk of loss or revenue, damage or interruption of services or substantial threat to property, public health, welfare or safety when the circumstances could not have been reasonably foreseen; or

(B) The circumstances require immediate and decisive action to protect the security, credibility, or integrity of the Lottery or a Lottery game.

(13) **"Goods and Services"** or **"Goods or Services"** means supplies, equipment, materials and services including Personal Services and any personal property, including any tangible, intangible and intellectual property and rights and licenses in relation thereto, that the Lottery is authorized by law to procure.

(14) **"Information Technology Contract"** means a Contract for the acquisition, disposal, repair, maintenance or modification of hardware, software or services for computers or telecommunications.

(15) **"Invitation to Bid"** or **"ITB"** means all documents, whether attached or incorporated by reference, used for soliciting Bids using a competitive bidding process in which specifications, price and delivery (or project completion) will be the predominant Award criteria.

(16) **"Large Procurement"** means the Lottery's procurement of Goods or Services exceeding $150,000 in accordance with the requirements of OAR 177-036-0040(4).

(17) **"Lottery"** has that definition as defined in ORS 461.010(1).

(18) **"Lottery Commission"** or **"Commission"** has that definition as defined in ORS 461.010(4).

(19) **"Major Procurement"** means a procurement that involves highly sensitive and highly secure Lottery information and includes but is not limited to, the printing of tickets used in Lottery games, Goods or Services involving the receiving or recording of number selection in any Lottery game, or any Goods or Services involving the determination of winners in any Lottery game. Disclosure requirements for this classification of procurements are contained in ORS 461.410, ORS 461.700, and OAR 177-037-0030.

(20) **"Offer"** means a response to a Solicitation Document.

(21) **"Offeror"** means a Person who submits an Offer.

(22) **"Person"** means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental agency, public corporation or any other legal or commercial entity.

(23) **"Personal Services"** means the services or type of services performed under a Personal Services Contract.

(24) **"Personal Services Contract"** means a Contract or member of a class of Contracts whose primary purpose is to acquire specialized skills, knowledge and resources in the application of

technical or scientific expertise, or the exercise of professional, artistic or management discretion or judgment, including, without limitation, a Contract for the services of an accountant, educator, information technology or other consultant, broadcaster or artist (including a photographer, filmmaker, painter, or sculptor.)

(25) **"Proposal"** means a response to a Request for Proposal.

(26) **"Proposer"** means a Person that submits a Proposal in response to a Request for Proposal.

(27) **"Responsible Offeror"** (also **"Responsible Bidder"** or **"Responsible Proposer"** as applicable) means a Person that has submitted an Offer and meets the standards set forth in OAR 177-036-0110, and that has not been debarred by the Lottery under OAR 177-036-0210. When used alone, **"Responsible"** means meeting the aforementioned standards.

(28) **"Responsive Offer"** (also **"Responsive Bid"** or **"Responsive Proposal"** as applicable) means an Offer that substantially complies in all material respects with applicable Solicitation Document requirements. When used alone, **"Responsive"** means having the characteristics of substantially complying in all material respects with applicable Solicitation Document requirements.

(29) **"Request for Proposal"** or **"RFP"** means all documents, whether attached or incorporated by reference, used for soliciting Proposals using a competitive Proposal process in which price is not the sole determining factor for Contract Award.

(30) **"Scope"** means the range and attributes of the Goods or Services described in the applicable Solicitation Document, or if no Solicitation Document, in the Contract.

(31) **"Signed"** or **"Signature"** means any mark, word or symbol attached to or logically associated with a document and executed or adopted by a Person, with the intent to be bound.

(32) **"Solicitation Document"** means an Invitation to Bid, Request for Proposal or other document issued to invite Offers from prospective Contractors.

(33) **"Specification"** means any description of the physical or functional characteristics or of the nature of Goods or Services, including any requirement for inspecting, testing or preparing Goods or Services for delivery and the quantities of materials to be furnished under a Contract. Specifications generally will state the result to be obtained and may, on occasion, describe the method and manner of doing the Work to be performed.

(34) **"Vendor"** has that definition as defined in ORS 461.010(8). For purposes of these Division 36 rules, Vendor does not include a Lottery game retailer as defined in ORS 461.010(7).

(35) **"Work"** means the furnishing of all materials, equipment, labor and incidentals necessary to successfully complete any individual requirement in a Contract and successful completion of all duties and obligations imposed by the Contract.

(36) **"Written"** or **"Writing"** means conventional paper documents, whether handwritten, typewritten or printed, in contrast to spoken words. It also includes electronic transmissions or

facsimile documents when required by applicable law or permitted by a Solicitation Document or Contract.

OAR 177-036-0010 General Policy

It is the policy of the Lottery to conduct its procurement efforts to ensure a process that promotes fairness, integrity, security, and honesty to maximize revenue for the public purposes set forth in ORS 461.200. The purpose of these Division 36 rules is to provide a framework for the Lottery procurement processes. These Division 36 rules apply to the Lottery's procurement of Goods and Services.

OAR 177-036-0020 Application of the Lottery's Procurement Rules; Exceptions

(1) **General:** It is the policy of the Lottery, to the extent that is reasonable given the objectives of maximizing the net revenues of the Lottery, to conduct its contracting affairs in an open, competitive manner in accordance with ORS 461.440 and these Division 36 rules.

(2) **Exceptions:** The Lottery may enter into the following classifications of Contracts without a competitive process:

(a) Contracts between the Lottery and a state agency or local government of this or another state, with the United States or a United States governmental agency, with an American Indian tribe or an agency of an American Indian tribe, or with a nation or a public agency in any nation other than the United States as permitted in ORS Chapter 190;

(b) Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;

(c) Contracts for books, memberships, or subscriptions;

(d) Sponsorship agreements;

(e) Advertising and promotional Contracts, including, but not limited to, Contracts to place media, Contracts for talent, acquisition of prizes, and promotional Goods or Services. This exception does not apply to the selection of the Lottery's primary advertising agency;

(f) Contracts for video Lottery terminals and similar devices and video Lottery games (including the equipment and services necessary to operate and maintain the devices or games);

(g) Equipment repair and overhaul Contracts subject to the following conditions:

(A) Service or parts required are unknown and the cost cannot be determined without extensive preliminary dismantling or testing; or

(B) Service or parts required are for sophisticated equipment for which specifically trained personnel are required and such personnel are available from only one source;

(h) Investment contracts related to the payoff of major prize winners;

(i) Security studies;

(j) Price regulated items where the rate or price is established by federal, state or local regulatory authority;

(k) Purchase of used personal property; and

(l) Contracts with Lottery game retailers pursuant to ORS 461.300 through ORS 461.335.

(3) **Reservation of Rights:** Although the Lottery is exempt from ORS Chapter 279A and 279B, which govern public contracts and procurement, the Lottery reserves the right to use, as guidelines to govern its procurement actions, relevant provisions of ORS Chapter 279A, and 279B, the Attorney General's Model Public Contract Rules (OAR Chapter 137, Divisions 46 and 47) and the Public Contracting Rules established by the Oregon Department of Administrative Services (OAR Chapter 125, Divisions 246 and 247). However, the procedures set forth in these statutes and administrative rules shall be guidance only and shall not obligate the Lottery to follow the procedures set forth in these statutes and administrative rules.

OAR 177-036-0030 Procurement Authority

(1) **General:** The Director is authorized to initiate procurements and enter into all Contracts and Contract amendments for Goods and Services that have been approved by the Lottery Commission in the annual financial plan (as it may be amended) or are otherwise pre-approved in concept at a Lottery Commission meeting, on behalf of the Lottery Commission except as follows:

(a) Unbudgeted procurements that will result in a Contract with a Contract Price in excess of $75,000 over the term of the Contract and Unbudgeted Contracts with a Contract Price in excess of $75,000 over the term of the Contract must be approved by the Lottery Commission. For purposes of section (1) of this rule, **"Unbudgeted"** means expenditures that have not been previously approved by the Commission in the Lottery's current financial plan or at a Commission meeting.

(b) The first Unbudgeted Contract amendment that increases the Contract Price to more than $75,000 and all subsequent Unbudgeted Contract amendments that increase the Contract Price by more than $75,000 since the last Unbudgeted Contract Amendment approved by the Commission, must be approved by the Commission.

(c) Contracts for Major Procurements must be approved by the Commission.

(2) **Commission Approved Contracts:** Notwithstanding the provisions of section (1) of this rule, the Commission having once approved a Contract or Contract amendment authorizes the Director to

execute the Contract or Contract amendment, make all disbursements and payments as provided in the Contract or Contract amendment, without further action by the Commission.

(3) **Emergency Procurements:** Notwithstanding the provisions of section (1) of this rule, the Director is authorized to enter into a Contract awarded as an Emergency procurement as set forth in OAR 177-036-0040(6).

(4) **Rule or Statutory Authorization:** If a contract action is authorized by statute or rule, the Director is authorized to execute the Contract or any Contract amendment, and make all disbursements and payments as required by the Contract terms or the terms of the Contract amendment.

(5) **Price Reduction:** The Director is authorized, without further, specific approval action by the Commission, to execute any Contract amendment that results in a reduction of the price paid by the Lottery per item, unit or other measure of the Goods 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 Goods or Services to be acquired under the option.

(6) **Delegation by Director:** Pursuant to ORS 461.180(7), the Director may delegate, in writing, to any of the employees of the Lottery the exercise or discharge of any of the powers, duties or functions of the Director in these Division 36 rules.

(7) **Legal Sufficiency Review:** When the Attorney General legal sufficiency review and approval is required under ORS 291.047, the Lottery must seek legal sufficiency review and approval of Contracts pursuant to ORS 291.047 and review of procurement documents pursuant to OAR 137-045-0035.

OAR 177-036-0040 Source Selection

(1) **General:** The Lottery shall Award Contracts for Goods or Services by one of the source selection methods in this rule. Except as provided in section (2), and sections (5) through (7) of this rule, the Lottery will generally conduct a competitive process for Goods or Services by issuing a Solicitation Document.

(2) **Small Procurements:** Any procurement of Goods or Services not exceeding $15,000 may be Awarded without a competitive process. The Lottery may Award a Contract in any manner deemed practical or convenient by the Lottery, including by direct selection or Award. A procurement may not be artificially divided or fragmented so as to constitute a small procurement under this rule.

(3) **Intermediate Procurements:** Any procurement of Goods or Services exceeding $15,000 but not exceeding $150,000 may be Awarded after seeking three competitive price quotes or Offers. The Lottery shall keep a Written record of the sources of the Offers received. If three Offers are not reasonably available, fewer will suffice, but the Lottery shall make a Written record of the effort

made to obtain the Offers. A procurement may not be artificially divided or fragmented so as to constitute an intermediate procurement under this rule.

(4) **Large Procurements:** Any procurement of Goods or Services exceeding $150,000 may be Awarded after seeking three solicited competitive Offers. The Lottery shall keep a Written record of the sources of the Offers received. If three Offers are not reasonably available, fewer will suffice, but the Lottery shall make a Written record of the effort made to obtain the Offers.

(5) **Sole Source Procurements:** The Lottery may Award a Contract for Goods or Services without a competitive process when the Director, or a person designated in Writing by the Commission, determines in Writing, based on findings of current market research, that the Goods or Services are available from only one seller or source.

(6) **Emergency Procurements:**

(a) **General:** The Director may make Emergency procurements and enter into Contracts Awarded as Emergency procurements in an Emergency. Notwithstanding OAR 177-036-0030, the Director may make Emergency procurements and enter into Contracts Awarded as Emergency procurements regardless of the dollar amount of the Contract without the Commission's approval.

(b) **Major Procurements:**

(A) Notwithstanding subsection 6(a) of this rule, the Director may make an Emergency procurement or enter into an Emergency Contract for a Major Procurement only upon the approval of the Commission. If the Emergency procurement requires immediate approval of the Contract, the Commission may conduct its meeting as provided in ORS 192.670 and 192.640(3).

(B) The Director may establish an extension of an Emergency Contract for a Major Procurement without the approval of the Commission, where the original Contract specifically provides for the extension, the extension does not result in any change in the terms and conditions of the Contract other than an extension in its term, and the Contractor has maintained its status as an approved Major Procurement Vendor pursuant to OAR 177-037-0030 and OAR 177-037-060.

(C) The Director shall make reasonable efforts to report to the Commission in Writing, within five Days of the Contract Award, or by the next scheduled Commission meeting following the Contract Award date, whichever is later, any Emergency Contracts entered into by the Director. However, the Director's inability or failure to report to the Commission within this time shall not affect the validity of any Emergency Contract.

(7) **Alternative Procurement Methods:**

(a) The Lottery reserves the right to use an alternative procurement method if that method will be more likely to:

(A) Maximize the Lottery's 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, multistep Bids or Proposals, single Proposer negotiations, competitive negotiations between two or more Proposers, brand name solicitations, and cooperative procurements. The Lottery shall conduct the alternative procurement method in accordance with the process set forth in the applicable Solicitation Document.

OAR 177-036-0050 Public Notice of Solicitation Documents

The Lottery may provide notice of a Solicitation Document by placing notice on an electronic procurement system, by sending the Solicitation Document to prospective Offerors, or by using any method it determines appropriate to foster and promote competition.

OAR 177-036-055 Offer Submissions

Offerors may not submit facsimile and electronic Offers unless specifically authorized in the Solicitation Document.

OAR 177-036-0060 Addenda to Solicitation Documents

(1) **Issuance; Receipt:** The Lottery may change a Solicitation Document only by Written Addenda. An Offeror shall provide Written acknowledgement of receipt of all issued Addenda with its Offer, unless the Lottery otherwise specifies in the Addenda.

(2) **Notice and Distribution:** The Lottery shall notify prospective Offerors of Addenda in a manner intended to foster competition and to make prospective Offerors aware of the Addenda. The Solicitation Document shall specify how the Lottery will provide notice of Addenda.

(3) **Timelines; Extensions:** The Lottery shall issue Addenda within a reasonable time to allow prospective Offerors to consider the Addenda in preparing their Offers. The Lottery may extend the Closing if the Lottery determines prospective Offerors need additional time to review and respond to Addenda.

(4) **Request for Change or Protest to an Addendum of a Large Procurement:** Unless a different deadline is set forth in the Addendum, an Offeror may submit a Written request for change or protest to the Addendum of a Large Procurement, as provided in OAR 177-036-0160, by the close of the Lottery's next business day after issuance of the Addendum, or up to the last day allowed to submit a request for change or protest under OAR 177-036-0160, whichever date is later. If the date established in the previous sentence falls after the deadline for receiving protests to the Solicitation Document in accordance with OAR 177-036-0160, then the Lottery may consider an

Offeror's request for change or protest to the Addendum only, and the Lottery shall not consider a request for change or protest to matters not added or modified by the Addendum.

OAR 177-036-0070 Pre-Closing Modifications or Withdrawal of Offers

(1) **Modifications:** An Offeror may modify its Offer in Writing prior to Closing. An Offeror shall prepare and submit any modifications to its Offer to the Lottery. The last Offer received by the Lottery prior to Closing will supercede any previous Offers received unless the Offer is identified by the Offeror as an alternate Offer.

(2) **Withdrawals:** An Offeror may withdraw its Offer by Written notice submitted on the Offeror's letterhead, signed by an authorized representative of the Offeror, delivered to the Lottery and received by the Lottery prior to Closing. The Offeror or authorized representative of the Offeror may also withdraw its Offer in person prior to Closing, upon presentation of appropriate identification and evidence of authority satisfactory to the Lottery.

OAR 177-036-0080 Receipt, Opening, and Recording of Offers; Confidentiality of Offers

(1) **Receipt:** The Lottery shall electronically or mechanically time-stamp or hand-mark each Offer and any modification upon receipt. The Lottery shall not open the Offer or modification upon receipt, but shall maintain it as confidential until Closing. If the Lottery inadvertently opens an Offer or a modification prior to Closing, the Lottery shall document the resealing for the procurement file and return the Offer or modification to its confidential state until Closing.

(2) **Opening:** The Lottery does not publicly open Offers.

OAR 177-036-0090 Late Offers, Withdrawals, and Modifications

Any Offer received after Closing is late. An Offeror's request for withdrawal or modification of an Offer received after Closing is late. The Lottery shall not consider late Offers, withdrawals or modifications except as permitted in OAR 177-036-0100.

OAR 177-036-0100 Mistakes

(1) **General:** To protect the integrity of the competitive procurement process and to assure fair treatment of Offerors, the Lottery shall carefully consider whether to permit waiver, correction, or withdrawal of Offers for certain mistakes.

(2) **Lottery's Treatment of Mistakes:** The Lottery shall not allow an Offeror to correct or withdraw an Offer for an error of judgment. If the Lottery discovers certain mistakes in an Offer after Closing, but before Award of the Contract, the Lottery may take the following action:

> (a) **Minor Informality:** The Lottery may waive, or permit an Offeror to correct a minor informality. A minor informality is a matter of form rather than substance when it is evident on the face of the Offer, or an insignificant mistake that can be waived or corrected without prejudice to other Offerors. Examples of minor informalities include, but are not limited to, an Offeror's failure to:

(A) Return the correct number of Signed Offers or the correct number of other documents required by the Solicitation Document;

(B) Sign the Offer in the designated block, provided a Signature appears elsewhere in the Offer, evidencing an intent to be bound; and

(C) Acknowledge receipt of an Addendum to the Solicitation Document, provided that it is clear on the face of the Offer that the Offeror received the Addendum and intended to be bound by its terms; or the Addendum involved did not affect price, quality or delivery.

(b) **Clerical Error:** The Lottery may correct a clerical error if the error is evident on the face of the Offer or other documents submitted with the Offer, and the Offeror confirms the Lottery's correction in Writing. A clerical error is an Offeror's error in transcribing its Offer. Examples include typographical mistakes, errors in extending unit prices, transposition errors, arithmetical errors, and instances in which the intended correct unit or amount is evident by simple arithmetic calculations. In the event of a discrepancy, unit prices shall prevail over extended prices.

(c) **Burden of Proof:** The Lottery may permit an Offeror to withdraw an Offer based on one or more clerical errors in the Offer only if the Offeror shows with objective proof and by clear and convincing evidence:

(A) The nature of the error;

(B) That the error is not a minor informality under this subsection or an error of judgment;

(C) That the error cannot be corrected or waived under subsection (b) of this section;

(D) That the Offeror acted in good faith in submitting an Offer that contained the claimed error and in claiming that alleged error in the Offer exists;

(E) That the Offeror acted without gross negligence in submitting an Offer that contained a claimed error;

(F) That the Offeror will suffer substantial detriment if the Lottery does not grant the Offeror permission to withdraw the Offer;

(G) That the Lottery's status has not changed so significantly that relief from the forfeiture will work a substantial hardship on the Lottery; and

(H) That the Offeror promptly gave notice of the claimed error to the Lottery.

(d) **Withdrawing Offers After Closing:** The criteria in subsection (2)(c) of this rule shall determine whether the Lottery will permit an Offeror to withdraw its Offer after Closing.

This criteria also shall apply to the question of whether the Lottery will permit an Offeror to withdraw without forfeiture of its Bid bond (or other Bid or Proposal security), or without liability to the Lottery based on the difference between the amount of the Offeror's Offer and the amount of the Contract actually Awarded by the Lottery, whether by Award to the next lowest Responsive and Responsible Bidder or the most Advantageous and Responsible Proposer, or by resort to a new solicitation.

(3) **Rejection for Mistakes:** The Lottery shall reject an Offer in which a mistake is evident on the face of the Offer and the intended correct Offer is not evident or cannot be substantiated from documents submitted with the Offer.

(4) **Identification of Mistakes after Award:** The procedures and criteria set forth above are Offeror's only opportunity to correct mistakes or withdraw Offers because of a mistake. Following Award, an Offeror is bound by its Offer, and may only withdraw its Offer or rescind a Contract entered into pursuant to this Division 36 only to the extent as permitted by applicable law.

OAR 177-036-0110 Responsibility of Offerors

(1) **General:** Offerors are required to demonstrate their ability to perform satisfactorily under a Contract. The Lottery shall prepare a Written determination of non-Responsibility of an Offeror if the Offeror does not meet the standards of Responsibility.

(2) **Considerations:** In determining whether an Offeror has met the standards of Responsibility, the Lottery shall consider whether the Offeror:

(a) **Business Qualifications:** Has available the appropriate financial, material, equipment, facility, and personnel resources and expertise, or ability to obtain the resources and expertise, necessary to indicate the capability of the Offeror to meet all contractual responsibilities;

(b) **Record of Performance:** Has a satisfactory record of contract performance. The Lottery shall carefully scrutinize an Offeror's record of contract performance if the Offeror is or recently has been materially deficient in contract performance. In reviewing the Offeror's performance, the Lottery shall determine whether the Offeror's deficient performance was expressly excused under the terms of the contract, or whether the Offeror took appropriate corrective action. The Lottery may review the Offeror's performance on both private and public contracts in determining the Offeror's record of contract performance. The Lottery shall make its basis for determining an Offeror non-Responsible under this subsection part of the procurement file;

(c) **Record of Integrity:** Has a satisfactory record of integrity. An Offeror may lack integrity if the Lottery determines the Offeror demonstrates a lack of business ethics such as violation of state environmental laws or making of false certifications. The Lottery may find an Offeror non-Responsible based on the lack of integrity of any Person having influence or control over the Offeror (such as a key employee of the Offeror that has the authority to significantly influence the Offeror's performance of the Contract or a parent company,

predecessor or successor Person). The Lottery shall make its basis for determining an Offeror non-Responsible under this subsection part of the procurement file;

(d) **Legally Qualified:** Is qualified legally to contract with the Lottery; and

(e) **Necessary Information:** Has supplied all necessary information in connection with the inquiry concerning Responsibility. If the Offeror fails to promptly supply information requested by the Lottery concerning Responsibility, the Lottery shall base the determination of Responsibility upon any available information, or may find the Offeror non-Responsible.

OAR 177-036-0115 Vendor Disclosure Requirements

Prospective Offerors shall comply with all disclosure requirements set forth in the Lottery's Vendor Disclosure Rules in OAR Chapter 177, Division 37.

OAR 177-036-0120 Offer Evaluation and Award

(1) **Lottery Evaluation:** The Lottery shall evaluate Offers only as set forth in the Solicitation Document and in accordance with applicable law. The Lottery shall not evaluate Offers using any other requirement or criterion.

(2) **Clarification of Offers:** After Closing, the Lottery may conduct discussions with apparent Responsive Bidders or Proposers for the purpose of clarification to assure full understanding of the Offer. The Lottery shall document clarification of any Offer in the procurement file.

(3) **Preference for Oregon Goods and Services:** The Lottery shall prefer Goods and Services that have been manufactured or produced in Oregon if price, fitness, availability, and quality are otherwise equal.

(a) **Award When Offers Identical:** When the Lottery receives Offers identical in price, fitness, availability and quality, and chooses to award a Contract, the Lottery shall award the Contract based on the following order of precedence:

(A) The Lottery shall award the Contract to the Offeror among those submitting identical offers that is offering Goods or Services that have been manufactured or produced in Oregon.

(B) If two or more Offerors submit identical Offers, and both offer Goods or Services manufactured or produced in Oregon, the Lottery shall award the Contract by drawing lots among the identical Offers offering Goods or Services that have been manufactured or produced in Oregon. The Offerors that submitted the identical Offers subject to the drawing of lots shall be given notice and an opportunity to be present when the lots are drawn.

(C) If the Lottery receives identical Offers, and none of the identical Offers offer Goods or Services manufactured or produced in Oregon, the Lottery shall award the

Contract by drawing lots among the identical Offers. The Offerors that submitted the identical Offers subject to the drawing of lots shall be given notice and an opportunity to be present when the lots are drawn.

(b) **Determining if Offers are Identical:** The Lottery shall consider Offers identical in price, fitness, availability and quality as follows:

(A) Bids received in response to an Invitation to Bid are identical in price, fitness, availability and quality if the Bids are Responsive, and offer the Goods or Services described in the Invitation to Bid at the same price.

(B) Proposals received in response to a Request for Proposals are identical in price, fitness, availability and quality if they are Responsive and achieve equal scores when scored in accordance with the evaluation criteria set forth in the Request for Proposal.

(c) **Determining if Goods or Services are Manufactured or Produced in Oregon:** For the purposes of complying with section (3) of this rule, Lottery may request, either in a Solicitation Document, following Closing, or at any other time determined appropriate by the Lottery, any information the Lottery determines appropriate and necessary to allow the Lottery to determine if the Goods or Services are manufactured or produced in Oregon. The Lottery may use any reasonable criteria to determine if Good or Services are manufactured or produced in Oregon, provided that the criteria reasonably relate to that determination, and provided that the Lottery applies those criteria equally to each Bidder or Proposer.

(d) **Procedure for Drawing Lots:** In any instance when this section calls for the drawing of lots, the Lottery shall draw lots by a procedure that affords each Offeror subject to the drawing a substantially equal probability of being selected, and that does not allow the person making the selection the opportunity to manipulate the drawing of lots to increase the probability of selecting one Offeror over another.

(4) **Negotiations:** Except as permitted by section (2) of this rule, the Lottery shall not negotiate with any Bidder. The Lottery may conduct discussions or negotiate with Proposers in accordance with the process set forth in the Solicitation Document.

(5) **Award:**

(a) **General:** The Lottery shall Award the Contract to the Responsible Bidder submitting the lowest, Responsive Bid or the Responsible Proposer submitting the most Advantageous Responsive Proposal unless otherwise stated in the Solicitation Document. If a Contract is Awarded, the Lottery shall Award the Contract to the Offeror whose Offer will best serve the interests of the Lottery, taking into account price as well as considerations including, but not limited to, experience, expertise, product functionality, suitability for a particular purpose and Contractor responsibility under OAR 177-036-0110. The Lottery may Award by

item, groups of items or the entire Offer provided such Award is consistent with the Solicitation Document and in the best interest of the Lottery as determined by the Lottery.

(b) **Multiple Items:** A Solicitation Document may call for pricing of multiple items of similar or related type with Award based on individual line item, group total of certain items, a "market basket" of items representative of the Lottery's expected purchases, or grand total of all items.

(c) **Multiple Awards:** Notwithstanding subsection 5(a) of this rule, the Lottery may Award multiple Contracts in accordance with the criteria set forth in the Solicitation Document. If a Solicitation Document permits the Award of multiple Contracts, the Lottery shall specify in the Solicitation Document the criteria it will use to choose from the multiple Contracts when purchasing Goods or Services. A notice to prospective Offerors that multiple Contracts may be Awarded for any Solicitation Document shall not preclude the Lottery from Awarding a single Contract for such Solicitation Document.

(d) **Partial Awards:** If after evaluation of Offers, the Lottery determines that an acceptable Offer has been received for only part of the requirements of the Solicitation Document:

(A) The Lottery may Award a Contract for the part of the Solicitation Document for which acceptable Offers have been received; or

(B) The Lottery may reject all Offers and may issue a new Solicitation Document on the same or revised terms, conditions and Specifications.

(e) **All or None Offers:** The Lottery may Award all or none Offers if the evaluation criteria specifies an all or none Award to be the lowest cost for Bids or the most Advantageous for Proposals of those submitted.

OAR 177-36-0130 Notice of Intent to Award

At least seven Days before the Award of a Contract as a Large Procurement, the Lottery shall provide all Offerors Written notice of the Lottery's intent to Award a Contract, unless the Lottery determines that circumstances require prompt execution of the Contract, in which case the Lottery may provide a shorter notice period.

OAR 177-036-0140 Availability of Award Decisions

(1) **Contract Documents:** To the extent required by the Solicitation Document, the Lottery shall deliver to the successful Offeror a Contract, Signed purchase order, or other agreements as applicable.

(2) **Availability of Award Decisions:** A Person may obtain tabulations of Awarded Bids or evaluation summaries of Proposals by submitting a form provided by the Lottery. In addition, the Lottery may make available tabulations of Bids and Proposals through an electronic procurement system.

OAR 177-036-0150 Cancellation, Rejection, and Delay of a Solicitation

(1) **General:** Any procurement described in a Solicitation Document may be cancelled, or any or all Offers may be rejected in whole or in part, when the cancellation or rejection is in the best interest of the Lottery as determined by the Lottery. The reasons for the cancellation or rejection must be made a part of the solicitation file. The Lottery is not liable to any Offeror for any loss or expense caused by or resulting from the cancellation or rejection of a Solicitation Document, Offer, or Award.

(2) **Offer Findings:** The Lottery shall reject an Offer upon the Lottery's finding that the Offer:

(a) Is contingent upon the Lottery's acceptance of terms and conditions (including Specifications) that differ from the Solicitation Document;

(b) Takes exceptions to terms and conditions (including Specifications) set forth in the Solicitation Document;

(c) Attempts to prevent public disclosure of matters in contravention of the terms and conditions of the Solicitation Document or in contravention of applicable law;

(d) Offers Goods or Services that fail to meet the Specifications of the Solicitation Document;

(e) Is late;

(f) Is not in substantial compliance with the Solicitation Document requirements; or

(g) Is not in substantial compliance with all prescribed public procurement procedures.

(3) **Offeror Findings:** The Lottery shall reject an Offer upon the Lottery's finding that the Offeror:

(a) Has been debarred pursuant to OAR 177-036-0210;

(b) Has not properly executed Bid or Proposal security as required by the Solicitation Document; or

(c) Is non-Responsible as defined in OAR 137-036-0110.

(4) **Disposition of Offers:**

(a) **Prior to Closing:** If the Lottery cancels a procurement prior to Closing, the Lottery shall return all Offers it received to Offerors unopened, provided the Offeror submitted its Offer in a hard copy format with a clearly visible return address. If there is no return address on the envelope, the Lottery shall open the Offer to determine the source and then return it to the Offeror.

(b) **After Closing:** If the Lottery cancels a procurement after Closing, the Lottery shall keep the Offers in the procurement file.

(c) **Rejection of All Offers:** If the Lottery rejects all Offers, the Lottery shall keep all Offers in the procurement file.

OAR 177-036-0160 Request for Change or Clarification of Large Procurements

(1) **Purpose:** A prospective Offeror may request changes or clarifications to the procurement process or the Solicitation Document for Large Procurements.

(2) **Delivery:** Unless otherwise specified in the Solicitation Document, a prospective Offeror must deliver a request for change or clarification in Writing to the Lottery no less than ten Days prior to Closing.

(3) **Content:** A prospective Offeror's request for change or clarification shall include a statement of the desired changes or clarification to the Procurement process or the Solicitation Document that the prospective Offeror believes will remedy the conditions upon which the prospective Offeror has based its request.

(4) **Lottery's Response:** The Lottery shall not consider a Prospective Offeror's request submitted after the deadline established for submitting such request under this rule, or such different time as may be provided in the Solicitation Document. The Lottery shall consider the request if it is timely filed and meets the conditions set forth in this rule. The Lottery shall issue a Written disposition of the request. If the Lottery upholds the request, in whole or in part, the Lottery may in its sole discretion either issue an Addendum reflecting its disposition or cancel the Solicitation Document.

(5) **Extension of Closing:** If the Lottery receives a request from a prospective Offeror in accordance with this rule, the Lottery may extend Closing if the Lottery determines an extension is necessary to consider and respond to the request.

(6) **Clarification:** Prior to the deadline for submitting a request, a prospective Offeror may request that the Lottery clarify any provision of the Solicitation Document. The Lottery's clarification to an Offeror, whether orally or in Writing, does not change the Solicitation Document and is not binding on the Lottery unless the Lottery amends the Solicitation Document by Addendum.

OAR 177-036-0170 Award Protests of Large Procurements

(1) **Purpose:** An Offeror may protest Lottery's intent to Award of a Contract as a Large Procurement.

(2) **Delivery:** An Offeror must deliver the protest to the Lottery no later than five Days after the date of issuance of intent to Award the Contract, unless otherwise stated in the Solicitation Document.

(3) **Content of Protest:** All protests must be in Writing and signed by the Offeror. The protest must state all facts and arguments on which the Offeror is basing the protest. The protest must claim, and state facts which substantiate a claim, that:

(a) All lower Bids or higher ranked Proposers are ineligible to receive the Contract Award because they are non-Responsive; or

b) 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, Offeror would have been the lowest Bidder or highest ranked Proposer.

(4) **The Lottery's Response:** The Lottery's Procurement and Contract Manager shall review the protest and shall fax and mail the Offeror a Written decision within three Days of receipt of the Written protest to the fax number and address provided in the Offer. Any Written decision from the Lottery may include the Lottery's final opinion of the protest, a notice to the Offeror that the Lottery needs additional time in which to evaluate the protest, or other information to the Offeror.

(5) **Appeal:**

(a) **Appeal to the Director:**

(A) If the Lottery Procurement and Contract Manager's decision is adverse to the Offeror, the Offeror may appeal the Lottery Procurement and Contract Manager's decision by submitting a Written appeal to the Director within three Days after the date of issuance of the Lottery Procurement and Contract Manager's Written decision.

(B) The Director shall review any appeal of the Lottery Procurement and Contract Manager's decision and shall fax and mail a Written decision to the Offeror within three Days of receipt of the Written appeal to the fax number and address provided in the Offer. The Director will not consider grounds or arguments in favor of the protest that were not first presented to the Lottery Procurement and Contract Manager.

(b) **Appeal to Lottery Commission:**

(A) If the decision of the Director is adverse to the Offeror, the Offeror may submit a subsequent Written appeal of the Director's decision to the Lottery Commission by delivering the subsequent Written appeal to the Director within two Days after the date of issuance of the Director's Written decision.

(B) The Lottery Commission, in considering the appeal, shall review the documentation presented to the Lottery Procurement and Contract Manager and the Director, and thereafter, shall base its decision on such material. The Lottery Commission shall respond to the appeal on or before the next regularly scheduled Commission meeting, but in no event shall the Lottery Commission be required to review and respond to the appeal in less than ten Days of receipt of the Written appeal. The Lottery Commission will not consider grounds or arguments in favor of the appeal that were not first presented to the Lottery Procurement and Contract

Manager. The Lottery Commission will not review and rescore the evaluation scores.

(6) **Late Submission:** The Lottery shall not consider an Offeror's protest or appeal submitted after the timelines established for submitting such protest or appeal under this rule or such different time period as may be provided in the Solicitation Document. If the Lottery upholds the protest, in whole or in part, it may in its sole discretion either Award the Contract to the successful protestor or cancel the solicitation.

OAR 177-036-0180 Contract Amendments

(1) **Additional Goods or Services:** The Lottery may amend a Contract without additional competition to add additional Goods or Services within the Scope of the Solicitation Document, or if no Solicitation Document, the Contract, subject to the following conditions:

(a) The additional Goods or Services are required by reason of existing or new laws, rules, regulations, or ordinances that affect the performance of the original Contract; or

(b) The prices for the Goods or Services are modified only as follows:

(A) When prices for the Goods or Services are based on unit prices, unit prices that establish the cost basis for the additional Goods or Services were provided in the Offer or original Contract and those prices do not increase except as permitted by an escalation clause in the Contract; or

(B) When prices for the Goods or Services are not based on unit prices, options that establish the cost basis for the additional Goods or Services were provided in the Solicitation Document, Offer, or original Contract.

(2) **Renegotiated Contract:** The Lottery may renegotiate the terms and conditions, including the Contract Price, of a Contract without additional competition and amend a Contract if it is Advantageous to the Lottery subject to the following conditions:

(a) The amended Contract is within the Scope of the Solicitation Document, or if no Solicitation Document, within the Scope the Contract;

(b) The Lottery must determine that, with all things considered, the renegotiated Contract is at least as favorable to the Lottery as the original Contract; and

(c) The renegotiated Contract will not have a total term greater than allowed in the original Solicitation Document or Contract after combining the initial and extended terms.

(d) If a Contractor offers a lower price in exchange for a term or condition that was expressly rejected in the original solicitation, the amended Contract may be structured with this changed term as an optional, but not as a mandatory Contract term.

(e) If the Contract is the result of a cooperative procurement under ORS 279A.200 through 279A.225, the amended Contract may not materially change the terms, conditions, and prices of the original Contract.

(3) **Small or Intermediate Contract:** The Lottery may amend a Contract Awarded as a small or intermediate procurement pursuant to sections (1) or (2) of this rule, but the cumulative amendments shall not increase the total Contract Price to a sum that is greater than twenty-five percent of the original Contract Price, unless the amendment increasing the original Contract Price to more than twenty-five percent of the original Contract Price is approved in Writing by the Director prior to execution of the amendment.

(4) **Emergency Contract:** The Lottery may amend a Contract Awarded as an Emergency procurement if the Emergency justification for entering into the Contract still exists, and the amendment is necessary to address the continuing Emergency.

OAR 177-036-0190 Cooperative Procurements

The Lottery may participate in, sponsor, conduct, or administer cooperative procurements pursuant to ORS 279A.200 through 279A.225.

OAR 177-036-0210 Debarment of Prospective Offerors

(1) **General:** The Lottery may debar a prospective Offeror from consideration for Award of Lottery Contracts for the reasons listed in section (2) of this rule after providing the prospective Offeror with notice and a reasonable opportunity to be heard.

(2) **Factors for Consideration:** A prospective Offeror may be debarred from consideration for Award of Lottery Contracts if:

(a) The prospective Offeror has committed a violation of a material Contract provision. A violation may include but is not limited to a failure to perform the terms of a Contract or an unsatisfactory performance in accordance with the terms of the Contract. However, a failure to perform or unsatisfactory performance caused by acts beyond the control of the Contractor may not be considered to be a basis for debarment.

(b) The prospective Offeror has been convicted of a criminal offense resulting from obtaining or attempting to obtain a public or private contract or subcontract or resulting from the performance of such contract or subcontract.

(c) The prospective Offeror has been convicted under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or business honesty that currently, seriously and directly affects the prospective Offeror's responsibility as a contractor or that the Lottery determines may affect the honesty, fairness, integrity or security of the Lottery or any Lottery games.

(d) The prospective Offeror has been convicted under state or federal antitrust statutes.

(e) The prospective Offeror does not carry worker's compensation or unemployment insurance as required by statute.

(3) **Period of Debarment:** The Lottery shall determine the period of debarment of a prospective Offeror, however the period shall not exceed three years.

(4) **Responsibility:** Notwithstanding the limitation on the term for debarment in section (3), the Lottery may determine that a previously debarred Offeror is not Responsible prior to Contract Award.

(5) **Imputed Knowledge:** The Lottery may attribute improper conduct of a Person or its affiliate or affiliates having a contract with a prospective Offeror to the prospective Offeror for purposes of debarment where the impropriety occurred in connection with the Person's duty for on behalf of, or with the knowledge, approval, or acquiescence of, the prospective Offeror.

(6) **Limited Participation:** The Lottery may allow a debarred Person to participate in a competitive process and Contracts on a limited basis during the debarment period upon Written determination by the Director that participation is Advantageous to the Lottery. The determination shall specify the factors on which it is based and define the extent of the limits imposed.

(7) **Decision:**

(a) The Lottery shall issue a Written decision to debar a prospective Offeror under this rule. The decision must:

(A) State the reasons for the debarment; and

(B) Inform the debarred prospective Offeror of the appeal rights of the prospective Offeror under section (8) of this rule.

(b) The Lottery shall send a copy of the decision immediately to the debarred prospective Offeror by certified mail, return receipt requested, or by personal service.

(8) **Appeal:**

(a) The procedure for appeal from the Lottery's debarment of a prospective Offeror under this rule, shall be in accordance with this section and is not subject to ORS Chapter 183 except when specifically provided by this section.

(b) Upon receipt of a notice from the Lottery of a decision to debar under this rule, a prospective Offeror that wishes to appeal the decision shall, within three business days after receipt of the decision, notify the Lottery Director that the prospective Offeror appeals the decision and requests a hearing as provided in this section.

(c) Upon receipt of the prospective Offeror's notice of appeal and request for hearing, the Lottery Director shall promptly notify the prospective Offeror appealing of the time and place of the hearing. The Director shall conduct the hearing and decide the appeal within

thirty Days after receiving the notice from the prospective Offeror. The Director shall set forth in Writing the reasons for the hearing decision.

(d) At the hearing, the Director shall consider de novo the notice of debarment, the reasons listed in section (2) of this rule on which the Lottery based the debarment, and any evidence provided by the Lottery and the prospective Offeror. In all other respects, a hearing before the Director shall be conducted in the same manner as a contested case under ORS 183.415(3) to (6) and (9), 183.425, 183.440, 183.450, and 183.452. The hearing shall not be considered a contested case hearing under ORS Chapter 183 in any other respects.

(e) The prospective Offeror may seek judicial review of the Director's decision as set forth in ORS 183.484 for orders other than contested cases.

DIVISION 37

LOTTERY VENDOR DISCLOSURE RULES

December 31, 2005

OAR 177-037-0000 Definitions

The definitions in OAR 177-036-0000 apply to the terms used in this Division. In addition, the following definitions apply:

(1) **"Control Person"** means a person described in ORS 461.410.

(2) **"General Procurement"** means a procurement for those Goods or Services that do not involve sensitive or secure Lottery information, and includes, but is not limited to, office supplies and equipment, media, vehicles, and promotional products. Disclosure requirements governing this classification are contained in OAR 177-037-0050.

(3) **"Major Procurement"** has that definition as defined in OAR 177-036-0000(19).

(4) **"Sensitive Procurement"** means a procurement that involves sensitive and secure information and includes, but is not limited to, Goods or Services involving audits for drawings and security, direct access to gaming computer systems, financial systems, receiving or recording of gaming information, locks and keys for terminals, and also includes the Lottery's primary advertising agency. Disclosure requirements for this classification of procurements are contained in ORS 461.700 and OAR 177-037-0040.

(5) **"Vendor"** means, for the purposes of this Chapter, any Person interested in providing Goods or Services to the Lottery, but does not include a Lottery game retailer as defined in ORS 461.010(7).

OAR 177-037-0010 General Policy

(1) **General:** It is the policy of the Lottery to conduct security background investigations on Lottery Vendors and Lottery Contractors to ensure the competence, integrity, background, good character, and the nature of the true business ownership and control of a Vendor or Contractor.

(2) **Disclosure:** To assure the security and integrity of the Lottery and Lottery games, the Director may require a Vendor, including any Control Person of the Vendor, or any employee or subcontractor of the Vendor that Lottery determines may have access to sensitive or secure Lottery information, to disclose and provide any information or disclosures deemed necessary to approve the Vendor as a Lottery Contractor. When required by these rules or by the Director, the Vendor must submit an application for approval to be a Lottery Contractor on disclosure forms provided by Lottery and must include all information and disclosures requested.

OAR 177-037-0020 Classification of Lottery Procurements

(1) **General:** A procurement or Contract is classified according to the degree to which a Contractor may have access to secure and sensitive Lottery information, including materials or systems, which in the opinion of the Director affect the honesty, fairness, integrity, or security of the Lottery or any Lottery games. The factors used to classify a procurement or Contract include, but are not limited to: The type of Goods or Services to be provided; access to and the potential risk to Lottery games technology or data, access to and the potential risk to Lottery financial systems; and the type of company involved. There are three classifications of Procurements: Major, Sensitive, and General.

(2) **Classification:** The decision to classify a procurement as a Major, Sensitive, or General Procurement is made by the Director in consultation with the Assistant Director for Security prior to the Lottery's issuance of a Solicitation Document. The classification of a procurement, disclosure requirements, and instructions for disclosure will be stated in the procurement Solicitation Document or in the procurement advertisement.

(3) **Classification Changes:** 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 authority of the Commission or the Director to change the procurement or Contract classification, or the disclosure requirements at any time prior to the award of a Contract or during the term of a Contract.

OAR 177-037-0030 Major Procurements

(1) **General:** In all solicitations for a Major Procurement, Lottery shall clearly identify the solicitation as a Major Procurement.

(2) **Disclosure:** All procurements classified as a Major Procurement require an extensive security background investigation and are subject to all disclosure requirements specified in ORS Chapter 461 and OAR Chapter 177, Division 37, and any other special disclosure requirements deemed necessary by the Director or the Commission. An Offer or Proposal for a Major Procurement must include an application for approval to be a Lottery Contractor, including all required information and disclosures, and must be on forms provided by the Lottery.

(3) **Continuing Disclosure Requirement:** Unless otherwise specified in the Contract for a Major Procurement, during the term of the Contract a Contractor must update any information or disclosures submitted in the application for approval to be a Lottery Contractor within thirty days of any change.

OAR 177-037-0040 Sensitive Procurements

(1) **General:** In all solicitations for a Sensitive Procurement, Lottery shall clearly identify the solicitation as a Sensitive Procurement

(2) **Disclosure:** All procurements classified as a Sensitive Procurement require a security background investigation and are subject to all disclosure requirements specified in OAR Chapter 177, Division 37 and the Solicitation Document, and any other special disclosure requirements

deemed necessary by the Director or the Commission. An Offer or Proposal for a Sensitive Procurement must include an application for approval to be a Lottery Contractor, including all required information and disclosures, and must be on forms provided by the Lottery.

(3) **Continuing Disclosure Requirement:** Unless otherwise specified in the Contract for a Sensitive Procurement, during the term of the Contract a Contractor must update any information or disclosures submitted in the application for approval to be a Lottery Contractor within thirty days of any change.

OAR 177-037-0050 General Procurements

(1) **General:** In all solicitations for a General Procurement, Lottery shall clearly identify the solicitation as a General Procurement.

(2) **Disclosure:** A procurement classified as a General Procurement does not require a security background investigation, unless deemed necessary by the Director or the Commission.

(3) **Continuing Disclosure Requirement:** If a security background investigation is deemed necessary, the Solicitation Document shall include the instructions for disclosure. An Offer or Proposal must include an application for approval to be a Lottery Contractor, including all required information and disclosures, and must be on forms provided by the Lottery. Unless otherwise specified in the Contract, during the term of the Contract a Contractor must update any information or disclosures submitted in the application for approval to be a Lottery Contractor within thirty days of any change.

OAR 177-037-0060 Vendor Application and Contract Disclosure Requirements

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

(2) **Forms and Procedures:** The Director shall approve all the forms and procedures to be used by all Vendors who wish to apply for approval to be a Lottery Contractor.

(3) **Vendor Submission:** A Vendor must complete the required application for approval to be a Lottery Contractor and provide any information and disclosures required, as determined by the Director and the Assistant Director of Security within the guidelines and timelines set forth in the Solicitation Document or as otherwise required by the Director and the Assistant Director for Security.

(4) **Complete Disclosure Required:** The Director may reject an application for approval to be a Lottery Contractor if the Vendor has not provided all the information and disclosures required to be submitted or if any of the information or disclosures submitted is not accurate, current, or truthful.

(5) **Continuing Disclosure Requirement:** If during the evaluation period for an Offer or Proposal there are any changes to the information or disclosures submitted, a Vendor must update the

information as soon as possible. After the Award, a Vendor selected must immediately update any changes to the information or disclosures submitted.

(6) **Status Changes:** Unless other standards are established in a Contract, during the term of the Contract any changes in the status of the Contractor, the status of a Control Person, or any employee or subcontractor for which information or disclosures were submitted, or the addition of any other Control Person, or the addition of any employee or subcontractor who may have access to sensitive or secure Lottery information, must be reported to the Director within thirty days of the known change. Those whose status has changed or who have been added as a Control Person or added as an employee or subcontractor who the Lottery determines may have access to sensitive or secure Lottery information will be required to submit the required information and disclosures. If there has been no change in Vendor status or Control Persons, the Vendor is required to certify annually on their vendor Contract anniversary date that there has been no change.

(7) **Burden of Proof:** The burden of proof for satisfying the Lottery's disclosure requirements resides with the Vendor or Contractor.

(8) **Vendor Consent:** Each Vendor who submits an application for approval to be a Lottery Contractor must consent in writing to the examination of all accounts, bank accounts, and Vendor records under the Vendor's possession or control. If required by the Director, a Vendor must permit an inspection of any portion of the Vendor's business premises deemed necessary by the Lottery.

(9) **Investigation Costs:** As authorized under ORS 461.700(2), the Director may charge a Vendor an amount necessary to reimburse the Lottery for the costs associated with conducting the security background investigation if the Director determines the costs of the investigation exceed the usual costs of such investigation.

(10) **Acceptance of Risk:** Each Vendor or Contractor must accept any risk of adverse public notice, embarrassment, criticism, damages, or financial loss, including any publication or use by a third party, which may result from the disclosure or use by Lottery of any information or document submitted by the Vendor or Contractor. By submitting a Vendor application for approval to be a Lottery Contractor to the Lottery, the Vendor or Contractor expressly waives any claim against the State of Oregon, including the Lottery, the Director, the Commission, the Department of State Police, and their officers and employees for any and all damages resulting from the use or disclosure of any information or documents submitted to Lottery or from the use or disclosure of any information obtained by Lottery as a result of the security background investigation.

(11) **Indemnification:** By submitting an application for approval to be a Lottery Contractor to the Lottery, the Vendor or Contractor agrees to indemnify, defend, and hold harmless the State of Oregon, the Lottery Commission, the Lottery, the Department of State Police, their agents, officers, employees, and representatives, from and against all claims, suits, actions, losses, damages, liabilities, costs, and expenses arising out of, or relating to, the use or disclosure of any information or disclosures submitted in the application for approval to be a Lottery Contractor or from the use or disclosure of any information obtained by Lottery as a result of the security

background investigation. The Vendor's or the Contractor's obligations include, but are not limited to, any and all losses, damages, liabilities, settlements, judgments, fines, costs, fees, and expenses of any nature whatsoever, including, but not limited to, attorneys and other professional fees at trial and on appeal.

(12) **Chain of Custody:** All required information and disclosures must be submitted in a secure manner and may only be opened for review by the Assistant Director for Security or his designee, or by the Director.

(13) **Submission Constitutes Consent:** By submitting an Offer or Proposal, a Vendor binds itself, its officers, employees, agents, and any subcontractors to comply with all disclosure requirements established by the Director. Failure or refusal to comply with any applicable requirement may result in denial or revocation of a Contract Award. In the event of denial or revocation of the Award due to refusal or failure to comply with any applicable disclosure requirement set forth in these rules, the Vendor is liable under the bid bond or shall forfeit any security posted for the procurement.

OAR 177-037-0070 Criteria for Denying a Vendor or Control Person Application or Contract

(1) **General:** Before a Contract for a Major or Sensitive Procurement is Awarded, a security background investigation must be conducted by the Assistant Director for Security for any Vendor who is selected to be Awarded the Contract. The Assistant Director for Security shall conduct any other security background investigation specified by the Director.

(2) **Director's Determination:** The Director may deny or revoke approval to be a Lottery Contractor to any Vendor or Contractor when a security background investigation determines:

(a) **Business Qualifications:** The Vendor or Contractor does not demonstrate, either individually or through its employees or Control Persons, that the business has the ability and experience to establish, operate, and maintain the business operations necessary to provide the Goods or Services required in the Solicitation Document or under the Contract, or to provide the security necessary to protect sensitive and secure Lottery information, materials, or systems.

(b) **Financing:** The Vendor or Contractor does not demonstrate adequate financing to be able to provide the Goods or Services as required for performance of the Contract.

(c) **Integrity:** The Vendor, a Control Person of the Vendor, or any employee or subcontractor of the Vendor the Lottery determines may have access to sensitive or secure Lottery information, materials or systems:

(A) **Criminal Conviction:** Has been convicted of any crime in any jurisdiction.

(B) **Gambling Offense Conviction:** Has been convicted of any gambling offense in any jurisdiction.

(C) **Conduct Constituting a Crime:** Has been imposed with a civil judgment based in whole or in part upon conduct which constitutes a crime.

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

(E) **Threat to the Public Interest:** Is an individual or entity whose background, including criminal, civil, and financial records, or whose reputation, or whose personal or business associations, pose a threat to the public interest of the state or to the security and integrity of the Lottery.

(F) **Character:** Is not of good character, honesty, or integrity.

(G) **Material Misstatement:** Has provided a material misstatement or untrue statement of a fact deemed to be material by the Director.

(H) **Other Conduct:** Has engaged in conduct the Director determines may, in any way, adversely affect the integrity, security, honesty or fairness of the Lottery.

(I) **Access:** Refuses to provide access to records or to inspection of any part of the business premises deemed necessary by the Lottery.

(J) **Association:** Has an association with a person or business having a known criminal background, or a person the Lottery Director determines is of disreputable character or conduct, and which may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Lottery.

(d) **Ownership Interest:** The Vendor is qualified to be approved as a Lottery Contractor, but there is an ownership interest in the Vendor's business operation by a Person who is unqualified or disqualified to be approved as a Lottery Contractor.

(e) **Tax Violation:** The Vendor is in violation of any tax laws described in ORS 305.380(4).

(3) **Evaluation Factors:** In evaluating whether to deny approval to be a Lottery Contractor to any Vendor or based on subsection (2) of this rule, the Director may consider the following factors:

(a) **Nature and Severity:** The nature and severity of the conduct, incident, or circumstance;

(b) **Time:** The passage of time;

(c) **Intervening Factors:** Any intervening circumstances;

(d) **Multiple Offenses:** The number of offenses, crimes, or incidents;

(e) **Materiality and Relevancy:** The materiality and relevancy to the work to be performed; or

(f) **Extenuating Circumstances:** 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) **Director's Determination:** The Director's decision to deny approval to be a Lottery Contractor is final.

(5) **Revocation and Termination:** The denial criteria described in this rule may also constitute sufficient grounds for revoking a Contractor's approval to be a Lottery Contractor and for the termination, immediate or otherwise, of an existing Contract.

DIVISION 40

RETAILER CONTRACT

October 1, 2015

OAR 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 a natural person who is under 21 years of age is 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"** includes:

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

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

(c) The activity engaged in by a private club as described 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), where traditional Lottery game tickets and shares, Video Lottery℠ game shares, or both, are sold. Premises includes an area designated by the Lottery at any single location identified in an application as a proposed site for Oregon Video Lottery℠ terminals.

(7) **"Key person"** means:

(a) **Corporations:** For any corporation, including a subsidiary of a parent corporation:

(A) **Stockholders:** Any stockholder of a corporation who owns 10% or more of the outstanding stock in such corporation.

(B) **Directors:** Any director of a corporation who owns or controls 3% or more of the voting stock in such corporation.

(C) **Officers:** Any officer of a corporation.

(b) **Private Clubs:** For a private club as described in ORS 471.175(8):

(A) The treasurer.

(B) Any officers, directors, or trustees who oversee or direct the operation of the food, beverage, Lottery, or other gambling-related activities of the private club, and

(C) Each manager in charge of the food, beverage, Lottery, or other gambling-related activities of the private club.

The provisions of paragraphs (7)(a)(A), (B), and (C) of this rule do not apply to private clubs.

(c) **Trusts:** The trustee and all persons entitled to receive income or benefit from the trust.

(d) **Associations:** The members, officers, and directors.

(e) **Partnerships and Joint Ventures:** All of the general partners, limited partners, or joint venturers.

(f) **Limited Liability Companies:** Any manager of the limited liability company, and any members of the limited liability company whose investment commitment or membership interest is 10% or more in the limited liability company.

(g) **Layered Ownership:** If the parent company, general partner, limited partner, joint venturer, stockholder, member or manager of a limited liability company is itself a corporation, trust, association, subsidiary, partnership, joint venture or limited liability company, then the Director may require that the applicant provide disclosure for such entity as if such entity were a key person itself.

(h) **Family Members:** Immediate family members as required in ORS 461.300(2)(b)(G) and (H).

(i) **Sole Proprietors:** The sole proprietor, if the retailer is a sole proprietor.

(j) **Managers:**

(A) **General:** A person, regardless of title, who acts or who has real or apparent authority to act on behalf of the owner in most matters concerning the operation of the owner's business during all business hours, or who routinely performs all of the following duties:

(i) The hiring and firing of employees;

(ii) Making purchasing decisions relating to the buying of supplies and inventory; and

(iii) Conducting banking functions for the business.

(B) **Exception:** This definition does not include a **"shift manager"** or a **"convenience store manager"** unless otherwise qualified under this rule.

(C) **Examples:** The following are examples of managers who are key persons under this definition:

(i) **General Manager:** A person who operates the business for a corporate or absentee owner.

(ii) **Area Manager:** A person who operates multiple locations or supervises multiple store managers.

(k) **Landlord:** A landlord who receives 40% or more of the retailer's Lottery commissions as a part of lease payments or rent, or any landlord who the Director finds, based on reasonably reliable information, exerts influence over the operation of the retailer's business.

(l) **Contractual Relationship:** 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.

(m) **Control Person**: 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 or after the effective date of this rule shall be deemed to refer to a **"key person"** as defined in this section.

(8) **"Personal disclosure"** means those documents and information that are part of the application which relate to a natural person's personal, criminal, and financial background, and associations with other people.

(9) **"Mediation"** has the meaning as defined in ORS 36.110(4).

(10) **"Mediator"** means a person who performs mediation.

(11) **"Multi-State Retail Chain"** means a retailer, including an applicant, who:

(a) Operates five or more retailer locations within the State of Oregon and one or more retail locations outside of the State of Oregon, all of which engage in similar business activities;

(b) Has common ownership and control over each location; and

(c) Sells no Oregon Lottery® games except traditional lottery games within the State of Oregon.

(12) **"Public Company"** means a retailer, including an applicant, who is a business entity that offers securities registered for sale by the federal Securities and Exchange Commission to the general public and sells no Oregon Lottery® games except traditional lottery games within the State of Oregon.

OAR 177-040-0001 General Application Requirements

(1) **General:** Any person may request an application from the Lottery.

(2) **Disclosure Required:** 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) **Application Required:** An applicant must file a complete application. The applicant must provide a complete personal disclosure, including documents and other information requested by the Lottery 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) **Authorization:** An authorization, signed by the applicant, to investigate the applicant.

(b) **Consent:** 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:** Disclosure of the source of funds, financing, and business income used for the purchase and operation of the applicant's business.

(d) **Premises Ownership:** 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) Any document requested by the Lottery showing 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) **Waiver of Personal Disclosure:** Notwithstanding section (3) of this rule:

(a) **Public Company or Multi-State Retail Chain:** If the applicant for a traditional lottery game retailer contract is a public company or a multi-state retail chain, Lottery will waive the personal disclosure requirements for the manager of each retailer location unless the

Director determines such disclosure is necessary for the security and integrity of the Lottery.

(5) **Compliance Required:** An applicant's failure to comply with any application or disclosure requirement may be grounds for denial or rejection of the application.

(6) **Material Change:** An applicant must immediately report to the Lottery, in writing, any material changes to the application during the application process. A "material change" means any change that may affect the Lottery's evaluation of the application based on the requirements contained in Division 40 of these rules.

(7) **Waiver:** In submitting an application, the applicant expressly waives any claim against the State of Oregon, its agents, officers, employees, and representatives, and the Oregon State Lottery, its Director, agents, officers, employees, and representatives 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.

(8) **Resubmission:** When an applicant has submitted a complete personal disclosure to the Lottery within the preceding twelve months, 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.

OAR 177-040-0003 Application for Temporary Lottery Retailer Contract

(1) **General:** 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) **Submission:** To apply for a temporary retailer contract, an applicant must submit a complete application for a retailer contract.

(b) **Purchase of Existing Business:** When an applicant applies for a temporary contract for a business which the applicant is purchasing from an existing Lottery retailer, the applicant must submit to the Lottery a complete application along with any documentation requested by the Lottery regarding the intended purchase prior to the date the applicant takes possession of the premises pursuant to a 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) **Investigation:** 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) **Qualifying:** An applicant may qualify for a temporary retailer contract if, based on the abbreviated investigation and on the application, all of the following criteria are met:

(a) The applicant is applying for a retailer contract at a specific location;

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

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

(d) The applicant has no convictions as described in OAR 177-040-0010(3), "Criminal Behavior";

(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 tax laws;

(h) The applicant has certified that the business location complies with OAR 177-040-0070, "Retailer Wheelchair Accessibility Program";

(i) The applicant has the appropriate Oregon Liquor Control Commission license, as required by 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) **Other Requirements:** 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) **Other Video Lottery℠ Requirements:** 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. In addition, the business must not be operating as a casino as described in OAR 177-040-0061.

(7) **Guarantor:** 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) **Bonding:** 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) **EFT Transfers:** If the Lottery enters into a temporary retailer contract with the applicant, the contract will require the applicant to pay the amount due the Lottery from the sale of Lottery tickets or shares by 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. If 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 must 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) **Burden of Proof:** The burden for establishing that an applicant qualifies for a temporary retailer contract is on the applicant.

(11) **Termination:** In the Director's sole discretion, the Director 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 false or misleading material information, or the applicant made a material omission in the application for a retailer contract;

(b) 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) An EFT payment is rejected for non-sufficient funds (NSF), or 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) **Length of Temporary Contract:** 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.

OAR 177-040-0005 Criteria Precluding Entering Into A Contract

The Lottery will not enter into a retailer contract when an applicant:

(1) **Age:** Is under 18 years of age.

(2) **Exclusivity:** Will be engaged exclusively in the business of selling Lottery tickets or shares.

(3) **Lottery Employee:** Is an employee of the Lottery.

(4) **Supplier/Manufacturer:** 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) **Unauthorized Entity:** Is a corporation or other form of business that is not incorporated in Oregon or authorized to do business in Oregon.

(6) **Smoking:** Operates a business where selling Lottery tickets or shares would expose Oregon State Lottery employees, representatives, or agents, or Lottery equipment, terminals, tickets, or shares to a smoking environment, as defined in OAR 177-045-0000.

OAR 177-040-0010 Personal Criteria Which May Be Grounds for Denial of a Lottery Retailer Contract or a Key Person

(1) **General Personal Criteria:** Before approving or denying an application for a Lottery retailer contract or for a key person, the Director shall consider whether the applicant:

(a) **Character:** Is a person of good character, honesty, and integrity.

(b) **Background:** Is a person whose background, including criminal, civil, and financial records, and reputation, does not jeopardize the public interest of the state or the integrity, security, honesty, fairness, or reputation of the Lottery.

(c) **Associations:** Has an association with persons or businesses of known criminal background, or associates with persons who have direct or indirect involvement in the applicant's business who could jeopardize the public interest of the state or the integrity, security, honesty, fairness, or reputation 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 could create a real or perceived conflict with the Lottery's security or integrity interests.

(d) **Public Interest:** 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) **Financial:** Demonstrates responsibility and integrity in financial transactions, and is creditworthy and currently in a satisfactory financial condition. The Lottery may use the services of a commercial credit reporting agency in order to evaluate the applicant's creditworthiness, financial responsibility, and financial condition. The Director may deny an application if the applicant has outstanding judgments, collections, liens, or is not in compliance with all state, federal, or local tax laws.

(f) **Omissions:** Has omitted any material facts or has provided any material misstatement or any untrue statement of material facts.

(g) **Compliance History:** Has a history with the Oregon Lottery, or the Oregon Liquor Control Commission, or state and local law enforcement, which shows that the applicant could pose a threat to the security and integrity of the Lottery based upon any significant and material compliance or adjudicated violation history.

(2) **General Financial Criteria:** Any person applying for a Lottery retailer contract must:

(a) **Business Ability:** 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) **Business Funding:** Demonstrate adequate funding and ongoing business income 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) **Criminal Behavior:** The Director shall consider the criminal history or conduct of an applicant as follows:

(a) **Mandatory Denial:** The Director will deny an application when the applicant:

(A) **Felony Conviction:** Has been convicted of any felony within 10 years of the date the Lottery accepts the application.

(B) **Gambling Conviction:** Has been convicted of violating any federal, state, or local gambling law (other than ORS 91.240) within 15 years of the date the Lottery accepts the application.

(C) **Controlled Substances Conviction:** Has been convicted of felony possession of a controlled substance, or any crime involving the manufacture, sale, or delivery of a controlled substance, within 15 years of the date the Lottery accepts the application.

(D) **Gambling Devices:** 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.

(b) **Discretionary Denial:** The Director may deny an application when the applicant:

(A) **Felony Conviction:** Has any felony conviction more than 10 years old on the date the Lottery accepts the application;

(B) **Gambling Conviction:** 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;

(C) **Controlled Substances Conviction:** Has been convicted of felony possession of a controlled substance, or has been convicted of any crime involving the manufacture, sale, or delivery of a controlled substance, more than 15 years old on the date the Lottery accepts the application;

(D) **Gambling Leases:** Has ever engaged in conduct which violates ORS 91.240;

(E) **Criminal Conduct:** Has engaged in conduct which constitutes a violation of any gambling law or any law which defines a felony or misdemeanor based on reasonably reliable information;

(F) **Fraudulent Behavior:** Has been held responsible, by judgment, settlement, consent decree, or otherwise, in any court proceeding, or proceeding before an administrative body which was based in whole or in part on allegations of misleading or dishonest conduct including, but not limited to, fraud, deceit,

misrepresentation, embezzlement, breach of fiduciary responsibility. The Director may also deny an application when the Director has reasonably reliable information that the applicant has engaged in misleading or dishonest conduct in any court proceeding or before an administrative body; or

(G) **Offenses:** When the applicant has been convicted of, or otherwise subject to official sanction for, any offense other than an offense described in section (3)(a) 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) **Ownership and Gaming Interests:** The Director may deny an application when the applicant:

(a) **Ownership Interests:** 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;

(b) **Denial of Gaming Licenses:** Has been denied any type of gaming license, gaming permit, or gaming contract in any state or jurisdiction for a reason(s) that in the judgment of the Director would jeopardize the security, integrity, honesty, fairness, or reputation of the Lottery;

(c) **Cancellation of Gaming Licenses:** Has had any type of gaming license, gaming permit, or gaming contract canceled, suspended, or revoked in any state or jurisdiction for a reason(s) that in the judgment of the Director would jeopardize the security, integrity, honesty, fairness, or reputation of the Lottery; or

(d) **Termination of Gaming Contract:** Has had any type of gaming contract terminated in any state or jurisdiction for a reason that in the judgment of the Director would jeopardize the security, integrity, honesty, fairness, or reputation of the Lottery.

(5) **Mitigating Circumstances:** Where denial of an application is discretionary with the Director under this rule, the Director may consider the following mitigating factors:

(a) **Nature:** The nature and severity of the conduct, incident, offense, or circumstance;

(b) **Time:** The passage of time since the conduct, incident, offense, or circumstance;

(c) **Intervening Factors:** Any intervening factors since the conduct, incident, offense, or circumstance;

(d) **Number of Offenses:** The number of offenses, crimes, or incidents;

(e) **Relevance:** The relevance of the conduct, incident, offense, or circumstance to the performance of duties under the Lottery retailer contract; or

(f) **Other:** Any extenuating circumstances.

(6) **Application to Existing Contracts:** The criteria described in this rule apply to any existing Lottery retailer contract and may provide grounds for the Director to terminate an existing Lottery retailer contract.

(7) **Finality of Determination:** The denial by the Director of an application is final.

(8) **Re-Application:** If an application is denied by the Director, an applicant, or an applicant that is similar to the previously denied applicant, must wait one year from the date of denial to reapply. In the Director's sole discretion, the Director may waive this requirement based on a showing of good cause by the applicant.

OAR 177-040-0017 Additional Video Lottery℠ Retailer Business Operation Criteria and Application Requirements - NOTE: INVALID RULE

(1) **General:** It is the policy of the Oregon State Lottery to place Video Lottery℠ game terminals in retail businesses which are viable businesses on their own without benefit of selling Video Lottery℠.

(2) **90 Day Requirement:** A person shall be considered for a Video Lottery℠ contract for a specified premises only if the business at that premises has been operating continuously for at least 90 days prior to the date the application is 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) **Interruptions:** The continuous 90-day period of operation shall not be considered interrupted if any suspension of operations was for two days or less. The intent of this subsection is that there will not be a significant interruption of the business during the continuous 90-day period of operation 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 90-day period of operation was not interrupted when the suspension of operation is for an aggregate of more than two business days upon a showing by the applicant that the sales information and business history remains relevant.

(b) **Purchase:** If the substantial assets of a business or premises were purchased by the person applying for a Video Lottery℠ retailer contract within 90 days 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 new business is being operated as the same or similar type of business and 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 rule's 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) **Move:** If a business moves to a different location within 90 days 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 is on the applicant.

(3) **Selection Process Where Concentration of Video Lottery℠ Retailers:** If Lottery receives two or more applications for a Video Lottery℠ retailer contract for premises at a location that would create a concentration of Video Lottery℠ retailers at the location, as defined in OAR 177-045-0000(1), and more than one applicant were to qualify for a Video Lottery℠ retailer contract:

(a) Lottery will first consider the application received first in time by date. If the applicant whose application is first in time does not ultimately qualify for a Video Lottery℠ retailer contract, Lottery will consider the application that was next received in time and will continue this process until an applicant qualifies for a Video Lottery℠ retailer contract at the location. Regardless of the number of Video Lottery℠ retailer applications submitted, Lottery will not enter into a Video Lottery℠ retailer contract if doing so would create a concentration of Video Lottery℠ retailers.

(b) If two or more applications are received on the same date, the Lottery Director will use a random selection process to choose which application Lottery will consider first. If the applicant chosen first in the random selection does not ultimately qualify for a Video Lottery℠ retailer contract, the Lottery shall consider the application of the next applicant chosen during the random selection process. This process will continue until an applicant qualifies for a Video Lottery℠ retailer contract at the location. Regardless of the number of Video Lottery℠ retailer applications submitted, Lottery will not enter into a Video Lottery℠ retailer contract if doing so would create a concentration of Video Lottery℠ retailers.

(c) For purposes of subsection (5) of OAR 177-045-0030, if there is a location of existing Video Lottery℠ retailers that creates a concentration of Video Lottery℠ retailers, the existing retailers at that location may submit an application to the Lottery, in a manner and by a date determined by the Lottery Director, for a Video Lottery℠ retailer contract at the location. No other applicants for a Video Lottery℠ retailer contract may apply for that location under this subsection. If the number of existing Video Lottery℠ retailer contract applicants for that location will create a concentration of Video Lottery℠ retailers

beginning June 28, 2015, the Director will select by random selection, those existing retailers who will be considered for a Video Lottery℠ retailer contract at the location beginning June 28, 2015. If any existing Video Lottery℠ retailer contract applicant chosen by random selection does not qualify for or does not enter into a Video Lottery℠ retailer contract at that location, the Director will consider the application of the next existing Video Lottery℠ retailer contract applicant chosen during the random selection process. Regardless of the number of Video Lottery℠ retailer contract applications submitted by existing Video Lottery℠ retailers, Lottery will not enter into a Video Lottery℠ retailer contract if doing so would create a concentration of Video Lottery℠ retailers at the location beginning June 28, 2015.

(d) The Director shall determine the procedures for the random selection process authorized by this section. The Director may conduct a manual or electronic drawing, or may use any other selection procedure as determined by the Director that ensures a random selection. The Assistant Director of Security shall be responsible for ensuring that any random selection process is conducted using appropriate standards to ensure the fairness and integrity of the process. Upon recommendation of the Assistant Director of Security, the Director may disregard the results of a random selection if it appears inconsistent with the purposes of this rule or is inconsistent with the fairness, integrity, security, or honesty of the Lottery. Any decision of the Director under this section is final.

OAR 177-040-0024 Compensation Rate Study for Video Lottery℠ Retailers

(1) **Purpose:** The purpose of this rule is to direct the Director of the Oregon State Lottery to conduct a comprehensive Video Lottery℠ retailer compensation study to assist the Lottery Commission in determining what retailer compensation system will best fulfill its legal obligation to determine the compensation to be paid to Video Lottery℠ retailers for their sales of Lottery tickets or shares by undertaking to develop a compensation system that maximizes the net revenue to the state for the public purpose consistent with providing a reasonable rate of return for Video Lottery℠ retailers, for the Lottery Retailer Contract which term begins June 28, 2015.

(2) **Selection of Independent Consulting Company or Consultant:** The Video Lottery℠ retailer compensation study shall be completed by an independent economic consulting company or economic consultant chosen by the Director. The Director may select a consulting company or consultant using any procurement process deemed appropriate by the Director, but in selecting the consulting company or consultant, the Director shall determine that the company or consultant has the requisite experience, expertise, and knowledge for this type of study. The Director shall submit a report to the Lottery Commission before entering into any contract for services with the consulting company or consultant selected by the Director.

(3) **Analysis of Video Lottery℠ Retailer Compensation Systems:** The study shall provide an analysis and comparison of various Video Lottery℠ retailer compensation systems, and shall set forth the pros and cons for each system and the estimated costs to Lottery if it were to use each system. The analysis shall include, but is not limited to, the following Video Lottery℠ retailer compensation systems:

(a) Tiered compensation rate system where retailer compensation is calculated as a percentage of net receipts, but the percentage declines as net receipts increase over a business year. The higher the net receipts, the lower the percentage paid. This analysis shall include, but is not limited to, the current compensation system described in OAR 177-040-0026.

(b) Single compensation rate system where the retailer compensation is calculated by applying a single, specified percentage to a retailer's net receipts over a business year. This analysis shall include a method or methods for determining the single percentage rate.

(c) Individualized compensation rate system where compensation is calculated based on a percentage of net receipts as determined individually for each Video Lottery^{SM} retailer. This analysis shall include the method or methods the Lottery would use to determine the percentage rate or rates for each individual retailer.

(4) **Lottery Commission Responsibilities To Be Addressed:** In analyzing the various compensation rate systems, as required in section (3) of this rule, the study must consider and address the following constitutional and statutory responsibilities of the Lottery Commission and the Lottery Director to:

(a) Insure the integrity, security, honesty, and fairness of the Lottery (Article XV, section 4, 4(a), and ORS 461.150);

(b) Undertake to develop a system to maximize net revenue while providing a reasonable rate of return for contractors (ORS 461.445);

(c) Select as Lottery game retailers such persons to best serve the public convenience and promote the sale of Lottery tickets or shares (ORS 461.300);

(d) Provide adequate and convenient availability of Video Lottery^{SM} games in both rural and metropolitan locations to promote sales (ORS 461.300);

(e) Determine retailer compensation (ORS 461.310); and

(f) Make ongoing study and comparison of the operations of lotteries in other states and countries (ORS 461.180).

(5) **Other Factors:** Notwithstanding subsection (4) of this rule, the Director shall determine what other factors are necessary for consideration and review in order to complete a comprehensive Video Lottery^{SM} retailer compensation rate study.

(6) **Completion:** This study is to be completed no later than October 1, 2014.

OAR 177-040-0025 Retailer Compensation – Traditional Lottery Games

(1) (a) **Traditional Sales Compensation:** The Lottery shall pay a retailer the following compensation rates for the weekly sales of traditional lottery game tickets or shares offered by the Lottery and sold by the retailer as set forth below:

Amount Sold 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%

(b) **Calculation of Sales:** A retailer's weekly sales shall be calculated on the combined weekly gross sales of Draw game tickets and Scratch-it^{SM} tickets made from the retailer's premises during a business week, less Scratch-it^{SM} ticket returns recorded by the Lottery and other sales related adjustments made during the week. For the purpose of calculating weekly sales, Scratch-it^{SM} tickets are sold when the tickets are activated by the retailer, and Draw game tickets are sold when the request for the Draw game ticket is electronically received and verified by the Lottery's central computer system.

(2) (a) **One Percent Selling Bonus:** For selling any winning and validated Scratch-it^{SM} or Draw game ticket with a prize of $10,000 or more, a Lottery retailer shall receive a bonus equal to one percent (1.00%) 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^{SM} prize of $25,000, the selling Lottery retailer shall receive $250.

(b) **Bonus for Variable Prizes:** Prior to the implementation of a traditional lottery 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.

(3) **One Percent Prize Payment Bonus:** For paying a winning and validated Scratch-it^{SM} or Draw game ticket with a prize of $600 or less, a Lottery retailer shall receive a bonus from the Lottery equal to one percent of the prize won by the player.

(4) **Alternative Compensation Agreements:** Upon approval of the Commission, the Director may enter into an alternative compensation agreement with certain Lottery retailers to accommodate new business models aimed at the retention and recruitment of Lottery retailers offering different

sales styles. Under such alternative compensation agreements, the Lottery retailer may receive a compensation rate, selling bonuses, and prize payment bonuses that are less, or more, than the rates or bonuses established in sections (1), (2), and (3) of this rule. The compensation rate and bonuses shall be determined by the Director for each agreement.

OAR 177-040-0026 Retailer Compensation – Video Lottery℠ Games

(1) **General:** The compensation the Lottery shall pay a retailer for the sale of Video Lottery℠ game shares is calculated on a percentage of net receipts during a business year. **"Net receipts"** means the amount of money that is received at a retailer's premises from the sale of Video Lottery℠ game shares after payment for prizes.

(2) **Compensation When Net Receipts Exceed Tier Threshold:** During the course of a business year, when a Video Lottery℠ retailer's net receipts exceed the threshold of a tier applicable to the retailer under this rule, the Video Lottery℠ compensation rate shall remain unchanged for the remainder of the business day on which the threshold is exceeded. The compensation rate for that tier, as set forth in this rule shall apply at the start of the next business day. For example, if a retailer has chosen option (a) under OAR 177-040-0026(4)(a) and on Wednesday the net receipts reach $175,001, the retailer is compensated at 27.5% of the net receipts for the remainder of the business day. At 5:00 a.m. on the next day, Thursday, which is the start of the next business day, the compensation rate is reduced to 23% of net receipts.

(3) **Applicability:** The compensation rates for the sale of Video Lottery℠ game shares set forth in this rule apply to compensation for the sale of shares on all Video Lottery℠ game terminals at all Video Lottery℠ retailers effective as of the start of the business day beginning June 27, 2010.

(4) **General:** At the time a retailer signs a Retailer Contract, the retailer must choose in writing to receive compensation in accordance with either subsection (4)(a) or subsection (4)(b) of this section. If the retailer fails to choose as required, the Lottery shall compensate the retailer pursuant to subsection (4)(a) of this section for the first business year the Retailer Contract is in effect. For each subsequent business year that the Retailer Contract is in effect, no less than 60 days before the beginning of the upcoming business year, a retailer may submit a written notice to the Lottery that the retailer chooses to be compensated under the alternative compensation method for the upcoming business year. If the retailer does not submit or fails to timely submit a written notice, the Lottery shall compensate the retailer using the retailer's current compensation method for the next business year.

(a) **4-Tier Option:**

Net Receipts per Year	Compensation – Percent of Net Receipts
Up to $175,000	27.5%
$175,000.01 to $475,000	23%
$475,000.01 to $800,000	14%

$800,000.01 and up	11%

(b) **3-Tier Option:**

Net Receipts per Year	Compensation – Percent of Net Receipts
Up to $600,000	22%
$600,000.01 to $1,800,000	17.5%
$1,800,000.01 and up	11%

OAR 177-040-0030 Retailer Cash Deposit or Bond

If the Director has reason to believe an applicant or retailer may not be financially sound, the Director may require a Lottery retailer to post:

(1) **Irrevocable Letter of Credit:** A $5,000 irrevocable letter of credit issued by a banking institution as defined in ORS 706.008(4); or

(2) **Bond:** A $5,000 bond issued by a surety company or companies holding a certificate of authority to transact surety business in the State of Oregon and approved by the Director.

OAR 177-040-0050 Retailer Duties

(1) **General:** 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 OAR Division 177, ORS Chapter 461, or in the Lottery retailer contract.

(2) **All Retailers:** All Lottery retailers shall:

(a) **Stock Equipment:** Keep all Lottery equipment on the retailer's premises stocked with a variety of Scratch-it℠ tickets, play slips, computer-generated tickets, and any other Oregon Lottery® product required to be sold. Unless exempted by the Lottery, if a Lottery retailer fails to stock or replenish these items as they are made available for sale by the Lottery, or as they are depleted because of purchase or use, the Lottery may remove the equipment.

(b) **Perform Minor Maintenance:** 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.

(c) **Maintain Paper Stock:** Install and use only approved Lottery-provided paper stock which has been specifically assigned to the selling retailer when selling Lottery tickets and shares.

(d) **Obtain Permits:** Be required to arrange for and obtain all necessary permits required by federal, 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.

(e) **Pay Amounts Due:** 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 Lottery business week. 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 Lottery Game Retailers:** A Lottery retailer authorized to sell traditional Lottery games is required to:

(a) **Scratch-It℠ Validation:** Validate a Scratch-It℠ ticket presented to the retailer by a player through equipment provided by the Lottery connected to the Lottery's central computer system. The retailer is required to destroy a winning ticket after validation and payment of the prize. Any Lottery retailer who does not destroy a winning ticket after validation and payment of the prize is liable for a prize paid by another Lottery retailer who subsequently pays the ticket. The retailer is required to return a non-winning ticket to the player.

(b) **Draw Game Validation:** Validate a Draw game ticket through the Draw game terminal before paying a Draw game prize.

(c) **Underage Play:** Monitor Lottery player-operated vending machines, as defined in OAR 177-045-0000, to prevent underage play.

(4) **Video Retailers:** A Video Lottery℠ game retailer is required to:

(a) **Cash Slip Validation:** Validate any Video Lottery℠ cash slip presented for payment that was issued at the retailer's location, through the Lottery's on-site video validation terminal before paying a Video Lottery℠ prize, except for those cash slips required to be validated and paid at Lottery Headquarters in Salem, or other locations designated by the Director.

(b) **Restrict Visibility:** Restrict Video Lottery℠ game terminals from visibility from areas outside of the business and from view of dining areas or other areas where minors are permitted to linger.

(c) **Age-Posted Area:** Maintain Video Lottery℠ game terminals in an area of the business that is prohibited to minors. The area must be posted as such by the Oregon State Lottery or the Oregon Liquor Control Commission. This restriction against minors does not apply to minors who qualify under the exceptions permitted by the Oregon Liquor Control Commission for access to areas normally prohibited to minors.

(5) **Sanctions:** The Director may sanction a Lottery retailer for the loss, damage, or destruction of any winning game ticket or share. This includes, but is not limited to: Imposing a requirement for remedial training for the retailer or the retailer's employees, and any other actions for failure to perform contract duties or requirements as described in the Lottery retailer contract or OAR Chapter 177.

OAR 177-040-0051 Designated Employees and Payment of Prizes

(1) **Designated Employees:** A traditional Lottery retailer must designate employees authorized to redeem winning Lottery tickets and shares. A Video Lottery℠ retailer must designate employees authorized to redeem Video Lottery℠ cash slips as defined in OAR 177-200-0005(1).

(2) **Traditional Lottery Retailers:** A traditional Lottery retailer must redeem winning Lottery tickets and shares during all of the retailer's designated hours of redemption.

(3) **Video Lottery℠ Retailers:** Except for those cash slips required to be validated and paid at Lottery Headquarters in Salem, or other locations designated by the Director, during all business hours of operation a Video Lottery℠ retailer must redeem any Video Lottery℠ cash slip presented for payment that was issued at that retailer's location, except as follows:

(a) In the event of exceptional circumstances, a retailer may delay validation and payment of a cash slip for a period of time not to exceed 24 hours from the time the cash slip is initially submitted to the retailer for payment. **"Exceptional circumstances"** means rare and unforeseen circumstances beyond the reasonable control of the retailer; and

(b) Within 48 hours from the time the cash slip is initially submitted to the retailer for payment, the retailer must submit to the Lottery a written report of the delay of payment and the exceptional circumstances that required the delay.

(c) The Director may review claims of exceptional circumstances and determine whether delayed payment was appropriate under the circumstances. Upon the Director's request, the retailer must provide the Director with evidence supporting a claim of exceptional circumstances. If a retailer fails to comply with a request or fails to adequately support a claim of exceptional circumstances, the Director shall find that the delay was not appropriate.

(d) If the Director finds that the delay was not appropriate, the retailer's delay of payment shall be considered a failure to perform contract duties or requirements, and the Lottery may take appropriate action including termination of the retailer contract. The Director's decision is final.

(4) **Payment:** Except as provided in section (3) of this rule, a retailer must immediately pay prizes in cash or by check, or any combination thereof, when a winning Lottery ticket or share meeting the requirements of these rules is presented for payment, including a Video Lottery℠ cash slip. A retailer must not pay prizes in tokens, chips, or merchandise or charge a fee for paying a prize or for issuing payment.

(5) **Validation:** Notwithstanding section (3) of this rule, once a Lottery retailer validates a winning ticket or share, including a Video Lottery℠ cash slip, the retailer must immediately pay it. The Lottery's terminal will not validate a cash slip issued for a Jackpot Prize.

OAR 177-040-0052 Non-Sufficient Funds

(1) **Definitions:** For purposes of this rule:

(a) **"Working day"** means a weekday (Monday through Friday) from 8 a.m. to 5 p.m. when the Lottery Headquarters in Salem is open for business.

(2) **Retailers with Temporary Contract or Letter of Authority:** If an electronic funds transfer (EFT) from a retailer with a temporary contract or a letter of authority issued under ORS 461.335 is not made due to non-sufficient funds (NSF) in the retailer's EFT account, and non-payment is not excused under this rule, the Lottery shall terminate the retailer's temporary contract or letter of authority, and disable or remove Lottery equipment from the retailer's premises. Processing of the retailer's application for a retailer contract otherwise may proceed.

(3) **First NSF:** The first time that a Lottery retailer's EFT payment to the Lottery is not made due to non-sufficient funds in the retailer's EFT account, the Lottery shall:

(a) **Notify the Retailer:** Make a reasonable effort to notify the Lottery retailer of the NSF.

(b) **Disable Equipment:** Disable the Lottery's equipment on the retailer's premises for up to five working days, in which time the retailer must pay, by certified funds, the EFT transfer amount plus an additional $50 fee for the Lottery's administrative expenses in processing the NSF.

(c) **Withhold Bonus:** Withhold any bonus and incentive payments the retailer may have earned for the business week in which the NSF occurs. If the retailer does not make the required payments within five working days of the date the equipment was disabled, the retailer shall forfeit the bonus and incentive payments.

(d) **Terminate Contract:** Terminate the retailer's contract and remove the Lottery's equipment if the retailer fails to pay, by certified funds, the EFT transfer amount plus the $50 fee within five working days of the date the equipment was disabled.

(4) **Second NSF:** When a retailer's EFT payment is not made to the Lottery due to non-sufficient funds in the retailer's EFT account for a second time within one year of the retailer's first NSF, the Lottery shall:

(a) **Notify the Retailer:** Make a reasonable effort to notify the Lottery retailer of the NSF.

(b) **Disable Equipment:** Disable the Lottery's equipment on the retailer's premises for up to five working days, in which time the retailer must pay, by certified funds, the EFT transfer amount plus an additional $50 fee for the Lottery's administrative expenses in processing

the NSF and post a bond or make a cash deposit if allowed by the Director under paragraph (A) of subsection (d) of this section.

(c) **Withhold Bonus:** Withhold any bonus and incentive payments the retailer may have earned for the business week in which the NSF occurs. If the retailer does not make the required payments within five working days of the date the equipment was disabled, the retailer shall forfeit the bonus and incentive payments.

(d) **Terminate Contract:** The Lottery shall terminate the retailer's contract and remove the Lottery's equipment:

(A) Unless the Director allows the retailer to post:

(i) **Cash:** A cash deposit by certified funds; or

(ii) **Bond:** A bond issued by a surety company or companies holding a certificate of authority to transact surety business in the State of Oregon and approved by the Director.

The Director shall determine the amount, the term, and any other applicable conditions. The amount of the bond or cash deposit will be no less than twice the retailer's weekly average EFT transfers, calculated using the immediately preceding three calendar months; or

(B) If the retailer fails to pay, by certified funds, the EFT transfer amount plus the $50 fee within five working days of the date the equipment was disabled, or fails to post a bond or make a cash deposit within five working days of the date the equipment was disabled when allowed under paragraph (A) of this subsection.

(5) **Third NSF:** When a Lottery retailer's EFT payment is not made to the Lottery due to non-sufficient funds in the retailer's EFT account for a third time within one year of the retailer's first NSF, the Lottery shall:

(a) **Notify the Retailer:** Make a reasonable effort to notify the Lottery retailer of the NSF.

(b) **Disable Equipment:** Disable the Lottery's equipment on the retailer's premises until the contract is terminated and the equipment is removed.

(c) **Payment:** Require the retailer to pay, by certified funds, the amount of money that was to be paid by EFT plus the $50 fee within five working days of the date the Lottery equipment on the retailer's premises was disabled.

(d) **Forfeit Bonus:** Require the retailer to forfeit any bonus and incentive payments the retailer may have earned for the business week in which the NSF occurs.

(e) **Terminate Contract:** Terminate the retailer's lottery contract and remove the Lottery's equipment.

(6) **NSF Due to Financial Institution Error:** Any NSF that is due to an error committed by the retailer's financial institution does not count toward the three NSF limit in this rule as long as the error is corrected and Lottery receives documentation from the retailer's financial institution. The financial institution must substantiate to the Director's satisfaction the financial institution's responsibility for causing the NSF, and that but for the financial institution's error, sufficient funds would have been available in the retailer's account to cover the EFT payment.

(7) **Financial Institution Closures:** Any NSF that is due to an unexpected temporary closure of the retailer's financial institution does not count toward the three NSF limit in this rule as long as the NSF is corrected and Lottery receives documentation from the retailer's financial institution that substantiates to the Director's satisfaction the reason for the financial institution's unexpected closure. The retailer shall make the deposit before 5 p.m. of the next day the financial institution is open or available for deposits to be made. If the deposit is not made as described, the Lottery shall treat it as an NSF under these rules.

(8) **Retailer's Obligations Survive Contract Termination:** Termination of the retailer's contract does not release the retailer from any obligation to pay all amounts due the Lottery under this rule and the retailer's Lottery contract. The Lottery may make a claim upon any bond, or cash deposit posted under this rule, and apply the money to any of the retailer's obligations owed to the Lottery. The Lottery may initiate collection action on behalf of the State to collect all amounts due.

(9) **Director's Discretion:** 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.

OAR 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:** The Director or the Director's designee must approve all requests from a retailer for the use of trade or service marks registered by the Lottery**.** 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) **Inducements:** For purposes of this section, a retailer shall not extend credit to persons to play Lottery games. This does not include the use of a credit or debit card by a player for the purchase of Lottery tickets or shares. An example of the use of a credit or debit card for the purchase of Lottery tickets or shares 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. 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.

OAR 177-040-0061 Casino Prohibition

(1) **General:** The operation of a casino is constitutionally prohibited in the state of Oregon. It is the policy of the Oregon State Lottery to place Video Lottery℠ terminals only in an establishment that does not operate as a casino. The purpose of this rule is to provide a framework and a process for determining when an establishment is operating or may operate as a casino. This framework and process are in addition to other methods the Oregon State Lottery uses to prevent Video Lottery℠ retailers from operating an establishment as a casino. Other methods include, but are not limited to:

(a) A limit on the number of Video Lottery℠ terminals in any establishment;

(b) Limiting public view of Video Lottery℠ terminals;

(c) A limitation on certain advertising and promotional activities by retailers; and

(d) Considering the sale of Lottery tickets and shares by retailers an adjunct to their businesses.

(2) **Definitions:** For purposes of this rule:

(a) **"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. The final determination of what constitutes an establishment shall be made by the Director.

(b) **"Total Annual Lottery Compensation"** means the actual, or in the case of an applicant, the reasonably projected total annual compensation received from the Lottery for the sale of all Lottery tickets and shares at the establishment over a selected twelve-month period,

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.

(c) **"Annual Non-Lottery Sales"** means the actual, or in the case of an applicant, the reasonably projected revenue from the sale of products or services other than Lottery tickets and shares to retail customers at the establishment over a selected twelve-month period. Projected sales will only be deemed reasonable if they are based on a detailed business plan which is fact and evidence based or meets industry standards for business plans. 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 for annual non-Lottery sales for 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. For example, the sale of a car by a tavern would not be included;

(B) The wholesale sale of products. **"Wholesale"** means the sale of goods in quantity, as to retailers or jobbers, for resale to the public. This includes the sale or transfer of cigarettes or other products between two or more establishments operated by the same retailer;

(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 establishment (such as catering) unless the work is substantially completed at the establishment and the services are provided substantially by 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; and

(F) Income from other than the sale of a product or service (such as a cover charge) will not be included in the calculation of annual non-Lottery sales.

(3) **Director's Casino Determination:** The Director shall determine whether an establishment is operating or may operate as a casino before entering into a Video Lottery℠ contract for that establishment. The Director may also initiate a review of an existing Video Lottery℠ retailer whenever the Director has reason to believe that an establishment is operating as a casino, or may operate as a casino. The Director may rely on whatever resources and information are available in deciding to initiate a review of an existing Video Lottery℠ retailer. A Video Lottery℠ retailer, or person applying to become a Video Lottery℠ retailer, has the burden of proof to show to the

satisfaction of the Director that an establishment is not operating, or will not be operating, as a casino. The Director's determination is final.

(4) **Conclusive Evidence that an Establishment Is Not a Casino:** The following establishments are not casinos for purposes of this rule:

(a) An establishment whose annual non-Lottery sales are at least 50% of the establishment's total income as defined in section (5) of this rule. This subsection does not apply if the Director determines that the establishment is a convenience store or a business not normally associated with the on-premise consumption of food and alcoholic beverages as described in OAR 177-040-0017.

(b) A private club as described in ORS 471.175 so long as the private club is not engaged exclusively in the business of selling Lottery tickets and shares.

(5) **Income Analysis:** In determining whether an establishment meets the criteria set forth in section (4)(a) of this rule, the Director shall conduct an income analysis as set forth below.

(a) **General:** 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 reasonably projected annual non-Lottery sales. If the review of an establishment's total income shows that the establishment's annual non-Lottery sales are less than 50% of total income or projected total income, and there is no conclusive evidence that the establishment is not a casino as explained in section (4) above, the Director shall consider other factors as set forth in section (6) below in determining whether the establishment is operating or may operate as a casino. The twelve-month period selected for the 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, reasonably projected annual non-Lottery sales; and

(B) The establishment's actual or projected total annual Lottery compensation.

(b) **CPA Review:** The retailer or applicant may request that a Certified Public Accountant (CPA), engaged and paid for by the retailer or the applicant, verify the accuracy of the Lottery's calculation of the retailer's annual non-Lottery sales or the applicant's reasonably projected annual non-Lottery sales. The CPA must use procedures specified by the Lottery and document his or her analysis as required by the Lottery. The Director may consider the CPA's analysis in making the final determination.

(c) **Director's Determination:** 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.

(d) **Business Records:** For the purposes of this rule, a Lottery retailer must acquire, 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 establishment's total income 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.

(6) **Factors to Consider:** If the income analysis indicates that the establishment's annual non-Lottery sales are less than 50% of total income or projected total income, and there is no conclusive evidence that the establishment is not a casino as explained in section (4) above, the Director shall consider additional relevant factors such as those described below to make a final determination whether the establishment, taken as a whole, is operating as a casino or may operate as a casino. Such factors include, but are not limited to:

(a) **History:** The history of the establishment's operation, or lack of history. If, for example, an establishment has a longstanding history as a neighborhood pub or a family restaurant, this factor may demonstrate that the establishment is not operating as a casino.

(b) **Appearance:** The appearance of the premises, as perceived by a reasonable person and determined by the Director, as it relates to the type of establishment. If, for example, a reasonable person, as determined by the Director, would perceive the establishment to be a place to eat, drink, socialize, and engage in a variety of activities or forms of entertainment, this factor may demonstrate that the establishment is not operating as a casino.

(c) **Floor Space:** 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. Any areas of the establishment not normally open to patrons 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. If the

amount of floor space dedicated for the use of Video Lottery℠ games is 20% or less of the establishment's total floor space, this factor may demonstrate that the establishment is not operating as a casino.

(d) **Food Service Accoutrements:** The availability of menus, dining tables and chairs, tableware for the consumption of food and beverages, and other accoutrements intended specifically for use by patrons for eating and drinking. For example, an ample number of tables and chairs, proportionate to the size of the area, that are set up with napkins, salt and pepper, etc., and are available to patrons for eating and drinking, combined with the availability of food and beverages, the staff and means to cook, prepare and serve food and beverages, the availability of tableware, a menu or reader board, may demonstrate that the establishment is not operating as a casino.

(e) **Meals and Menus:** The number and variety of meals and menu items available on a daily basis. For example, serving two meals per day, such as lunch and dinner, and a variety of entrees and side dishes for each meal, as opposed to serving only one or two items, or only a variety of sandwiches, throughout the day, may demonstrate that the establishment is not operating as a casino.

(f) **Non-Lottery Products and Entertainment:** The number and variety of non-Lottery products and forms of entertainment available. If, for example, an establishment offers snacks, gum, and cigarettes for sale, and has pool, darts, and live music and dancing, as opposed to only one or two products or services, this factor may demonstrate that the establishment does not operate as a casino. This factor acknowledges that a retailer's efforts to sell or serve non-Lottery products or services are not always successful. The mere fact that the non-Lottery products or services are readily available, as evidenced by observation and records, is a factor.

(g) **Business Name:** The name of the business. For example, if the business name does not contain words, references or allusions to gambling or gambling related objects or activities, good luck or good fortune, or winning, directly or indirectly, this factor may demonstrate that the establishment does not operate as a casino.

(h) **Advertising:** Advertising and promotional activities. If, for example, the retailer advertises food and other non-Lottery products, services or forms of entertainment at least equivalent to advertising for Lottery products; and, if the retailer offers promotions, such as discount coupons for food and other non-Lottery products at least equivalent to promotional activities related to Lottery products, this factor may demonstrate that the establishment does not operate as a casino.

(i) **Records:** The retailer's financial records. If the retailer's financial records, including expenses, show that the volume of non-Lottery products and services sold, and the number and variety of non-Lottery forms of entertainment made available to patrons is greater than indicated by the establishment's annual non-Lottery sales, this factor may demonstrate that the establishment does not operate as a casino.

(j) **Atmosphere:** The general atmosphere of the establishment and the attitude and approach of the retailer. If the retailer, and the retailer's employees encourage and promote food and beverage service; if the general environment is clean and inviting to patrons for purposes of dining or engaging in entertainment activities; if the retailer and the retailer's employees are equally courteous and accommodating to non-Lottery playing patrons as they are to those playing Lottery games; and if the retailer demonstrates cooperation with the Lottery and approaches this matter with a demonstrated willingness to keep the establishment in compliance, this factor may demonstrate that the establishment does not operate as a casino.

(7) **Compliance Plan:**

(a) **General:** For purposes of selling Video Lottery℠ tickets and shares, the Lottery Director shall determine whether a Lottery retailer is operating an establishment as a casino, or in the case of an applicant, will be operating as a casino in violation of this rule. When the Director determines that an existing Video Lottery℠ establishment is operating as a casino pursuant to review under section (6) of this rule, the Director shall notify the retailer of the determination in writing, and set forth the reasons for the determination. The Director shall provide the retailer the opportunity to develop and implement a plan to bring the establishment into compliance with this rule within six months from the date of this written notification. The plan must be submitted within 30 days from the date the notification is issued by the Lottery. The plan shall include an analysis of the retailer's business operation to show that the retailer has made a reasonable determination of what changes need to be made and the steps the retailer intends to take to bring the establishment into compliance. A retailer may not restrict access to any Lottery game to achieve compliance with this rule without prior written 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 will review the retailer's plan and may offer guidance to help the retailer bring the establishment into compliance. The retailer is solely responsible for implementing the plan and for its success or failure during the six month period.

(b) **Four Month Review:** At the end of the first four months of the six-month period, the Lottery will review the retailer's progress toward compliance, and may provide the retailer with factual information, analysis, or recommendations if it appears to Lottery staff that doing so will assist the retailer in bringing the establishment into compliance.

(c) **Determination at End of Six-Month Period:** At the end of the six-month period, the Director shall determine whether the establishment is in compliance. A retailer shall be deemed to be in compliance if either:

(A) The establishment's total Lottery compensation was not more than 50% of the establishment's total income, as set forth in section (5) of this rule, over the entire six-month period; or

(B) Based upon an analysis of some or all of the factors set forth in section (6) of this rule, or other additional factors, the Director determines that the establishment is not operating as a casino.

(d) **Sixth Month:** If the establishment's total Lottery compensation was not more than 50% of the establishment's total income, as set forth in section (5) of this rule, for the sixth month of the plan (but not the entire six months), the Director may extend the original six month period of the compliance plan up to three additional months if, in the opinion of the Director, the retailer will become compliant within that time. At the end of the additional time period, the Director shall determine whether the establishment is in compliance based upon subsection (7)(c) of this rule.

(e) **Termination:** If, at the end of the compliance period, the Director determines that the establishment continues to operate as a casino, the retailer's contract to sell Video Lottery℠ tickets and shares shall be immediately terminated.

(f) **One Year Review:** If, at the end of the compliance period, the Director determines that the establishment is no longer operating as a casino, the Director shall send a notice of compliance to the retailer. At the end of one year commencing on the first day of the month following notification of compliance, the Lottery will conduct another compliance review as set forth in this rule. If the Director determines that the establishment is again operating as a casino, the retailer's contract to sell Video Lottery℠ tickets and shares shall be immediately terminated. The retailer shall not be given the opportunity to implement a compliance plan as described in subsections (7)(a), (b), (c), and (d) of this rule in these circumstances. Nothing in this subsection prohibits the Director from initiating another review at any time as set forth in section (3) of this rule.

(g) **Application Denial:** If a person applying to become a Video Lottery℠ retailer is projected by the Lottery not to be in compliance with the requirements of this rule, the Director shall deny the application.

(8) **Re-Application:** Any Video Lottery℠ retailer whose contract to sell Video Lottery℠ tickets and shares 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 a showing by the applicant that a substantial change in conditions at the establishment has taken place. Upon acceptance of an application, the Director shall determine whether the establishment will be operated as a casino as set forth in this rule. In the case of a person applying to become a Video Lottery℠ retailer whose application is denied, the Director may, in the Director's sole discretion, waive up to six months of the one-year waiting period based upon a showing of good cause by the applicant.

OAR 177-040-0070 Retailer Wheelchair Accessibility Program

(1) **Purpose:** The purpose of this rule is to require that all new and existing Lottery retailers provide and maintain access to Oregon Lottery® games and related services to persons 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 all persons who use wheelchairs to enable their full and equal enjoyment of Lottery games and related services. Retailers shall comply with the Retailer Wheelchair Accessibility Program by installing required accessibility features, by removing identified barriers through structural modifications, or by creating alternative methods of providing access to Lottery games and related services.

(a) **Barrier Removal and Accessibility Features:** All barriers must be removed that impede wheelchair access to Lottery games and related services. Examples of barrier removal or accessibility features include, but are not limited to:

(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
(I) Relocating Lottery games and related services within the retailer's premises to accommodate persons who use wheelchairs.

(b) **Alternative Methods:** Alternative methods of providing access to Lottery games and related services must be appropriate or reasonable for the person using a wheelchair, and will apply only when accessibility to the Lottery game or related service does not require physical access by the person using a wheelchair to a specific area of the premises. (For example, playing Keno does not require physical access to a Lottery terminal if the retailer provides table service to persons who use wheelchairs. Conversely, playing Video Lottery℠ games does require physical access to the Video Lottery℠ game terminal.) All alternative methods of providing access must be approved by the Director and will only be permitted when the retailer demonstrates to the satisfaction of the Director the necessity of offering alternative methods of access instead of removing barriers or installing accessibility features. The Director's decision is final.

(c) **Costs of Modifications:** The retailer is responsible for all costs related to removing barriers, installing accessibility features, or offering alternative methods of access for the purpose of making a retailer's premises wheelchair accessible.

(3) **Retailer Wheelchair Accessibility Certification:** All applicants shall submit with the application, a signed Wheelchair Accessibility Certification form certifying that the retail location is wheelchair accessible. The Certification form shall be provided by the Lottery and shall contain the Lottery's wheelchair accessibility standards. The Wheelchair Accessibility Certification form must be completed and signed by the applicant.

(4) **Permitted Exemptions:**

(a) The Director may grant the following exemptions to the requirements of this rule. 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 are final. A retailer or applicant whose request for an exemption is denied by the Director is 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 does 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. Qualified means exempt from accessibility requirements under the federal historic preservation laws.

(B) **Legal Impediment to Barrier Removal:** Any law, act, ordinance, state regulation, ruling or decision which prohibits a Lottery retailer 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 is required to document and attest to the legal impediment.

(C) **Landlord Refusal:** An exemption granted to an existing Lottery retailer 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 are authorized after August 1, 2000. All existing exemptions granted before August 1, 2000 may be continued until the retailer's contract expires.

(D) **Undue Financial Hardship:** Undue financial hardship exemptions are not authorized. Any existing exemptions granted before August 1, 2000 may be continued until the retailer's contract expires.

(5) **Complaints Relating to Non-Accessibility:** The Director will receive and process all accessibility complaints concerning a Lottery retailer as follows:

(a) **Initial Complaint and Investigation:** When possible, complaints must be in writing and submitted to the Lottery on a Lottery retailer wheelchair accessibility complaint form. The Lottery will investigate the complaint. 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 any violations of this rule, the Lottery shall issue a letter of impending rule violation to the retailer. The retailer shall submit a response no later than 30 days after mailing of the letter of impending rule violation. The Director shall determine if the retailer's response is acceptable under 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 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 violations found at the retailer's location under the terms of this rule.

(d) **Corrective Action Plan:** The Lottery retailer shall submit a corrective action plan to the Lottery within 30 days of the issuance of the letter of rule violation. The Director may extend the response time for reasons beyond the reasonable control of the retailer. The plan shall describe in detail how the retailer will comply with this rule. The Lottery shall notify the 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 rule violation and has not requested an extension of time to submit a plan, or if a retailer has requested an extension but the request is denied by the Lottery, the Lottery may terminate the retailer contract.

(e) **Time Line for Implementation of Corrective Actions:** The retailer must complete corrective actions within 90 days of the date the Lottery accepts the retailer's corrective action plan. If the retailer has not eliminated the violations cited in the letter of rule violation within 90 days of mailing, but has requested an extension of time, the Lottery may grant an extension of no more than 90 days. The Lottery will send a notice of the extension to the retailer and the complainant. Any extension commences immediately upon expiration of the original 90 day period. In no event shall the total amount of time exceed 180 days from the date the Lottery accepts the retailer's corrective action plan.

(f) **Notice of Rule Compliance:** If the retailer corrects the violations specified in the letter of rule violation, and the retailer has provided an updated Wheelchair Accessibility Certification form certifying full compliance, the Lottery will issue a notice of rule compliance. Until this notice is issued, a complaint is considered pending.

(g) **Termination:** Failure of the retailer to make timely corrections in compliance with this rule and the retailer's corrective action plan may result in termination of the retailer contract.

(6) **Inspections and Audits:** The Director may inspect and audit any Lottery retailer's premises for compliance with this rule at any time including random compliance audits. The Lottery will conduct the audit and inspection during the retailer's regular business hours or at such other time

as agreed upon by the retailer and the Lottery. The burden of proof to establish that a retailer's premises are in compliance with this rule is on the Lottery retailer.

OAR 177-040-0105 Change Location

(1) Any time a Lottery retailer moves its existing business to new premises, the retailer must receive approval from the Lottery before moving the sale of Lottery tickets or shares to the new location.

(2) For a change in location to be approved, the new premises must meet all requirements necessary for operation as a Lottery retailer.

(3) If the Lottery retailer is changing the nature of the business, the Director may terminate the existing retailer contract and require the retailer to apply for a new retailer contract.

OAR 177-040-0110 Contract Non-Transferable

A Lottery retailer contract does not have value, and cannot be sold, transferred, or assigned.

OAR 177-040-0115 Underage Seller

No one under the age of 18 may sell Lottery tickets or shares.

OAR 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. In the Director's sole discretion, the Director may waive all or a portion of the one-year requirement based upon a showing of good cause by the applicant.

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

When the Director determines that an applicant does not qualify as a key person, that is grounds for termination of the retailer contract associated with the applicant.

OAR 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.

OAR 177-040-0160 Suspension of OLCC License

(1) **General:** Any Lottery retailer whose liquor license has been suspended by the Oregon Liquor Control Commission (OLCC) must immediately notify the Lottery of the suspension.

(2) **Disabling Equipment:** The Director shall disable all video lottery terminals 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 Director may keep the video lottery terminals disabled during the Lottery Security investigation required by section (3) of this rule. The Director may also suspend the sale of all non-video Lottery tickets and shares and suspend all transactions on the retailer's computer link to the Lottery, disabling the retailer's ability to validate tickets and shares.

(3) **Lottery Investigation:** The Director shall initiate an investigation by Lottery Security of the suspension of a video Lottery retailer's liquor license. The Director may initiate an investigation by Lottery Security of the suspension of a traditional Lottery retailer's liquor license. Lottery Security will report the results of the investigation to the Director. The Director will review the findings of that investigation and the circumstances underlying the suspension by the OLCC. The Director will make a determination whether the findings of the investigation and the circumstances underlying the suspension will result in sanctions under the retailer contract, up to and including immediate termination of the contract.

OAR 177-040-0180 Notice Requirement

Lottery retailers who offer video Lottery games must post in a conspicuous place on the retailer's premises at least one copy of a notice containing information concerning compulsive gambling.

OAR 177-040-0200 Lottery Retailer Second Chance Drawings

Lottery retailers are prohibited from conducting second chance drawings for prizes which require the use of a non-winning Oregon Lottery® ticket or share as an entry into a drawing conducted or operated by the retailer.

OAR 177-040-0300 Request for Reconsideration for Contract Denials, Key Person Denials, and Contract Terminations

(1) **General:** When the Lottery issues a contract denial, a key person denial, or a contract termination order, the denied contract applicant, the retailer who submitted the denied key person application, or the terminated Lottery retailer may request that the Lottery reconsider the denial or contract termination order.

(2) **Form of Request:** Each denial or contract termination order issued by the Lottery will inform the applicant or the retailer of the right to request reconsideration of the denial or contract termination order. Each request for reconsideration must meet the following requirements:

(a) The request for reconsideration must be submitted in writing within 60 days of the date of the denial or termination;

(b) The request for reconsideration must allege either a change in circumstances or it must provide additional information sufficient to show that the circumstances which are the basis for the order should not result in denial or termination or are fully corrected or resolved.

(3) **Lottery's Response:** The Lottery will take one of the following actions on a request for reconsideration:

(a) **Approval of the Request:** If the Director determines the change in circumstances or information submitted in the request for reconsideration adequately addresses, corrects, or resolves the issues which were the basis for the denial or termination order, the request for reconsideration will be granted, and the denial or termination order will be rescinded.

(b) **Denial of the Request:** If the Director determines that the change in circumstances or information submitted in the request for reconsideration does not adequately address, correct, or resolve the issues which were the basis for the denial or termination order, the Director will deny the request for reconsideration.

(c) **Order on Reconsideration:**

(A) If the Director determines that the information submitted only partially addresses, corrects, or resolves the issues which were the basis for the denial or termination order, the Director will issue a new order denying the application or terminating the contract. The new order, as appropriate, will delete from or add to the bases for denial or termination in the original order.

(B) If, at any time, the Director determines that there is an additional basis for denial of a contract or key person application, or termination of the contract, the Director may issue a new or amended denial or termination order.

(d) **Director's Determinations:** The Director's determinations are final for purposes of responding to requests for reconsideration.

OAR 177-040-0310 Alternative Dispute Resolution Policy

The Lottery encourages the use of an alternative dispute resolution process, such as mediation, in disputes arising between a retailer and the Lottery, when such process is appropriate and provides for a more efficient and effective dispute resolution.

OAR 177-040-0320 Alternative Dispute Resolution Process

(1) **Application and Limitations:** The Lottery, in its discretion, may agree to an alternative dispute resolution process to resolve a dispute between a retailer and the Lottery subject to the following limitations:

(a) **No Surrender of Authority:** The Lottery will not agree to any process in which its ultimate settlement or decision making authority is given to a third party.

(b) **Voluntary Process:** All participants must voluntarily agree to the use of an alternative dispute resolution process. The process is voluntary and the Lottery and any other participant may withdraw from the process at any time and for any reason.

(c) **Mediator:** A mediator does not represent the interests of any of the participants including the Lottery, may not offer legal advice, and has no decision making power to determine facts or impose a resolution, settlement, or other decision on the participants.

(d) **Settlement:** Nothing in this rule obligates the Lottery to agree to an alternative dispute resolution process to resolve a dispute, to offer funds to settle any dispute or controversy, to accept a particular settlement or resolution, to alter its standards for accepting settlements, to submit to binding arbitration, or to alter any existing delegation of settlement or litigation authority.

(e) **Alternative Dispute Resolution Precluded:** An alternative dispute resolution process may not be used if a contract termination is issued under the circumstances described in section (3)(b) of this rule.

(f) **Legal Action Filed:** An alternative dispute resolution process as described in this rule may not be used if a legal action has been filed in court covering the same subject matter.

(2) **Prerequisites:** Before Lottery will consider the use of an alternative dispute resolution process as described in this rule for a dispute resulting from a contract denial, a key person denial, or a contract termination, the contract applicant or the retailer must first have requested reconsideration under the process provided in OAR 177-040-0300. If the Lottery agrees to an alternative dispute resolution process, the Lottery, in its sole and absolute discretion, may stay the denial or the termination order pending completion of the process.

(3) **Mediation:** When a retailer has complied with section (2) of this rule, a retailer may request mediation. The request is subject to section (1) of this rule and the following:

(a) **Factors to Consider:** The Lottery may consider the factors set forth in OAR 137-005-0020 before agreeing to mediation.

(b) **Contract Termination Actions Where Mediation Precluded:** The Lottery will not agree to mediation if a contract termination is issued under the following circumstances:

(A) **Third NSF:** When a Lottery retailer's EFT payment is not made to the Lottery due to non-sufficient funds in the retailer's EFT account for a third time within one year of the retailer's first NSF.

(B) **OLCC Suspension or Termination:** The OLCC has terminated a video lottery retailer's liquor license.

(c) **Written Agreement:** If the Lottery agrees to mediation, the Lottery and the retailer must enter into a written agreement to mediate as described in OAR 137-005-0030.

(d) **Time Limit:** For a dispute resulting from a contract denial, a key person denial, or a contract termination, a request for mediation must be made within 10 days of issuance of the order upon reconsideration or a denial of reconsideration under OAR 177-040-0300. The Lottery will respond to the request within 7 business days. A request for mediation

does not toll the 60 day period for requesting judicial review under ORS 183.484, unless the Lottery agrees to mediation and the contract termination order is withdrawn. The mediation process must be concluded within 60 days of the request.

DIVISION 45

RETAIL SALES EQUIPMENT MANAGEMENT

November 4, 2012

OAR 177-045-0000 Definitions

For purposes of OAR Chapter 177, Division 45, the following definitions apply except as otherwise specifically provided in OAR Chapter 177 or unless the context requires otherwise:

(1) **"Concentration of Video Lottery℠ retailers"** means:

(a) More than three Video Lottery℠ retailers in a strip mall that has seven or fewer retail spaces or storefronts;

(b) More than four Video Lottery℠ retailers in a strip mall that has eight to nine retail spaces or storefronts;

(c) More than five Video Lottery℠ retailers in a strip mall that has ten to eleven retail spaces or storefronts; or

(d) More than six Video Lottery℠ retailers in a strip mall that has twelve or more retail spaces or storefronts.

(2) **"Convenience store"** means a retail business which offers a relatively limited line of high-volume products, and the majority of the products are for consumption off the premises.

(3) **"Equipment"** means all equipment placed by the Lottery or a Lottery vendor on a retailer's premises including, but not limited to, Video Lottery℠ game terminals and all equipment necessary for their operation, player-operated vending machines, validation terminals, Lottery sales terminals, display equipment, and interior and exterior signage.

(4) **"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.

(5) **"Movie theater"** means a business or premises where movies or motion pictures are shown for patrons, whether in a traditional stadium seating style or otherwise. Movie theater does not include other areas of the same business or premises that are physically separated by a floor to ceiling wall, partition, curtain, or other means, from the movie theater area, and where food and alcoholic beverages are sold and served for consumption on the premises.

(6) **"Occurrence"** means an accident, incident, or a series of accidents or incidents arising out of a single event or originating cause and includes all resultant or concomitant losses. Each loss by earthquake, flood, freeze, or windstorm will constitute a single occurrence. If more than one

earthquake or flood occurs within any 72-hour period, the State of Oregon will determine the moment when the time period began.

(7) **"Player-operated vending machine"** means an electrical, electronic, or electro-mechanical device that dispenses Scratch-it℠ or other Oregon Lottery® tickets directly to a consumer upon payment of the appropriate purchase price.

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

(9) **"Restricted visibility"** means Video Lottery℠ game terminals cannot be seen from areas outside the business or from areas inside the business where minors are permitted to linger, except in an incidental or negligible way. Under certain circumstances, Oregon Liquor Control Commission rules may permit minors in the same area as a properly placed Video Lottery℠ game terminal. This rule is not intended to override any OLCC exception.

(a) **"Incidental or negligible way"** includes, but is not limited to:

(A) The Video Lottery℠ game terminals may be glimpsed through an open doorway by passersby, except that minors may not be permitted to linger in the open doorway;

(B) The Video Lottery℠ game terminals may be seen by persons intentionally looking closely through a sight restricted window, door, curtain or other object intended to restrict visibility; or

(C) The Video Lottery℠ game terminals may be seen by persons passing by the Video Lottery℠ play area to get to restrooms, except that minors may not be permitted to linger in an area from which the Video Lottery℠ game terminals can be seen.

(10) **"Retail floor space"** means all areas of a business that are open to the public including, but not limited to, restrooms and hallways, but not including offices, kitchens, storage areas, and any other areas not generally open to the public. Total retail floor space does not include any area that is shared with one or more other businesses, or that is not contiguous with the areas where the Video Lottery℠ game terminals are located or proposed to be located.

(11) **"Same or commingled ownership"** means two or more businesses offering Video Lottery℠ that are:

(a) Owned or operated by the same person;

(b) Owned or operated by different persons, and at least one of those persons has a financial interest in, will either directly or indirectly benefit financially from, or has or will have the ability to exercise control over two or more of the businesses; or

(c) Owned or operated by a person who has an association with the owners or operators of one or more businesses, such as, but not limited to, a landlord, an immediate family

member, or current or former business associate, and the association is such that the Director determines there is a reasonable probability that the person has a financial interest in, will either directly or indirectly benefit financially from, or has or will have the ability to exercise control of one or more of the other business(es) sufficient to constitute ownership for purposes of this rule.

(12) **"Secondhand smoke"** means the smoke created by burning or carrying any lighted pipe, cigar, hookah, narghile, sheesha, goza, cigarette, or tobacco product of any kind, or any other weed, plant, or combustible substance, and the smoke exhaled by an individual who engages in smoking.

(13) **"Smoking environment"** means that portion of a retailer's business where smoking of tobacco, any controlled substance as defined in ORS 475.005, including marijuana for medical purposes, or any other substance which is burned and is intended to be introduced into the human body by inhalation, occurs, or secondhand smoke is or may be present.

(14) **"Strip mall"** means an open area retail shopping complex consisting of stores, restaurants or other businesses in adjacent spaces or storefronts in one or more buildings that may have a sidewalk in front, with each space or storefront opening onto a common parking area. A strip mall may generally be identified by its location along a road or arterial with access by way of a common driveway(s) and the uniform architectural characteristics of the building or buildings, such as design, paint and trim colors, and direct access to each business from the common parking area. A strip mall may also be identified by a name, by a common landlord, or by a description or site plan as part of a lease agreement. For purposes of this definition, "strip mall" does not include a nearby freestanding building that only contains one business, even if the building shares a common parking lot.

OAR 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 place or remove Lottery equipment on a retailer's premises when in the judgment of the Director it is in the best interests of the Lottery. The Lottery may discontinue or remove existing equipment, or may implement new or replacement equipment at any time and for any reason the Director determines is in the best interests of the Lottery.

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

(3) **Equipment Inspection:** The Lottery may access, inspect, furnish, repair, place, replace, upgrade, modify, add, or remove Lottery equipment at a retailer's premises at any time during regular business hours.

(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 equipment on the retailer's premises to test the equipment. The Director or the Director's designee shall determine how long the equipment will remain and the conditions of the test.

(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) **Smoking Prohibition:** The Lottery will not place its equipment, terminals, tickets, or shares, in any smoking environment. The Lottery does not permit its employees, representatives, or agents to enter into, or to place Lottery equipment, terminals, tickets, or shares, or advertising in any smoking environment.

OAR 177-045-0030 Video Lottery℠ Game Terminals

(1) **Allocation of Terminals:** In the exercise of the Director's discretion and subject to all other requirements, the Director may allocate and reallocate the Lottery's Video Lottery℠ game terminals among Video Lottery℠ retailers at any time and in any manner. The Director shall consider:

(a) **Availability:** The availability of the terminals and related equipment.

(b) **Public Access:** Adequate and convenient public access to Video Lottery℠ games.

(c) **Retailer Sales:** The actual or projected net video sales generated from the play of Video Lottery℠ games at each Video Lottery℠ retail location. A new or existing Video Lottery℠ retailer shall generate a minimum of $200 in average net video sales per week per terminal as determined by the Director. The Lottery shall calculate the average using any 90-day or greater time period determined by the Lottery. Net video sales are calculated by subtracting prizes awarded on a Video Lottery℠ game terminal from wagers placed on the terminal. The Director may remove one or more terminals from a retail location when the retailer is unable to meet the minimum sales requirement.

(d) **Floor Space:** The Lottery requires each Video Lottery℠ retailer to have a minimum amount of retail floor space per each Video Lottery℠ game terminal. A retailer with less than 360 square feet of retail floor space is not eligible to receive any Video Lottery℠ game terminals for that business. A retailer with 360 square feet of retail floor space may receive up to three Video Lottery℠ game terminals. For each 120 square feet of retail floor space over the required minimum square footage of 360 square feet, a retailer may be eligible for one additional Video Lottery℠ game terminal up to the maximum number of terminals permitted under Oregon law.

(A) **Removal of Terminals:** The Director may remove or limit the number of Video Lottery℠ game terminals in a business to bring it into compliance with the retail floor space standards.

(B) **Existing Retailers:** This section, unless otherwise provided, does not apply to existing Video Lottery℠ retailers whose space requirements were determined under a previous version of this rule.

(2) **Additional Requirements:** Placement of Video Lottery℠ game terminals is subject to the following:

(a) **Restricted Visibility:** The Lottery will not place Video Lottery℠ game terminals in an area of a business or premises that does not or will not have restricted visibility.

(b) **Adjacent Businesses:** 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 the maximum number of Video Lottery℠ game terminals permitted under Oregon law for one business as the total number of terminals authorized for both or more such businesses.

(c) **Convenience Store or Grocery Store:** The Lottery will not place Video Lottery℠ game terminals in a business or in premises that operate or will operate primarily as a convenience store or grocery store.

(d) **Smoking Environment:** The Lottery will not place Video Lottery℠ game terminals in an area of a business or premises that is a smoking environment or where people are or would be exposed to second hand smoke.

(e) **Minor Posting:** The Lottery will not place Video Lottery℠ game terminals in an area of a business or premises that is not posted as prohibited to minors by the Oregon Liquor Control Commission.

(f) **Businesses Not Normally Associated with the On-premise Consumption of Food and Alcoholic Beverages:** The Lottery will not place Video Lottery℠ game terminals in a business or premises that operates as a laundromat, movie theater, car dealership, beauty salon, bed and breakfast lodging facility, hardware store, dry goods store, clothing store, liquor store, or any other business not normally associated with the on-premise consumption of food and alcoholic beverages.

(g) **Concentration of Video Lottery℠ Retailers**: The Lottery will not place Video Lottery℠ game terminals in a business or premises if this would create a concentration of Video Lottery℠ retailers.

(h) **Limit on the Number of Video Lottery℠ Game Terminals:** In the Director's sole discretion and subject to all other requirements, the Director may limit the number of Video Lottery℠ game terminals in a Video Lottery℠ retailer's business or premises at any time and in any manner.

(3) **Director's Decisions:** The Director's decisions regarding allocation, removal, placement, or limiting the number of Video Lottery℠ game terminals are final.

(4) **Reconsideration:** Upon written request by a Video Lottery℠ retailer, the Director may reconsider any Video Lottery℠ game terminal allocation decision made under this rule pertaining to that retailer unless such decision is required by this rule.

(5) **Date of Applicability:** Except as otherwise provided and in the sole discretion of the Director, the provisions of subsection (2)(g) of this rule will be applied to all applications for a Video Lottery℠ retailer contract received on or after April 1, 2012, and will apply to all existing Video Lottery℠ retailers effective at 5:00 a.m. on June 28, 2015.

(a) For purposes of this section, "applications" include:

(A) An application to sell, lease, or otherwise dispose of some or all of the assets of the retailer's business or premises or transfer some or all of the ownership interest in the retailer's entity to another person by operation of law, stock purchase, consolidation, merger, or other reorganization of the retailer's business, except in the event of the owner or owners' death if the retailer is an entity that has a legal identity apart from its owner or owners;

(B) An application of any type by a retailer who is attempting to circumvent this section as determined by the Director in his sole discretion.

(b) If the retailer is an entity that has a legal identity apart from its owner or owners, and a transfer of 100% of its ownership interests occurs by operation of law because of the death of the owner or owners, the Director may, in his sole discretion, not apply this section to an application to sell, lease, or otherwise dispose of 100% of the assets of the retailer's business or premises or to transfer 100% of the ownership interest in the retailer's entity. This section will apply, however, to the retailer effective at 5:00 a.m. on June 28, 2015.

OAR 177-045-0060 Equipment Loss or Damage

(1) **Loss Claim under $2,500:**

(a) A retailer is responsible for the actual cost of replacing, repairing, or removing lost, damaged, or destroyed Lottery equipment when the loss per occurrence is under $2,500 and the retailer:

(A) Failed to exercise reasonable care to protect the equipment from damage, destruction, or theft;

(B) Intentionally damaged, destroyed, or stole the equipment, or allowed others to damage, destroy, or steal Lottery equipment; or

(C) Unless waived by the Director, previously had a loss claim (whether charged to the retailer or not) within the preceding twelve months.

(b) The Lottery will investigate whether a retailer failed to exercise reasonable care to prevent loss, damage, or destruction of Lottery equipment in the possession of the retailer,

or whether the retailer intentionally damaged, destroyed, or stole, or allowed others to damage, destroy, or steal Lottery equipment. The Lottery Director shall determine if the retailer is responsible for the actual costs of replacing, repairing, or removing the Lottery equipment under subsection (a) of this section. If the retailer is determined to be responsible, the Lottery will bill the retailer and may electronically debit the retailer's account for the amount billed.

(2) **Ordinary Wear and Tear Excepted:** A retailer is not responsible for costs of replacing, repairing, or removing Lottery equipment resulting from ordinary wear and tear due to normal use of the equipment.

(3) **Loss Claim of $2,500 or More:** Notwithstanding section (1) of this rule, a Lottery retailer is responsible for any loss, damage, or destruction to Lottery equipment when the loss is $2,500 or more per occurrence. In the event of such loss, damage, or destruction, the Lottery will report it to the State of Oregon Department of Administrative Services Risk Management Division in accordance with ORS Chapter 278. Any claim that the Lottery may have against a retailer arising from the loss, damage, or destruction of such property is subrogated to the Risk Management Division upon payment of the claim by Risk Management to the Lottery. When requested, the retailer must reimburse Risk Management the amount paid to the Lottery for replacement or repair of the lost, damaged, or destroyed equipment.

(4) **Loss Management:** At its option, the Lottery may repair, replace, or remove any lost, damaged, or destroyed Lottery equipment, none of which has any effect on a retailer's liability to the State of Oregon, if any, for the loss, damage, or destruction of such equipment.

(5) **Contract Termination:** In addition to requiring payment for the loss, damage, or destruction of Lottery equipment, the Director may terminate the retailer contract of any Lottery retailer who failed to exercise reasonable care to protect Lottery's equipment. The Director shall terminate the retailer contract of any Lottery retailer who intentionally damages, destroys, or steals, or allows others to damage, destroy, or steal Lottery equipment.

(6) **Threats:** The Director may terminate the retailer contract of any Lottery retailer who threatens to damage or destroy Lottery equipment.

OAR 177-045-0080 Finality of Decisions

The decisions and determinations of the Director under this Division are final.

DIVISION 46

LOTTERY GAMES GENERAL OPERATING RULES

October 1, 2015

OAR 177-046-0010 Purpose

The purpose of Division 46 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.

OAR 177-046-0015 Definitions

For the purposes of Division 46, 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, or a drawing agent, selects the winner or the winning combination in accordance with the rules of the game.

(2) **"Drawing agent"** means a Lottery vendor or other designee who, subject to the approval of the Director, is designated by the Assistant Director of Security to conduct specified drawings on behalf of the Lottery.

(3) **"Electronic drawing"** means any drawing that involves the use of a random number generator or other computer-driven or computer-assisted device to determine winners or winning combinations, and manual interaction is incidental to the selection process.

(4) **"Electronic drawing equipment"** includes any computer-driven or computer-assisted device used by the Lottery, or a drawing agent, for the purpose of determining winners or winning combinations, including, but not limited to, devices used by the Lottery's central gaming system for Lottery's Draw games, or for the Lottery's periodic internet entry, raffle, second-chance drawings, or promotional games.

(5) **"Manual drawing"** means any drawing that does not involve the use of a random number generator or any other computer-driven or computer–assisted device to determine winners or winning combinations, and manual interaction is primary to the selection process.

(6) **"Manual equipment"** includes any mechanical equipment or non-electronic method used by the Lottery, or a drawing agent, for the purpose of determining winners or winning combinations, including, but not limited, to Lottery's periodic raffle games.

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

OAR 177-046-0020 Sale of Lottery Tickets and Shares

(1) **General:** The Director may contract with retailers for the sale of Lottery tickets and shares. Except as provided in section (3) of this rule, 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 lawfully purchases or possesses a Lottery ticket or share from making a gift of such ticket or share to another.

(2) **Retailer Sales Locations:** Unless authorized by the Lottery, Lottery tickets or shares may only be sold by a Lottery retailer at the location listed in the retailer contract.

(3) **Lottery Sales:** The Lottery may designate its agents or employees to sell Lottery tickets or shares directly to the public, either in person at Lottery Headquarters, at a Lottery kiosk, other locations designated by the Director for the sale of Lottery tickets and shares, or sales by the Lottery through electronic means. For purposes of Lottery's traditional lottery game rules, reference to a "retailer," "Lottery retailer," or "Lottery On-line retailer" includes Lottery sales unless the context or a specially applicable provision indicates otherwise.

(4) **Future Drawings:** A player may purchase a ticket or tickets for future consecutive drawings to the extent permitted by the Lottery for each Lottery game. The player must specify at the time of purchase that the ticket or tickets include future consecutive drawings.

(5) **Sales Are Final:** 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.

(6) **Distribution:** The Director is authorized to arrange for the direct distribution of Lottery equipment, ticket stock, and supplies shipped directly from the manufacturer or supplier to an authorized retailer.

OAR 177-046-0030 Stolen, Destroyed, or Damaged Lottery Tickets or Shares

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

OAR 177-046-0040 Retail Price Discounts and Retailer Promotions

(1) **General:** 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) **Retailer Promotions:** 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.

OAR 177-046-0050 Accuracy of Lottery Tickets and Shares

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

OAR 177-046-0060 Cancellation of Lottery Tickets and Shares

(1) **General:** 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 applicable.

(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 of the attempt is created.

(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) **Exchange Tickets or Shares:** Notwithstanding any other rule, exchange tickets or shares cannot be cancelled under any circumstances.

OAR 177-046-0070 Official Start of Each Lottery Game

The Director may publicly announce the game launch and start date of each new Lottery game 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.

OAR 177-046-0080 Drawings

(1) **Drawing Coordinator and Procedures:** Subject to the approval of the Director, the Lottery's Assistant Director for Security may designate a Lottery employee as a Drawing Coordinator, and may designate a drawing agent to conduct drawings. Drawings shall be conducted pursuant to drawing procedures approved by the Lottery's Assistant Director for Security and the Director.

(2) **Drawing Equipment:** The Lottery may use any type of equipment or method, including electronic or manual equipment and any variety of existing or future methods or equipment, for determining the winner or winning combination in any Lottery game that involves a drawing. The Lottery shall ensure the security and integrity of any equipment used to determine a winner or winning combinations. The Lottery will approve the equipment and procedures used by any drawing agent who conducts a drawing for the Lottery.

(a) **Electronic Drawing Equipment:** Any electronic connections to electronic drawing equipment must be made by a secure method. The Lottery shall test the equipment periodically or as needed to ensure proper operation and lack of tampering or fraud. The Lottery shall have its random number generators, or any other computer-driven or computer-assisted device used for a drawing, statistically analyzed, tested, and certified by an independent, qualified statistician for integrity.

(b) **Manual Equipment:** The use of any manual equipment used by the Lottery, or a drawing agent, to determine a winner or winning combinations must comply with the provisions of ORS 461.230(2).

(c) **Random Number Generators:** The Lottery, or a drawing agent with Lottery approval, may use random number generators to determine winning numbers for Lottery games, and to select a winning entry in a Lottery second chance drawing.

(3) **Security:** Subject to the approval of the Director, the Lottery's Assistant Director for Security shall approve procedures to ensure the physical security of the Lottery's drawing equipment, and the drawing equipment used by a drawing agent, and shall specify the individuals who shall have physical access to any drawing equipment. Any random number generator, or any other computer-driven or computer-assisted device, used by the Lottery, or a drawing agent, to

determine winners, winning combinations, or winning entries shall be kept in a sealed enclosure within a secure area.

(4) **Drawing Errors:** If, during a game drawing, an equipment failure or operator error causes an interruption in the selection of numbers, symbols, or entries, a technical difficulty will be declared. Any number drawn prior to the declaration of a technical difficulty will stand and be deemed official when verified.

(5) **Delay in Payment and Resolution:** The Director will delay payment of all prizes if any evidence exists or there are grounds to suspect equipment malfunction, tampering, or fraud. In such event, the Lottery will not pay any prize until the Lottery completes an investigation and the Director approves the drawing and authorizes payment. If the Director does not approve the drawing, it will be void and the Lottery, or a drawing agent, will conduct another drawing to determine the winner or the winning combinations.

OAR 177-046-0090 Validation Requirements

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

(2) **Requirements:** In general, to be a valid Lottery 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) **Proof of Play:** A Lottery 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.

OAR 177-046-0100 Ownership of Lottery Tickets and Shares

(1) **Bearer Instrument:** Except for a Lottery ticket or share 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 placed upon a Lottery ticket or share, 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, the ticket or share ceases to be a bearer instrument and the individual whose name appears on the ticket or share is the owner of the ticket or share. Only a natural person 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 or share. Multiple individuals hold the ticket or share 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.

(3) **Second Chance Drawing:** Notwithstanding sections (1) and (2) of this rule, only one natural person can claim ownership of a non-winning ticket or share used to enter a second chance drawing. Non-winning tickets submitted and accepted as a valid entry in a Lottery second chance drawing cannot be jointly owned. Only the person who claims ownership may submit the non-winning ticket as an entry to a second chance drawing and only that person may claim the prize if the person's entry is selected as a winning entry in a second chance drawing.

OAR 177-046-0110 Payment of Prizes

(1) **General:** All winning Lottery tickets or shares may be presented to the Oregon State Lottery for payment. Winning tickets or shares for prizes of $600 or less may also be presented for payment to the appropriate Lottery retailer specified in the applicable game rule.

(2) **Mailing Address:** Winners who mail a winning Lottery ticket or share to the Lottery must sign the Lottery ticket or share, write the claimant's mailing address on the ticket or share, and mail it to the Oregon State Lottery, P.O. Box 14515, Salem, Oregon 97309. Registered mail is recommended.

(3) **Lottery Headquarters Address:** Winners who present a claim in person at the Lottery may do so by bringing the winning Lottery ticket or share to the Oregon State Lottery Headquarters, Player Services, 500 Airport Road SE, Salem, Oregon 97301 during Lottery business hours. Tickets and shares for prizes may also be presented at other locations and for such prize amounts as designated by the Director, unless the ticket or share specifies that it must be claimed at Lottery Headquarters in Salem, Oregon.

(4) **Retailer Validation and Payment of Prizes of $600 or Less:** To determine whether a Lottery ticket or share presented for payment entitles the holder to a prize, a retailer must validate the claim with the Lottery by scanning the bar code or manually entering the bar code number printed on each Lottery ticket or share into equipment provided by the Lottery, and, if authorized by the Lottery, pay the player the prize amount due.

> (a) **Retailer Payment:** A retailer is authorized to pay a prize of $600 or less and shall pay that prize in cash or check, or any combination thereof.

(b) **Lottery Payment:** 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 State Lottery, Player Services Office, 500 Airport Road SE, Salem, Oregon 97301 during Lottery business hours, other locations designated by the Director, or by mailing a copy of the dishonored check with a winner claim form to the Oregon State Lottery, P.O. 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. Lottery may require submission of the original check issued by the retailer prior to making payment to the player.

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

(5) **Lottery Validation and Prize Payment:** Upon validation of a winning Lottery ticket or share presented to the Lottery for payment, the Director may pay the amount of the prize to the player less any applicable tax withholding. If the Director determines that the ticket or share is invalid, or a non-winning ticket or share, or the claim is invalid, the Director shall deny the claim and notify the player. An invalid ticket or share will not be returned to the player and is not eligible for any second chance or promotional drawing. A non-winning ticket will only be returned to the player if the player provides return postage and a self-addressed envelope or mailing container in which to return the ticket.

(a) **Lottery Prize Payment of $600 or Less:** Payment may be made by check, cash card, or in cash, or any combination thereof.

(A) **Lottery Headquarters:** Cash prize payments made at Lottery Headquarters, or other locations designated by the Director, are limited to $50 per person per day. Any prize payment balance remaining above $50 shall be paid by check. Payment may be made in person or by mail, except that the Lottery will not mail cash.

(B) **Lottery Kiosk:** Cash prize payments made at a Lottery kiosk are limited to $100 per transaction. Any prize payment balance remaining above $100 shall be paid by cash card.

(C) **Prizes by Mail:** A winning ticket or share may be submitted to the Lottery by mail. If mailed, the player must sign the ticket or share, write the player's mailing address on the ticket or share, and mail it to the Oregon State Lottery, P.O. Box 14515, Salem, Oregon 97309. Registered mail is recommended.

(b) **Lottery Prize Payment of Prizes Greater than $600:** A player must claim a Lottery prize of more than $600 by:

(A) **Claiming in Person**: Bringing the ticket or share to the Oregon State Lottery Headquarters, Player Services Office, 500 Airport Road SE, Salem, Oregon 97301

during Lottery business hours and presenting the ticket or share to the Lottery. Tickets and shares for prizes may also be presented at other locations and for such prize amounts as designated by the Director, unless the ticket or share specifies that it must be claimed at Lottery Headquarters in Salem, Oregon; or

(B) **Claiming by Mail**: Signing the ticket or share, writing the player's mailing address on the ticket or share, completing a winner claim form, and mailing it together with the winning ticket or share to the Oregon State Lottery, P.O. Box 14515, Salem, Oregon 97309. Registered mail is recommended. The winner claim form may be obtained from any Lottery retailer, from a Lottery kiosk, from the Lottery Headquarters at the addresses listed above, other locations designated by the Director, or downloaded from the Lottery's website.

(c) **High Tier Prize Payments**: The Lottery will pay a winning ticket or share by check, or subject to OAR 177-010-0050, may pay the prize in merchandise if the prize is merchandise.

(6) **Claiming Lottery 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 withhold payment for 60 days from the date of validation to allow co-owners the opportunity to seek a declaratory ruling from a court.

(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:** If a validated winning Lottery ticket or share is claimed by multiple owners who are sharing a single prize, the Director will issue to each person claiming a share of the prize amount, a check for the portion of the prize

amount claimed by each multiple owner, the total not to exceed the total prize amount. No cash payments will be made to multiple owners. 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 a Lottery prize only at the Lottery Headquarters in Salem, or other locations and for such prize amounts as designated by the Director. Lottery retailers are not authorized to pay multiple winners who share a single prize.

(e) **Payment to Multiple Owners at Lottery Kiosk:** Notwithstanding subsection (6)(d) of this rule, the Lottery may pay multiple winners of a single Lottery prize at a Lottery kiosk if the total amount of the prize is $600 or less. Payment shall be made as set forth in paragraph (5)(a)(B) of this rule.

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

(g) **Investigations:** At the discretion of the Director, the Lottery may conduct an investigation to aid in the determination of the rightful owners prior to payment of any prize.

(h) **Determinations:** The Director's decisions regarding the determination of a winning Lottery 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 and binding on all parties.

(7) **Payment of Prizes Donated Anonymously to Non-Profit Groups and Others:**

(a) **General:** The Director may pay a prize according to written anonymous instructions received with a winning Lottery ticket or share. The recipient must be a natural person or a non-profit group as described in Section 501(c)(3) of the Internal Revenue Code.

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

(c) **Minor Recipient:** If the intended donation benefits a natural person who is a minor, the Director will make payment in accordance with the Oregon Uniform Transfers to Minors Act, Oregon Revised Statutes (ORS) 126.805 to 126.886.

(d) **Non-Profit Group as Recipient:** If the intended recipient qualifies as a non-profit group as described in Section 501(c)(3) of the Internal Revenue Code, the Director will make payment only as follows:

(A) **Identification of Recipient:** 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) **Appearance:** The agent shall appear in person at the Lottery Headquarters in Salem 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) **Signature and Payment:** Subsequent to receipt of acceptable identification, along with a completed claim form from the agent, and the Director's review and approval, the agent, in the presence of a duly authorized Lottery official, shall sign the agent's own name on the winning Lottery ticket or share in the place indicated on the ticket or share and immediately return it to the Lottery. The Director shall then make payment to the agent less any applicable tax withholding.

(D) **Identification of Donor:** 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 Lottery ticket or share upon presenting acceptable proof of identification. The donor may retrieve the winning ticket or share in person at the Lottery Headquarters in Salem upon the presentation of acceptable proof of identification. The prize, less any applicable tax withholding, will be paid to the donor upon validation of the winning ticket or share.

(e) **Win for Life Prize:** If the winning Lottery 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) **Forfeiture of Unclaimed Prize:** In the event that the Director is unable to locate the intended recipient or the anonymous donor, the winning Lottery 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) **Discharge of Lottery from Liability:** 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 regarding the determination that a Lottery ticket or share donated anonymously is, or is not, a winning ticket or share 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 withhold payment until the question or issue is resolved. The Lottery, the intended recipient or custodian, if the intended recipient is a minor, or the designated agent if the intended recipient is a non-profit group, may petition a court of competent jurisdiction for judicial resolution of the matter.

(8) **Second Chance Drawing Prize:** Sections (6) and (7) of this rule are not applicable to a prize claim from a second chance drawing. Prizes awarded by the Lottery from second chance drawings must be claimed in accordance with the provisions of OAR 177-052-0060 and only the person who submitted the winning entry in a second chance drawing may claim and be paid the prize.

(9) **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 Service 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.

(10) **Payment Decisions:** The Director shall make the final decision on whether any prize is paid or any annual prize payment is made. All prizes shall be paid within a reasonable time after they are validated, unless the Director delays a prize payment. The Director may, at any time, delay any prize payment in order to review the validity of a prize claim, or review a change of circumstances relative to the prize awarded, the payee, or the claim, or review any other relevant matter that may come to the Director's attention. Except as set forth in OAR 177-098-0060, 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. Any delayed annual payment will be brought up to date immediately when payment is authorized by the Director.

OAR 177-046-0120 Prizes Payable after Death

(1) **General:** 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) **Release Form:** For a deceased prize winner, 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) **Court Petition:** 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.

OAR 177-046-0130 Disclosure of Winners

(1) **General:** The Lottery may use the name, address, and likeness of a winner in any Lottery promotional campaign, advertisement, or press release. A winner consents to the use of the winner's name, address, and likeness for promotional campaigns, 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 use audio sound clips and video or film footage of the winner for the purpose of promoting the Lottery and its games.

(2) **Person's Likeness:** 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) **Release:** 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 a promotional campaign, advertising, or publicity.

(4) **Limitation:** If Lottery uses the address of a winner, the address shall not contain the street or house number of the winner.

OAR 177-046-0140 Suspension of Play

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

(2) **Refund Options:** If the Director suspends a drawing after Lottery 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 Lottery 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.

OAR 177-046-0160 Discharge of Lottery from Liability

(1) **General:** 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 Lottery ticket or share or in accordance with the information set forth on any winning Lottery 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) **Finality of Decision:** The Director's decision regarding payment or awarding of a prize is final and binding. In the event a question arises relative to any winning Lottery 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) **Sole Remedy:** In the event a dispute occurs between the Lottery and a player as to the amount of a prize, whether a Lottery 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 Lottery ticket or share from any current Lottery game, and also in the Director's discretion, may provide up to one hundred new Lottery tickets or shares from any current game. This is the player's sole and exclusive remedy.

OAR 177-046-0170 Governing Law

(1) **General:** All players or persons purchasing or possessing any Lottery ticket or share must 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) **Lottery Materials:** All materials distributed by the Lottery for playing Lottery games must 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) **Director's Decisions:** All decisions of the Director regarding Lottery games are final.

DIVISION 50

SCRATCH-IT TICKET GAME OPERATING RULES

October 1, 2015

OAR 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^{SM} game tickets which may or may not be attached to each other by perforations.

(2) **"Pack-Ticket Number"** means the uncovered number printed on a Scratch-it^{SM} ticket which consists of a game number, a unique pack identification number, and a ticket number.

(3) **"Play Symbols"** mean the figures printed under each of the rub-off spots on the playing surface of a Scratch-it^{SM} ticket.

(4) **"Play Symbol Caption"** means the material printed below each play symbol on a Scratch-it^{SM} ticket which repeats or explains the play symbol. Only one play symbol caption is printed under each play symbol.

(5) **"Retailer Validation Code"** means the small letters found under the removable rub-off latex that covers the play symbols on the playing surface of a Scratch-it^{SM} ticket. The letters appear in varying locations beneath the removable rub-off latex and among the play symbols.

(6) **"Scratch-it^{SM}"** 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 each ticket with equipment provided by the Lottery. A Scratch-it^{SM} game ticket offers a player the opportunity to remove a latex covering on the playing surface of a ticket and play the Scratch-it^{SM} ticket for entertainment purposes. A non-winning Scratch-it^{SM} game ticket may also offer a player the opportunity to enter a Lottery second chance drawing for a prize in accordance with the provisions of Division 52 of OAR Chapter 177.

(7) **"Ticket Validation Number"** means the unique number covered by latex on the playing surface of a Scratch-it^{SM} ticket.

(8) **"Void if Removed Number"** (VIRN) means the series of digits on a Scratch-it^{SM} ticket covered with latex which is used in the validation process.

OAR 177-050-0020 Scratch-it^{SM} Ticket Price

The price of a Scratch-it^{SM} ticket shall be at least $1, except to the extent of any discounts authorized by the Commission.

OAR 177-050-0024 Method of Determining Winners

(1) **General:** Winning tickets in a Scratch-it^{SM} 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) **Determination of a Winning Ticket:** To determine a winning ticket, the official bar code or bar code number printed on the ticket must be scanned or manually entered at the Lottery's Headquarters in Salem, a Lottery Kiosk, other locations designated by the Director, 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 playing surface 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) **Second Chance Drawings:** To determine a winner of a second chance drawing, the Lottery will follow the requirements set forth in OAR 177-052-0050.

(4) **Highest Prize:** Only the highest prize amount will be paid on a winning Scratch-it^{SM} 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 each Scratch-it^{SM} ticket. If the terms on a ticket conflict with the Lottery's administrative rules, then the rules are the controlling authority.

OAR 177-050-0025 Payment of Prizes

(1) **Prizes of $600 or Less:** Prizes of $600 or less from winning Scratch-it^{SM} tickets shall be claimed by one of the following methods:

(a) **Retailer Prize Payment:** The player may present a winning Scratch-it^{SM} ticket to a Lottery retailer. The retailer shall determine whether the 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 ticket into equipment provided by the Lottery, and, if authorized by the Lottery, pay the player the prize amount due. A retailer that is authorized to pay a prize of $600 or less shall pay that prize in cash or by check, or any combination thereof.

(b) **Lottery Prize Payment of $600 or Less:** Upon validation of a winning ticket under OAR 177-050-0027, the Lottery will pay the amount of the prize to the player. Payment may be made by check, cash card, or in cash, or any combination thereof. 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 claimant notified.

(A) **Lottery Headquarters:** Cash prize payments made at Lottery Headquarters, or other locations designated by the Director, are limited to $50 per person per day. Any prize payment balance remaining above $50 shall be paid by check. Payment may be made in person or by mail, except that the Lottery will not mail cash.

(B) **Lottery Kiosk:** Cash prize payments made at a Lottery kiosk are limited to $100 per transaction. Any prize payment balance remaining above $100 shall be paid by cash card.

(C) **Prizes by Mail:** A winning Scratch-it℠ ticket may be submitted to the Lottery by mail. If mailed, the player must sign the ticket, write the player's mailing address on the ticket, and mail it to the Oregon State Lottery, P.O. Box 14515, Salem, Oregon 97309. Registered mail is recommended.

(2) **Prizes Greater than $600:** A player must claim a winning Scratch-it℠ ticket prize of more than $600 by:

(a) **Claiming in Person:** Bringing the ticket to the Oregon State Lottery Headquarters, Player Services Office, 500 Airport Road SE, Salem, Oregon 97301 during Lottery business hours and presenting the ticket to the Lottery. Tickets and shares for prizes may also be presented at other locations and for such prize amounts as designated by the Director, unless the ticket or share specifies that it must be claimed at Lottery Headquarters in Salem, Oregon; or

(b) **Claiming by Mail:** Signing the ticket, writing the player's mailing address on the ticket, completing a winner claim form, and mailing it together with the winning ticket to the Oregon State Lottery, P.O. Box 14515, Salem, Oregon 97309. Registered mail is recommended. The winner claim form may be obtained from any Lottery retailer offering traditional games, from a Lottery kiosk, from the Lottery Headquarters at the addresses listed above, other locations designated by the Director, or downloaded from the Lottery's website.

(c) **Lottery Prize Payment:** Upon validation of a winning ticket under OAR 177-050-0027, the Lottery will pay by check the amount of the prize to the player, 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 notified.

(3) **Second Chance Drawing Prizes:** Prizes awarded by the Lottery from second chance drawings must be claimed in accordance with the provisions of OAR 177-052-0060.

(4) **Validation and Payment of Lost, Damaged, or Destroyed Tickets for Prizes Greater than $600:** If a player 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 177-050-0100.

(a) **Player Form and Affidavit:** To claim a prize based on a lost, damaged, or destroyed ticket, the player must 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 "This is not a Ticket" slip produced by the terminal at the time of the validation attempt) to the Lottery at the addresses listed in section (1)(b) of this rule, either by mail (registered mail recommended) or in person at the Lottery Headquarters in Salem during Lottery business hours, or other locations designated by the Director.

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

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

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

(f) **Payment of Prize:** Upon the Director's determination that the ticket submitted under this section is 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) **Restriction of Payment:** Payments of claims submitted under this section are restricted to the prize amount.

(h) **Retailer Sanctions:** The Director may sanction a Lottery game retailer for the loss, damage, or destruction of a winning Scratch-it^{SM} 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.

(i) **Notification of Denial:** 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 notified.

(5) **Time Limit:** A prize claim for a winning Scratch-it^{SM} ticket must be made under this rule within the time limit specified in OAR 177-050-0100. A prize claim from a second chance drawing must be made within the time limit specified in OAR 177-052-0060.

(6) **Invalid Tickets:** Any ticket not passing all applicable validation checks is invalid and void for claims made under OAR 177-050-0025(3). A player submitting an invalid or void ticket is ineligible for any prize and no prize shall be paid for such a ticket. An invalid ticket will not be returned to the player and is not eligible for any second chance or promotional drawing.

OAR 177-050-0027 Ticket Validation Requirements

(1) **General:** Besides meeting all of the other requirements in OAR Chapter 177 and as may be printed on each ticket, the following validation requirements apply to Scratch-it^{SM} game tickets.

(2) **Requirements:** Except as provided in section (3) of this rule and OAR 177-050-0025(3), to be a valid Scratch-it^{SM} game ticket, all of the following requirements must be met:

(a) **Play Symbols:** 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) **Legibility:** Where applicable, each of the play symbols and play symbol captions must be present in its entirety and be legible.

(c) **Specifications:** Each of the play symbols and its play symbol caption must be printed according to game specifications.

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

(e) **Printing Order:** 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) **Pack-Ticket Number:** The ticket must have exactly one pack-ticket number.

(g) **VIRN:** The VIRN number of an apparent high-tier winning ticket must appear on the Lottery's official record of winning ticket VIRN numbers, and a ticket with that VIRN number must not have been paid previously.

(h) **Artwork:** Each of the following must correspond 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.

(i) **Multi-Page Tickets:** In the case of Scratch-it^{SM} tickets consisting of multiple pages designed to remain intact, the individual pages must not be detached from each other. Such separated multi-page tickets will be considered damaged tickets.

(3) **Lost, Damaged, or Destroyed Tickets for Prizes Greater than $600:** If a player of a Scratch-it^{SM} prize of more than $600 cannot submit an intact winning ticket because a Scratch-it^{SM} 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 as set forth in OAR 177-050-0025(3), provided the claim is made before the end of the one year claim period after the end of the game as described in OAR 177-050-0100.

(a) **Payment Process:** When a prize payment is authorized by the Director under this section, the prize payment shall be validated as set forth in OAR 177-050-0025(3).

(b) **Payment Restriction:** Payments of prize claims submitted under this section are restricted to the prize amount.

(4) **Damaged Tickets:** Notwithstanding OAR 177-046-0090 and section (2) of this rule, the Director may pay the prize on a winning Scratch-it^{SM} ticket that is inadvertently or accidentally damaged so that it cannot be validated either through the Lottery's central computer system or because it is missing information required under section (2) of this rule, if the ticket is readable and is validated as a winning ticket by the Lottery's Security Section. For purposes of this rule, a Scratch-it^{SM} ticket is unreadable if there is insufficient information remaining on the ticket for the Lottery's Security Section to reconstruct and validate the ticket.

(a) **Validation Process:** When a prize payment is authorized by the Director under this section, the prize payment shall be validated as follows:

(A) **Evidence:** 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 the damaged ticket, (including, but not limited to, all pages of a game book in the player's possession) to the Lottery at the addresses listed in section OAR 177-050-0025(1)(b), either by mail (registered mail is recommended) or in person at the Lottery's Headquarters in Salem during Lottery business hours, or other locations designated by the Director.

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

(C) **Director's Determination:** Based upon all the facts and information available, the Director shall make a determination whether prize payment is warranted and authorized. The Director may require that such determination be made on the last day of the one year claim period following the end of the game, as described in OAR 177-050-0100. If the final date of the prize claim period falls on a date when the Oregon Lottery Headquarters is not open to the general public, such as a weekend, Lottery holiday, or furlough closure day, the claim period will be extended until 5:00 p.m. on the next day the Oregon Lottery Headquarters is open to the general public. Following validation, the Lottery shall issue the prize payment in the usual course of Lottery business.

(D) **Payment of Prize:** Upon the Director's determination that the ticket submitted under this section is 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.

(E) **Notification of Denial:** 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 notified.

(b) **Payment Restriction:** Payment of a prize claim submitted under this section is restricted to the prize amount less any applicable tax withholding.

OAR 177-050-0037 Stolen, Destroyed, and Damaged Scratch-it^{SM} Tickets

(1) **Defective, Damaged, or Destroyed Tickets:** A Lottery retailer will not be billed for non-activated Scratch-it^{SM} tickets that are defective, damaged, or destroyed, or the Lottery may credit a retailer's EFT account for activated Scratch-it^{SM} tickets that are defective, damaged, or destroyed, under the following conditions:

(a) **Manufacturing Defect:** The defect is a result of a manufacturing error or damage during shipment; or

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

(c) **Time Limitation:** Damaged or defective Scratch-it^{SM} tickets are returned to the Lottery within 30 days of discovering the damage or defect. When the Scratch-it^{SM} tickets cannot be returned because they are completely destroyed or damaged beyond recognition, within 30 days of when the tickets were destroyed or damaged the retailer must submit, on a form provided by the Lottery, a signed and notarized affidavit which describes the circumstances of how the Scratch-it^{SM} tickets were destroyed or damaged. The Lottery's Finance and Accounting department will review inventory and sales records and confirm the value of the destroyed or damaged Scratch-it^{SM} tickets.

(d) **Director's Approval:** Credit for defective, damaged, or destroyed Scratch-it^{SM} tickets may be given only upon approval of the Director.

(2) **Theft of Activated Tickets:** The Lottery may credit a retailer's EFT account for one-half of the uninsured loss of activated Scratch-it^{SM} tickets that are stolen from the retailer's premises subject to the following:

(a) **Loss Amount:** The theft results in a loss of $200 or more of activated Scratch-it^{SM} tickets.

(b) **Security Measures:** The retailer has in place and was using at the time of the theft, reasonable security measures to prevent the theft of Scratch-it^{SM} tickets. The Director will, in the Director's sole discretion, determine if a retailer was using reasonable security

measures at the time of the theft. For purposes of this rule, "reasonable security measures" means that at a minimum, the retailer:

(A) **Approved Dispensers:** Keeps Lottery Scratch-it^{SM} tickets in Lottery approved dispensers, ITVMs, or stored in a locked container inaccessible to customers and unauthorized employees if the tickets are not yet being offered for sale;

(B) **Inventory Control Process:** Has an inventory control process in place, including adequate record keeping, Scratch-it^{SM} ticket access controls, and ticket activation controls; and

(C) **Accounting Procedures:** Uses accounting or bookkeeping procedures that alert the retailer to the theft of activated Scratch-it^{SM} tickets within seven business days of the theft.

(c) **Reporting Requirements:** The retailer must:

(A) Report the theft to a local law enforcement agency and to the Lottery within 48 hours of discovering the theft. The report must include the game, pack, and Scratch-it^{SM} ticket numbers of the stolen tickets; and

(B) Submit to the Lottery a copy of a police report showing the theft was reported to the local law enforcement agency.

(d) **Retailer Affidavit:** The retailer must submit to the Lottery, on an affidavit form provided by the Lottery, a signed and notarized statement:

(A) Describing the circumstances of the theft, the game, pack, and Scratch-It^{SM} ticket numbers of the stolen tickets, the total loss claimed, and a statement whether the retailer is self-insured or is covered by third-party insurance; and

(B) The retailer must attach to the statement a copy of any documents substantiating the theft or loss, including, but not limited to, any inventory control records related to the stolen tickets and any financial records showing the monetary loss.

(e) **Third Party Insurance:** 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 one-half of the balance of the loss if the retailer provides a letter from the insurance company setting forth the amount of loss claimed by the retailer and the amount paid to the retailer by the insurance company. The retailer must provide any other information needed by the Lottery to determine the amount of insurance coverage and the amount paid to the retailer for the loss.

(f) **Cooperation:** The retailer must fully cooperate with the Lottery and provide any documents or information requested. The retailer must cooperate fully in the prosecution

of any criminal case resulting from the theft of the tickets or in any civil lawsuit for recovery of the amount of the loss paid to the retailer by the Lottery under this rule.

(g) **Restitution from Criminal Prosecution of Judgment in Civil Action:** The Director will not credit the retailer's EFT account for any amount of the loss that a court orders repaid as restitution or that is awarded to the retailer in a civil judgment or settlement. The Director may delay crediting the retailer for the loss claimed until criminal proceedings related to the theft of the tickets are concluded. The Lottery may recover from the retailer any amount ordered as restitution in a criminal case or received by the retailer pursuant to a civil judgment or settlement agreement.

(h) **Employee Theft:** In no event will the Director authorize credit to a retailer when the retailer is the victim of employee theft.

(i) **Time Limitation:** Notwithstanding the 48-hour reporting requirement of subsection (c) of this section, the Director may authorize a credit upon a showing that the failure to timely report was beyond the retailer's reasonable control. In no event will a retailer receive a credit for a theft that occurred more than 30 days prior to the date that the retailer reported the theft to the Lottery and the local law enforcement agency as set forth in subsection (b) of this section.

(j) **Limit on Credit Amount:** In no event may a retailer receive credit for a loss resulting from theft in an amount greater than $2500 during the term of the retailer contract.

(3) **Theft of Non-Activated Tickets:** The Lottery will not bill a retailer for Scratch-it^{SM} tickets received but not activated that are stolen from the retailer's premise if the theft results in the loss of $200 or more of non-active Scratch-it^{SM} tickets and the retailer complies with the requirements of subsections (2)(b) through (2)(h) of this rule. The limitations set forth in subsections (2)(g) through (2)(j) of this rule apply to the theft of non-activated Scratch-it^{SM} tickets.

OAR 177-050-0070 Confidentiality of Scratch-it^{SM} Tickets

Except when playing a ticket that the retailer or its employees or agents have purchased as a consumer, 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^{SM} tickets.

OAR 177-050-0100 Official End of Scratch-it^{SM} Ticket Games and Last Date to Claim a Prize or to Receive Credit for Unsold Scratch-it^{SM} Tickets

(1) **Director's Determination:** The Director shall determine the official ending date of a Scratch-it^{SM} ticket game.

(2) **Notice:** The Director shall announce the official ending date of each Scratch-it^{SM} ticket game by any reasonable means, which may include: Notice on the Lottery's website, media advertisements, or notice through Lottery retail sales sites.

(3) **Last Date to Claim a Prize:** In accordance with ORS 461.250(7), the last date to claim a prize from a winning Scratch-it℠ ticket is one calendar year from the official ending date of the particular Scratch-it℠ ticket game, unless the Lottery Commission defines a shorter time period to claim a prize in a particular Scratch-it℠ ticket game. A prize must be claimed by 5:00 p.m. on the last date to claim a prize and if not claimed by that date is an unclaimed prize. If the final date of the claim period falls on a day when the Oregon Lottery Headquarters is not open to the general public, such as a weekend, Lottery holiday, or furlough closure day, the claim period shall be extended until 5:00 p.m. on the next day the Oregon Lottery Headquarters is open to the general public.

(a) **Second Chance Drawings:** Prize claims made under second chance drawings utilizing non-winning Scratch-it℠ tickets must be made within the time limits specified in OAR 177-052-0060.

(4) **Unsold Returns:** To receive credit for unsold, activated tickets in a Scratch-it℠ ticket game that is ending, a retailer must return the tickets to the Lottery within six weeks following the date when the Lottery stops activating the tickets in that Scratch-it℠ ticket game. Lottery will announce to the Lottery retail sales sites the date the tickets will no longer be activated. Upon a showing of good cause by the retailer, the Director may authorize credit for unsold, activated Scratch-it℠ tickets returned beyond this six-week period.

DIVISION 51

LOTTERY PROMOTIONS, GIVEAWAYS, AND PLAYER LOYALTY PROGRAMS

July 1, 2013

OAR 177-051-0000 Purpose

The purpose of this Division of OAR Chapter 177 is to authorize and set forth the provisions for promotions, giveaways that may be conducted from time to time, and Player Loyalty Programs of the Oregon State Lottery. The rules in this Division do not apply to promotions conducted by Lottery retailers or incentive programs that the Lottery may conduct for Lottery retailers.

OAR 177-051-0010 Definitions

For purposes of Division 51, the following definitions apply, unless the context requires otherwise:

(1) **"Drawing"** means a certain type of promotion in which the Lottery, or a drawing agent, randomly selects an entry from among entrants in order to award a promotional reward or giveaway to the person whose entry is selected.

(2) **"Giveaway"** means Lottery-branded merchandise, cash, a coupon, or any other item of value given by the Lottery to a person as a means of promoting the sale of the Lottery's tickets and shares.

(3) **"Player Loyalty Program"** refers to a promotional program offered by the Lottery to encourage loyalty to Lottery products, where persons who qualify must register to become a member in order to participate in the Player Loyalty Program.

(4) **"Promotion"** means an activity that directly or indirectly promotes the sale of Lottery tickets or shares through use of a Player Loyalty Program, promotional rewards, giveaways, or any other item or player incentive offered by the Lottery.

(5) **"Promotional Reward"** means an item of value that may be awarded to a person in a promotion through a drawing.

(6) **"Website"** means the Lottery's Internet address at www.oregonlottery.org, or any other website that may be specified by the Lottery for a particular promotion or promotional program.

OAR 177-051-0030 Promotions

(1) **Authorization:** At the discretion of the Director, the Lottery may conduct promotions that directly or indirectly promote the sale of Lottery tickets or shares.

(2) **Participation:** A person may participate in a promotion only if eligible, as solely determined by the Lottery. No purchase is required and there is no fee for participation in a Lottery promotion. No person may claim any right to participate in any promotion or promotional program or to

receive from the Lottery any promotional reward, giveaway, or any other item of value offered by the Lottery through a promotion.

(3) **Applicable Laws:** A promotion is subject to all applicable laws and administrative rules related to the Lottery and to any additional terms and conditions relating to the promotion that are posted by the Lottery on its website. The Lottery may change the terms and conditions of a promotion at any time and for any reason, with or without prior notice.

(4) **Void if Prohibited:** Any promotion conducted by the Lottery is void where prohibited by law.

(5) **Non-Transferable:** Promotional rewards, giveaways, or any other items of value offered through a promotion are not transferable and a person may not assign or otherwise transfer any right to receive such items. The Lottery will not make any substitutions.

OAR 177-051-0035 Player Loyalty Program

(1) **General:** The Lottery may offer a Player Loyalty Program. A Player Loyalty Program is a promotional program offered by the Lottery to promote the sale of Lottery tickets and shares. Participation by members who join as members is voluntary and for entertainment purposes only. No person may claim any right to participate in a Player Loyalty Program offered by the Lottery, nor may a person claim any right to receive a promotional reward, giveaway, or any other item of value offered by the Lottery through a Player Loyalty Program.

(2) **Eligibility:** A person must meet the requirements in OAR 177-051-0040 in order to become a member and be eligible to participate in a Player Loyalty Program.

(3) **Membership Application:** To participate in a Player Loyalty Program, a person must become a member by electronically completing a registration process that includes providing the person's name, physical address, e-mail address, and any other information required by the Lottery.

(4) **Terms and Conditions:** Participation in a Player Loyalty Program offered by the Lottery is subject to all terms and conditions governing the program. The terms and conditions shall be posted on the website. By applying for membership, a person expressly accepts the terms and conditions at the time the person completes the registration process. The terms and conditions may be modified at any time, with or without prior notice, even if such modification may affect a member's participation in the Player Loyalty Program or affect the member's receipt of a promotional reward, giveaway, or any other item of value offered by the Lottery under a Player Loyalty Program.

(5) **Discontinuation of Program:** The Lottery may discontinue a Player Loyalty Program at any time, with or without prior notice by the Lottery. Once a program is discontinued, a member's eligibility for promotional rewards, giveaways, or any other item of value offered by the Lottery under the program terminates.

OAR 177-051-0040 Eligibility

(1) **Requirements:** To be eligible to receive any promotional reward, giveaway, or any other item of value offered in a Lottery promotion, or to participate in a Player Loyalty Program, a person must meet the following requirements:

(a) Be a natural person 18 years of age or older, unless a specific promotion or Player Loyalty Program requires the entrant to be 21 years of age or older;

(b) Must not be:

(A) An employee or representative of the Lottery, or the spouse, child, brother, sister, or parent of any such employee or representative;

(B) An employee or representative of the Oregon State Police, Gaming Enforcement Division; or

(C) A Lottery vendor who is prohibited by contract with the Lottery from participating in the promotion or is prohibited from playing Lottery games.

(c) Must accept and abide by all terms and conditions applicable to the promotion.

(2) **Disqualification:** If at any time the Lottery determines that a person who participates in a promotion, including, but not limited to a Player Loyalty Program, does not meet the eligibility requirements listed above, that person is disqualified. A person who is disqualified is not eligible to participate in the promotion and is not eligible to receive any promotional reward, giveaway, or any other item of value offered in the promotion. If a person who is disqualified has received a promotional reward, giveaway, or any other item of value in the promotion, the Lottery, in its sole discretion, may require the person to return the promotional reward, giveaway, or other item or incentive to the Lottery.

OAR 177-051-0120 Limitation of Liability

(1) **General:** The State of Oregon, its agents, officers, and employees, the Oregon State Lottery Commission, and the Oregon State Lottery, and its agents, officers, and employees, are not liable for any:

(a) Late, lost, misrouted, garbled, distorted, or damaged entries, claims, other communications, or transmissions;

(b) Telephone, electronic, hardware, software, network, Internet, or other computer, or communications-related malfunctions or failures;

(c) Promotion disruptions, any printing or typographical errors in any materials associated with a promotion;

(d) Entries, claims, or other communications not received by the Lottery, or if applicable, by a Lottery contractor, vendor, or authorized agent, or that are lost in the mail or delivered elsewhere, or are electronically misrouted or misdirected; or

(e) Other injuries, losses, or damages arising from, related to, or caused by a promotion, or any claims arising from or related to the acceptance, possession, or use of any promotional reward, giveaway, or any other item of value offered by the Lottery.

(2) **Voluntary Participation:** Participation in a promotion is voluntary. Acceptance of any promotional reward, giveaway, or other item of value offered in a promotion is voluntary. Promotions that require persons to compete with other persons, play games, or complete tasks, or any similar activities carry a risk of personal injury or death. Participation is at the person's own risk. The State of Oregon, its agents, officers, and employees and the Oregon State Lottery Commission and the Oregon State Lottery, its agents, officers, and employees, are not liable for any personal injury, loss, or consequential damage arising from, related to, or caused by a person's participation in any promotion. Possession, use, or participation in any activity resulting from the acceptance of a promotional reward, giveaway, or other item of value awarded to a person by the Lottery carry a risk of personal injury or death. Such acceptance is at the person's own risk. The State of Oregon, its agents, officers, and employees and the Oregon State Lottery Commission and the Oregon State Lottery, its agents, officers, and employees, are not liable for any personal injury, loss, or consequential damage arising from, related to, or caused by a person's acceptance of any promotional reward, giveaway, or other item of value awarded to the person by the Lottery.

(3) **Disputes:** In the event a person disagrees with the Lottery's determination that the person is not eligible to participate in a promotion, or has not complied with the terms and conditions of a promotion, and therefore should not receive a promotional reward, giveaway, or any other item of value offered by the Lottery, the Lottery's determination is final. At the sole discretion of the Lottery, and if the person is eligible, the Lottery may provide the person with the opportunity to enter another promotion, or may provide the person a ticket or share from any current Lottery game. This is the person's sole and exclusive remedy.

OAR 177-051-0130 Miscellaneous

(1) **Cancellation of Promotions:** The Director may cancel or postpone any promotion at any time in the exercise of the Director's sole discretion, with or without prior notice.

(2) **Conflicting Provisions:** In the event of a conflict between the Lottery's rules in Division 51 and the terms and conditions of any promotion, these rules control.

DIVISION 52

OREGON STATE LOTTERY SECOND CHANCE DRAWINGS

October 1, 2015

OAR 177-052-0000 Purpose

The purpose of this Division of OAR Chapter 177 is to authorize and set forth the provisions for second chance drawings that the Oregon State Lottery**,** or a drawing agent, may conduct from time to time.

OAR 177-052-0010 Definitions

(1) **"Active Scratch-it℠ game"** means a Lottery Scratch-it℠ game that has not officially ended as set forth in OAR 177-050-0100.

(2) **"Entry Requirements"** means the instructions that specify how to enter a second chance drawing.

OAR 177-052-0020 Eligibility

(1) **Requirements**: To be eligible to win a prize in a second chance drawing, a person must meet the following eligibility requirements:

(a) Be a natural person 18 years of age or older;

(b) Must reside in the United States;

(c) Must be a registered member on a Lottery designated website;

(d) Must submit a valid entry with the required information, through whichever method for entry the Lottery requires for the particular second chance drawing and by the deadline specified by the Lottery; and

(e) Must not be:

(A) An employee or representative of the Lottery, or the spouse, child, brother, sister, or parent of any such employee or representative;

(B) An employee or representative of the Oregon State Police, Gaming Enforcement Division; or

(C) A Lottery vendor who is prohibited by contract with the Lottery from participating in a second chance drawing or is prohibited from playing Lottery games.

(2) **Person Ineligible**: If at any time the Lottery determines that a person who submitted a second chance drawing entry does not meet the requirements listed in section (1) of this rule, that person is disqualified and is ineligible for a prize. If the Lottery determines that a person who is disqualified is the winner of a second chance drawing prize, the prize will not be awarded to the winner and becomes an unclaimed prize and is the property of the Lottery Commission to be allocated to the benefit of the public purpose.

OAR 177-052-0030 Entry Requirements

(1) **Method of Entry:** The Lottery will determine the method of entry for any second chance drawing, which may include, but is not limited to, electronic entry through a website, mail, or walk-in entries.

(2) **Electronic Entry**: To submit a valid electronic entry, a person must:

(a) Register as a member on a Lottery designated website. A person may only have one active membership at a time;

(b) Enter the Game ID number, the box code, and the ticket code from the Lottery game ticket that is eligible for the particular second chance drawing;

(c) Provide any additional information as required by the Lottery; and

(d) Submit the electronic entry prior to the deadline for submission of entries for the second chance drawing as announced by the Lottery.

(3) **Confirmation of Entry:** Each ticket and drawing entry must be validated through the website, and will be considered entered into the drawing once the player receives confirmation of the entry.

(4) **Ticket Requirements:** Only one Lottery game ticket or share may be used for each entry. If the second chance drawing specifies use of a Scratch-it℠ ticket for entry into the drawing, only a Lottery Scratch-it℠ game ticket from an active Scratch-it℠ game, as specified by the Lottery, is eligible for entry into the second chance drawing.

(5) **Single Entrant:** Only one person per entry may submit an entry for a second chance drawing. An entry with more than one name on the entry form is invalid.

(6) **Other Entry Requirements:** The Lottery may establish additional terms and conditions and entry requirements for any second chance drawing. These additional terms and conditions and entry requirements will be posted on a Lottery website or as otherwise announced by the Lottery.

(7) **Invalid Entry**: Failure to follow any of the terms and conditions or entry requirements of a second chance drawing will invalidate the entry. An invalid entry is void and is not eligible for a second chance drawing prize. Invalid entries will not be returned to the entrant. If the Lottery determines the winning entry is invalid, the prize shall be treated as an unclaimed prize and is the property of the Lottery Commission to be allocated to the benefit of the public purpose.

OAR 177-052-0040 Odds of Winning

General: The odds of winning a Lottery second chance drawing depend on the total number of entries received.

OAR 177-052-0050 Selection of Winners

(1) **When Drawing Held:** A Lottery second chance drawing will be held at such date, time, place, and in such manner as is determined by the Lottery and will be conducted only after the deadline for submitting entries has closed, as announced by the Lottery.

(2) **Random Drawing:** During the drawing for each available prize in a second chance drawing, the Lottery, or a drawing agent, will randomly select a winning entry from all the entries submitted for that drawing.

(3) **Selection of Entry:** To select a winning entry, the Lottery, or a drawing agent, may conduct a manual or electronic drawing, or may use any other selection procedure as determined by the Lottery Director that ensures a random selection of a winning entry.

(4) **Suspension or Cancellation of Drawing:** At the discretion of the Lottery Director, a second chance drawing may be suspended. If the Director suspends a drawing the Director may hold a replacement drawing or cancel the drawing. If the second chance drawing is canceled, the Lottery, in its sole discretion, may provide an entrant who entered the drawing with a coupon for a Lottery product, or a promotional reward, the value of which shall be solely determined by the Lottery. This is an entrant's sole and exclusive remedy.

OAR 177-052-0060 Winner Notification and Claiming of Prizes

(1) **Second Chance Prize Notification:** If the entry is valid, the Lottery will notify the person who submitted the winning entry ("the winner") in a second chance drawing by e-mail. The Lottery may also notify the winner by telephone or by mailing a certified letter through the U.S. Postal Service. The effective date of notification is the date the initial e-mail notification is sent by the Lottery as noted electronically within the Lottery's information processing system.

(2) **Time Limits for Claiming Prize:** A winner of a second chance drawing has 60 calendar days from the date of the e-mail notification in which to claim the prize. A prize must be claimed by 5:00 p.m. on the last date to claim a prize and if not claimed by that date is an unclaimed prize. If the final date of the claim period falls on a day when the Oregon Lottery Headquarters is not open to the general public, such as a weekend, Lottery holiday, or furlough closure day, the claim period shall

be extended until 5:00 p.m. on the next day the Oregon Lottery Headquarters is open to the general public.

(3) **Forfeiture of Prize:** If the winner of a second chance drawing is determined by the Lottery to be ineligible, the entry is invalid, or the winner fails to claim the prize within 60 calendar days as provided in section (2) of this rule, the prize is treated as an unclaimed prize and the winner forfeits the prize.

(4) **Winner Claim Forms:** To claim a prize in a second chance drawing, the winner must submit a winner claim form to the Lottery. To be valid, the winner claim form must contain the required information, such as name, address, signature or identifying mark, social security number (if applicable), and a valid reference number. Only the person who submitted the entry may claim the prize (the winner). A second chance drawing prize may not be claimed by multiple owners. A valid winner claim form must be received by the Lottery within the applicable time period for claiming a prize. An invalid winner claim form will not be accepted by the Lottery and will be returned to the claimant. The winner may resubmit a valid claim form as long as the time for claiming the prize has not expired.

> (a) **Electronic Claim Form:** The Lottery may require that the winner submit an electronic winner claim form through the Internet. The electronic winner claim form is received by the Lottery when the form enters the Lottery's information processing system in a retrievable form. The electronic winner claim form will be deemed received at the time and date noted electronically by the Lottery's information processing system. An electronic winner claim form must include the winner's electronic signature that meets the requirements specified by the Lottery on the instructions for the winner claim form.
>
> (b) **Paper Claim Form:** Unless specified otherwise, the Lottery may permit a winner to submit a paper winner claim form. The paper winner claim form is deemed received by fax to (503) 540-1001 or upon physical delivery to the Oregon State Lottery, Player Services Office, 500 Airport Road SE, Salem, Oregon 97301, or other locations and for such prize amounts as designated by the Director, either in person, or by delivery service, or through the U.S. mail to the Oregon State Lottery, P.O. Box 14515, Salem, Oregon 97309. The winner claim form must be received by the Lottery during the Lottery's business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. PST, excluding holidays and furlough closure days.

(5) **Verification of Identity:** The Lottery may require the winner to present valid proof of identity to confirm that the winner is the registered member who submitted the second chance drawing entry. If the Lottery is unable to confirm the person claiming the prize is the registered member, the person is ineligible to receive a prize.

(6) **Delivery of Prize**: The Lottery may require the winner of a second chance drawing prize to claim the winner's prize at the Oregon State Lottery Headquarters, 500 Airport Road SE, Salem, Oregon 97301, or the Lottery may mail or otherwise deliver the prize to the winner's address if it is within the United States.

(7) **Taxes and Fees:** Unless otherwise stated by the Lottery in the terms and conditions for a particular second chance drawing, all taxes and fees are the responsibility of the winner claiming the prize.

OAR 177-052-0070 Governing Law

(1) **Compliance with Law and Terms and Conditions:** By entering a Lottery second chance drawing, a person agrees to abide by and comply with Oregon law, including the statutes and administrative rules governing Lottery second chance drawings, and any additional terms and conditions and entry requirements for a second chance drawing as posted by the Lottery, which are in effect, and which may be amended from time to time.

(2) **Decisions of the Director:** The decisions of the Lottery Director, including, but not limited to, the amount or nature of a prize, the validity of an entry, whether an entry is a winner, whether it was submitted in error, and whether an entrant has won a prize, are final.

DIVISION 69

LOTTERY RAFFLE GAME RULES

October 1, 2009

OAR 177-069-0000 Game Description

(1) **General:** A Lottery raffle is a lottery game in which a specified number of Lottery raffle game tickets, as determined by the Lottery, are available for purchase. A unique sequential identifying number(s) is printed on each Lottery raffle ticket. Each unique number represents a chance for a prize in a particular Lottery raffle drawing. Players win prizes by matching the number(s) on the player's Lottery raffle ticket to the numbers drawn by the Lottery during the Lottery raffle drawing.

(2) **Prizes:** The prizes and the prize structure for each Lottery raffle are determined by the Lottery and will be posted on the Lottery's Website at www.oregonlottery.org while the Lottery raffle tickets for a particular Lottery raffle are being sold. The odds of winning a prize will vary depending on the number of Lottery raffle tickets sold for the particular Lottery raffle. The Lottery may advertise the prize structure by any reasonable means. All prizes will be awarded regardless of the number of Lottery raffle tickets sold unless the Lottery raffle drawing is suspended by the Lottery Director in accordance with OAR 177-046-0140.

(3) **Determination of Winners:** A player wins a prize in a Lottery raffle game when during a raffle drawing the Lottery selects the unique sequential identifying number on the player's Lottery raffle ticket as a winning number for a prize.

(4) **Sales Location:** A Lottery raffle ticket may only be sold by and purchased from a Lottery retailer authorized to sell Lottery raffle tickets, or a Lottery sales location.

(5) **Ticket Price:** The price of a Lottery raffle ticket will be set by the Lottery for each Lottery raffle drawing held by the Lottery. A player may purchase more than one Lottery raffle ticket. A Lottery raffle ticket may represent a single play or multiple plays at the Lottery's discretion. If the Lottery raffle ticket represents multiple plays, each play will have a unique sequential identifying number printed on the Lottery raffle ticket.

OAR 177-069-0010 Ticket Purchase, Characteristics, and Restrictions

(1) **Availability of Lottery Raffle Tickets:** The Lottery may periodically announce the availability of Lottery raffle tickets which will be available for limited sales periods. A Lottery raffle ticket may then be purchased during the hours of operation of the Lottery's central computer system and a Lottery retailer's business hours of operation. When all the Lottery raffle tickets are sold for a particular Lottery raffle game, no more tickets will be available for purchase for that Lottery raffle game. The Lottery will close sales of Lottery raffle tickets at a date and time determined by the Lottery. The Lottery may extend this date at its discretion. If the Lottery extends the sales date, it may advertise that fact by any reasonable means.

(2) **Ticket Purchase:** A Lottery raffle ticket may be purchased either from a clerk-operated Draw game terminal or from a player-operated Draw game terminal.

(a) **Clerk-Operated Terminal:** A player may purchase a Lottery raffle ticket from a clerk-operated terminal by requesting that the clerk use the clerk-operated terminal to issue a Lottery raffle ticket(s). Upon payment of the price of the ticket(s) to the clerk, the clerk will use the terminal to issue the requested number of Lottery raffle tickets purchased by the player.

(b) **Player-Operated Terminal:** A player may purchase a Lottery raffle ticket from a player-operated terminal by following the instructions appearing on the screen of the terminal and inserting payment for the ticket(s). Upon payment for the ticket(s), the terminal will issue the number of Lottery raffle tickets purchased by the player.

(3) **Ticket Sales:** Lottery raffle tickets are sold in numerical order. A player does not select the unique identifying number(s) on the Lottery raffle ticket. A player purchasing a Lottery raffle ticket through a Draw game terminal will be issued the next sequentially available number determined by the Lottery's central computer system.

(4) **Player's Risk:** The purchase of a Lottery raffle ticket is done at the player's own risk either through the Lottery retailer who is acting on behalf of the player in entering the player's request to purchase a Lottery raffle ticket, or the player's purchase of a Lottery raffle ticket by operation of a player-operated terminal.

OAR 177-069-0020 Cancellation of Lottery Raffle Tickets

A Lottery raffle ticket once issued cannot be cancelled by a player or a retailer.

OAR 177-069-0030 Lottery Raffle Drawing

(1) **General:** A Lottery raffle drawing will be held at such date, time, place, and in such manner as is determined by the Lottery. A Lottery raffle drawing will be conducted only after sales for the particular Lottery raffle game are closed. During each drawing for each available prize, the Lottery will randomly select a Lottery raffle ticket number(s) as a winner from all the tickets sold for that drawing. Selection of a ticket's number as a winning number removes that number from selection in the Lottery raffle drawing for any other remaining prize(s). An unsold Lottery raffle ticket number is not eligible for selection as a winning ticket number. To select a winning Lottery raffle ticket number(s), Lottery personnel, or their authorized agents, may conduct a manual or electronic drawing, or may use any other selection procedure as determined by the Lottery that ensures a random selection of a winning Lottery raffle ticket number(s) for the prize(s) in the particular Lottery raffle game.

(2) **Official Drawing Results:** For each Lottery raffle drawing, the winning raffle ticket numbers drawn by the Lottery become official and final when both of the following events have occurred:

(a) The winning raffle ticket numbers are entered into the Lottery's central computer system for the purpose of validating winning raffle tickets for that Lottery raffle drawing, and;

(b) The winning raffle ticket numbers for that Lottery raffle drawing have been announced to the public. The Lottery will determine in what manner and at what time the winning raffle ticket numbers are announced.

(3) **Retroactive Application:** It is the Lottery's intent that section (2) of this rule apply retroactively to Lottery raffle drawings beginning March 1, 2009.

(4) **Suspension of Play:** If all available tickets for a Lottery raffle game are not sold before purchases are disabled prior to the scheduled drawing time, the Lottery may suspend the Lottery raffle drawing in accordance with OAR 177-046-0140. The Lottery will advertise the suspension of a Lottery raffle drawing by any reasonable means. At the discretion of the Director, the Lottery may hold a replacement Lottery raffle drawing, or provide a refund for each Lottery raffle ticket purchased and which is presented to the Lottery or a Lottery retailer by a player. Submission of the Lottery raffle ticket is the sole method for claiming a refund under this section.

OAR 177-069-0040 Ticket Validation Requirements

(1) **General:** For a Lottery raffle ticket to be valid and eligible to receive prize payment, the ticket must be validated in accordance with the provisions of OAR Chapter 177, including but not limited to OAR 177-070-0035. A Lottery raffle ticket may be validated only after the winning raffle ticket numbers for a Lottery raffle drawing become official as provided in OAR 177-069-0030(2).

(2) **Claiming a Prize:** A Lottery raffle ticket is the only proof of a game play and the submission of a winning Lottery raffle ticket to the Lottery is the sole method of claiming a prize.

OAR 177-069-0050 Prizes

(1) **General:** A prize for a winning Lottery raffle ticket is determined by the selection of that ticket's unique sequential identifying number as a winning number for a prize in the Lottery raffle drawing for which the Lottery raffle ticket is purchased.

(2) **Payment:** Except as provided herein, Lottery raffle prizes must be claimed and will be paid in accordance with OAR 177-070-0025. All Lottery raffle prizes consisting of money will be paid in a single lump sum less applicable taxes and withholding.

(3) **Time Limit:** A prize for a winning raffle ticket must be claimed within one year after the winning raffle ticket numbers for the Lottery raffle drawing for which the ticket was purchased become official as provided in OAR 177-069-0030(2).

(4) **Retroactive Application:** It is the Lottery's intent that section (3) of this rule apply retroactively to Lottery raffle drawings beginning March 1, 2009.

(5) **Lottery's Determination:** The Director's decision regarding the determination of whether a Lottery raffle ticket is a winning ticket, 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, is final and binding on all parties.

DIVISION 70

DRAW GAMES

October 1, 2015

OAR 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, or a drawing agent, selects the winning combination in accordance with the rules of the game.

(2) **"Drawing agent"** means a Lottery vendor or other designee who, subject to the approval of the Director, is designated by the Assistant Director of Security to conduct drawings on behalf of the Lottery.

(3) **"Draw game"** means a lottery game, other than Video Lottery℠ games, in which through a Draw game terminal, the player or the Draw game terminal selects a combination of numbers, events or symbols, the player selects the type of game and amount of play, and the drawing date(s), or the player purchases a Lottery Raffle ticket. Draw games are those Lottery games specified in OAR 177-010-0003(24)(b) through (m) and any other Lottery game designated by the Lottery Commission as a Draw game. Unless the context or a specially applicable definition indicates otherwise, any reference to an "On Line game" in OAR chapter 177, a Lottery retailer contract, or Lottery form in effect or in use on or after the effective date of this rule shall be deemed to refer to a "Draw game" as defined in this section.

(4) **"Draw game retailer"** means a person or business authorized by the Lottery to sell Draw game tickets.

(5) **"Draw game terminal (DGT)"** means the computer hardware by which:

(a) A Draw game retailer or player enters the combination of numbers, events, or symbols selected by the player, or

(b) A combination of numbers, events, or symbols is randomly selected for the player, or

(c) A Lottery Raffle ticket is issued; and

(d) Draw game tickets are generated and claims are validated.

(6) **"Draw game ticket"** means a computer-generated ticket issued by a Draw game terminal to a player as a receipt for the combination a player or the terminal has selected, or a Lottery Raffle ticket. This ticket is the only acceptable evidence of the combination of numbers, events, or symbols selected, or of the unique sequential numbers on a Lottery Raffle game ticket.

(7) **"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.

(8) **"Validation"** means the process of determining whether a Draw game ticket presented for payment is a winning ticket.

(9) **"Winning combination"** means the one or more numbers or symbols randomly selected by the Lottery in a drawing.

OAR 177-070-0016 Draw Game Results

(1) **General:** As a convenience to Lottery players and the public, the Lottery may publicize Draw game results in any manner the Director determines is appropriate.

(2) **Disclaimer:** Draw game results which are publicized for the convenience of Lottery players and the public are not the official results of a drawing and will not be used to determine a winning ticket. A Draw game ticket is not a winning ticket until it is presented to the Lottery or to a Lottery retailer and is validated as a winning ticket through the Lottery's central computer system in accordance with the provisions of OAR Chapter 177.

OAR 177-070-0025 Payment of Prizes

(1) **Prizes of $600 or Less**: To claim a Draw game prize of $600 or less, the claimant may present the winning Draw game ticket to any Draw game retailer, the Lottery Headquarters in Salem, Oregon, a Lottery Kiosk, or any other location designated by the Director:

(a) **Retailer Payment**: If the claim is presented to a Draw game retailer, the 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 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.

(b) **Lottery Payment**: The claimant may submit a winning ticket, either by mail or in person to the Lottery for payment at the addresses listed in section (2)(a) below or to a Lottery kiosk. Upon validation that the ticket is a winning ticket under OAR 177-070-0035, the Lottery shall pay the amount of the prize to the claimant. Payment may be made by check, cash card, or in cash, or any combination thereof. 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 claimant notified.

(A) **Lottery Headquarters:** Cash prize payments made at Lottery Headquarters, or other locations designated by the Director, are limited to $50 per person per day. Any prize payment balance remaining above $50 shall be paid by check. Payment may be made in person or by mail, except that the Lottery will not mail cash.

(B) **Lottery Kiosk:** Cash prize payments made at Lottery kiosks are limited to $100 per transaction. Any prize payment balance remaining above $100 shall be paid by cash card.

(2) **Prizes Greater than $600:**

(a) **Winner Claim Form:** To claim a Draw game prize of more than $600, the claimant shall obtain and complete a "Winner Claim Form." The claimant may submit the Winner Claim Form with the winning ticket in person to Lottery Headquarters, Player Services Office, 500 Airport Road SE, Salem, Oregon. Tickets and shares for prizes may also be presented at other locations and for such prize amounts as designated by the Director, unless the ticket or share specifies that it must be claimed at Lottery Headquarters in Salem, Oregon. A claimant may mail a winning ticket and Winner Claim Form to the Lottery Headquarters, P.O. Box 14515, Salem, Oregon 97309 (registered mail recommended).

(b) **Prize Payment:** Upon validation of 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. The amount due shall be calculated according to the rules adopted for the particular Draw 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.

(c) **Prize Payment of Lost, Damaged, or Destroyed Tickets:**

(A) When a prize payment is authorized by the Director under OAR 177-070-0035(4), the 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 day when the Oregon Lottery Headquarters is not open to the general public, such as a weekend, Lottery holiday, or furlough closure day, the claim period shall be extended until 5:00 p.m. on the next day the Oregon Lottery Headquarters is open to the general public. 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 Draw game in which the ticket was purchased.

(3) **Last Date to Claim a Prize:** The last date to claim a prize is one calendar year from the date the drawing results become official and final, unless the Lottery Commission defines a shorter time period to claim a prize in a particular Draw game. A prize must be claimed by 5:00 p.m. on the last date to claim a prize and if not claimed by that date is an unclaimed prize. If the final date of the claim period falls on a day when the Oregon Lottery Headquarters is not open to the general public, such as a weekend, Lottery holiday, or furlough closure day, the claim period shall be extended until 5:00 p.m. on the next day the Oregon Lottery Headquarters is open to the general public.

OAR 177-070-0035 Validation Requirements

(1) **General:** To be a valid winning Draw game 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 must be intact to the extent that all information appearing on the ticket corresponds with the Lottery's computer records;

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

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

(e) The ticket must have been issued by an authorized Draw game 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) **Ticket as Receipt:** 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) **Validation Process:** A ticket shall be validated through the Lottery's computer system.

(4) **Validation of Lost, Damaged, or Destroyed Tickets Greater than $600:** Notwithstanding the requirement that a winning Draw game ticket be submitted to the Oregon Lottery for validation and prize payment, in the event that a Lottery retailer attempted to validate a winning Draw 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) 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.

(b) 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.

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

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

(e) 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 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.

(f) 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.

OAR 177-070-0080 Unauthorized Use of Play Slips

(1) **General:** A person shall not insert into a Draw game 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) **Hand-Marked:** 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.

DIVISION 75

MEGABUCKS GAME RULES

October 4, 2015

OAR 177-075-0000 Definitions

For purposes of the Oregon Megabucks game (sometimes referred to as "Oregon's Game Megabucks", the following definitions apply except as otherwise specifically provided in OAR Chapter 177 or unless the context requires otherwise:

(1) **"Grand prize pool"** means the amount of money required to fund an advertised Grand prize. The Megabucks Grand prize may also sometimes be referred to as the Megabucks Jackpot prize.

(2) **"Exchange ticket"** means a computer-generated, printed paper issued by a terminal to replace a Megabucks 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 Megabucks play slip which contains 48 squares numbered 1 through 48.

(4) **"Game ticket"** or **"ticket"** means a Megabucks 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 Megabucks 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 Megabucks ticket and are to be played by a player in the Megabucks 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) **"Draw game terminal"** or **"Terminal"** has the meaning set forth 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 Megabucks game ticket.

OAR 177-075-0005 Price

Game plays on a Megabucks tickets 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 may be made, up to a maximum of ten selections for $5.

OAR 177-075-0010 Ticket Purchase, Characteristics, and Restrictions

(1) **General:** Oregon Megabucks is a pari-mutuel 6 of 48 lotto game. A player must select an even number set of six different numbers, between 1 and 48, for input into a terminal. Megabucks 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 Megabucks 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. A player may purchase a ticket or tickets for future consecutive Megabucks drawings up to the maximum permitted by the Lottery.

(2) **Kicker Option:** The player must also choose whether to play "Kicker" when purchasing a Megabucks ticket. The Kicker awards larger prizes for correctly selecting three of six, four of six, and five of six numbers.

(3) **Non-Cancellation:** A Megabucks ticket may not be voided or cancelled by returning the ticket to the retailer, including tickets that are printed in error or purchased for a future consecutive drawing. The placing of plays is done at the player's own risk. The Lottery retailer acts on behalf of the player in entering the player's plays.

OAR 177-075-0015 Drawings

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

(2) **Selection:** The objective of a drawing is 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.

OAR 177-075-0020 Determination of Prize Winners

(1) **General:** 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
Match All Six Winning Numbers	Grand Prize
Match Five Winning Numbers	Estimated $800
Match Four Winning Numbers	Estimated $40
Match Three Winning Numbers	Free Ticket

(2) **Grand Prize:** A Grand prize of less than $100,000 will be paid in a lump sum. A Grand prize with a value of $100,000 and more will be paid in the form of the prevailing maximum acceptable annuity which can be purchased with the Grand prize pool. The annuity will provide for 30 equal periodic payments, the first immediately and the other 29 annually on the anniversary date (or the first regular business day thereafter) of the applicable Megabucks drawing.

(3) **Match 5 of 6, 4 of 6, and 3 of 6 Prizes:** Match 5 of 6 and 4 of 6 prize winners will be paid in a lump sum. Match 3 of 6 prize winners with a Kicker game play will be paid in a lump sum. Match 3 of 6 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, or other locations designated by the Director, in which event the winner will either be paid $1.00 by check or receive a free $1 ticket.

(4) **Highest Prize:** Players are eligible to receive only the highest prize for each winning game play.

(5) **Rounding:** 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.

OAR 177-075-0027 Annuity Conversion Option

(1) **General:** A Grand prize winner has the option of receiving the advertised Grand prize in a single lump sum payment consisting of one-half of the advertised Grand prize or of receiving the full value of the Grand prize paid out in equal annual installments over a period of 30 years.

(2) **Presentment:** A Grand 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 the Grand prize, the prize winner may exercise the payment option provided in this rule.

(3) **Election of Option:** Within 60 days of the date of validation of the Grand 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) **Failure to Exercise Option:** In the event a winner does not exercise the above option within 60 days of the validation of the Grand prize, the winner shall receive the full value of the prize paid in equal annual installments over a period of 30 years pursuant to OAR 177-075-0020(2).

(5) **Last Chance Exercise of Option:** A Grand 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 Grand prize to a Grand prize winner, the choice of payment is irrevocably fixed.

(6) **Multiple Winners:** Multiple winners, jointly claiming ownership of a Grand 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) **No Obligation:** A winner is under no obligation to exercise the option made available by this rule.

OAR 177-075-0030 Ticket Validation Requirements

To be a valid Megabucks 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) **Winning Game Play:** Each winning game play appearing on the Megabucks ticket must be separately lettered and consist of six different numbers between one and 48.

(2) **Exchange Tickets:** A Megabucks 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) **Multiple Winners:** Claimants who share ownership interests in a winning Megabucks 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.

OAR 177-075-0035 Allocation of Revenues

(1) **General:** Approximately 70 percent of all gross sales revenues from Megabucks tickets shall be reserved for prizes and shall be allocated to the prize categories as set forth below. The prize payout percentage shall be based on the 30-year annuity value of the Grand prize.

WAGER TYPE **Megabucks without Kicker**			
Wager Amount		**Non-Kicker Pools 4/6 5/6**	
$1		Match 4 of 6	8.5%
		Match 5 of 6	3.29%
Megabucks with Kicker			
Wager Amount		**Kicker Pools 3/6 4/6 5/6**	
$2			
First Dollar		Match 4 of 6	8.5%
		Match 5 of 6	3.29%
Second Dollar		Match 3 of 6	14.97%
		Match 4 of 6	25.50%
		Match 5 of 6	9.84%

(2) **No Winners:** If there are no valid winning Megabucks 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 Grand prize category.

(3) **Termination of Game:** If 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.

177-075-0040 Probability of Winning

(1) **General:** The following tables set 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.

MEGABUCKS			
Prize Category - Match		**Probability of Winning (Minimum Wager)**	**Estimated Prize Amount**
Grand Prize	6	1:6,135,756	$8,951,227
Match 5 of 6	5	1:24,348.49	$800
Match 4 of 6	4	1:475.34	$40
Match 3 of 6	3	1:26.98	Free Ticket*

*Unless redeemed at Lottery Headquarters in Salem, or other locations designated by the Director, where the prize is $1.00 paid by check or a free $1 ticket.

MEGABUCKS PLUS KICKER			
Prize Category - Match		**Probability of Winning (Minimum Wager)**	**Estimated Prize Amount**
Grand Prize	6	1:6,135,756	$8,951,227
Match 5 of 6	5	1:24,348.49	$3200
Match 4 of 6	4	1:475.34	$160
Match 3 of 6	3	1:26.98	$4

(2) **Supplemental:** If there is no Megabucks prize winner for the match 5 of 6 and 4 of 6 prize categories, the Megabucks Plus Kicker match 5 of 6 prize shall be $3200 and the Megabucks Plus Kicker match 4 of 6 prize shall be $160.

DIVISION 81

PICK 4

October 1, 2009

OAR 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) **"Draw game terminal"** or **"Terminal"** has the meaning set forth in OAR 177-070-0005(4).

(7) **"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.

OAR 177-081-0010 Game Description

(1) **General:** 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) **Sequence of Numbers:** 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) **Place of Purchase:** A Pick 4 Ticket may only be sold by and purchased from a Lottery retailer authorized to sell Pick 4 tickets, or a Lottery sales location.

OAR 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) **Price – Clerk-Operated Terminal:** 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) **Price – Player-Operated Terminal:** 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) **Tickets for Multiple Drawings:** A player may purchase a ticket for a single drawing or for future consecutive drawings up to the maximum permitted by the Lottery. 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). A game slip indicating a price of less than $1.00 or a price greater than that permitted by the Lottery shall be automatically rejected by the terminal.

(4) **Whole Dollar Amounts:** Notwithstanding sections (1) through (3) of this rule, the price of a ticket for consecutive drawings purchased through a player-operated terminal must be in whole dollar amounts. For example, a $1.50 wager placed for two consecutive drawings is permitted because it equals a $3.00 total game play wager. A $1.50 wager placed for three consecutive drawings is not permitted because it equals a $4.50 total game play wager.

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

(1) **General:** Pick 4 tickets may be purchased every day of the year during the hours of operation of the Lottery's central computer 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) **Purchasing a Ticket from a Player-Operated Terminal:** 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.

OAR 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.

OAR 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.

OAR 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.

OAR 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:

Match Choice Options	Odds 1:	Example	Prize per $.50 Wager	Prize per $1.00 Wager

Match Choice Option "A": All 4 Game Play Numbers Match the Lottery's Numbers in Exact Order

All 4 In Exact Order	10,000	8726	$2,500	$5,000

Match Choice Option “B”: All 4 Play Numbers Match the Lottery’s Numbers in Any Order

4 Different Numbers In Any Order (24 ways to win)	417	5492	$125	$250
2 Like Numbers Out of 4 In Any Order (12 ways to win)	833	1159	$250	$500
2 Pair Of Numbers In Any Order (6 ways to win)	1,667	3322	$500	$1,000
3 Like Numbers Out of 4 In Any Order (4 ways to win)	2,500	1112	$750	$1,500

NOTE: A player cannot place an “All 4 in Any Order” wager when all 4 numbers are the same.

Match Choice Option “C”: Easy 4 Combo (Six Ways to Match Two to Four Numbers in Exact Order)

All 4 In Exact Order	10,000	1234	$1,000	$2,000
First 3 In Exact Order	1,111	123x	$75	$150
Last 3 In Exact Order	1,111	x234	$75	$150
First 2 In Exact Order	111	12xx	$3	$6
Middle 2 In Exact Order	123	x23x	$3	$6
Last 2 In Exact Order	111	xx34	$3	$6

Match Choice Option “D”: First 3 Play Numbers Match the Lottery’s Numbers in Exact Order

First 3 In Exact Order	1,000	715X	$300	$600

Match Choice Option “E”: Last 3 Play Numbers Match the Lottery’s Numbers in Exact Order

Last 3 In Exact Order	1,000	X223	$300	$600

Match Choice Option “F”: First 3 Play Numbers Match the Lottery’s Numbers in Any Order

3 Different Numbers In Any Order (6 ways to win)	167	591X	$50	$100
2 Like Numbers Out of 3 In Any Order (3 ways to win)	333	446X	$100	$200

NOTE: A player cannot place a “First 3 in Any Order” wager when all 3 numbers are the same.

Match Choice Option “G”: Last 3 Play Numbers Match the Lottery’s Numbers in Any Order

3 Different Numbers In Any	167	X925		

Order (6 ways to win)			$50	$100
2 Like Numbers Out of 3 In Any Order (3 ways to win)	333	X773	$100	$200

NOTE: A player cannot place a "Last 3 in Any Order" wager when all 3 numbers are the same.

(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.

DIVISION 83

LUCKY LINES GAME RULES

October 1, 2009

OAR 177-083-0000 Definitions

For the purposes of Division 83, in addition to the definitions set forth in OAR 177-070-005, 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 Lucky Lines 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 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.

(2) **"Play" or "Game play"** means the eight different numbers which appear on a grid on a Lucky Lines ticket and are to be played by a player in a drawing. These eight numbers are compared to the winning numbers selected for each of the drawings appearing on the ticket.

(3) **"Quick Pick"** means the random selection of numbers by a terminal, which appears as the game play on a Lucky Lines ticket.

(4) **"Draw game terminal"** or **"Terminal"** has the meaning set forth in OAR 177-070-0005(4).

(5) **"Winning numbers"** means the eight numbers that are randomly selected by the Lottery at each drawing and which are used to determine winning game plays contained on a Lucky Lines ticket.

OAR 177-083-0010 Game Description

(1) **General:** Lucky Lines is a game based on a grid consisting of nine fields. There are four numbers in eight of the nine fields. The center field is a free field. To play the game, one number is selected from each of the eight fields that contain numbers. The player may select the numbers from each of the eight fields or may select the numbers using the Quick Pick option. During each drawing, the Lottery randomly selects one number from each of the eight fields as the winning numbers.

(2) **Determination of Winners:** A player wins by matching the player's numbers on the grid in a straight line, either horizontally, vertically, or diagonally, to the winning numbers on the grid selected by the Lottery for that drawing. There are eight possible ways to match numbers in a straight line on each ticket.

(3) **Location:** A Lucky Lines ticket may only be sold by and purchased from a Lottery retailer authorized to sell Lucky Lines tickets, or a Lottery sales location.

OAR 177-083-0020 Price

(1) **Ticket Price for a Single Drawing:** A player may purchase a ticket for a single drawing. The price of a ticket for a single drawing is $2.

(2) **Ticket Price for Consecutive Drawings:** The price of a ticket for consecutive drawings is a minimum of $4 ($2.00 x 2 consecutive drawings = $4.00).

OAR 177-083-0030 Ticket Purchase, Characteristics, and Restrictions

(1) **Hours of Purchase:** Lucky Lines℠ tickets may be purchased every day of the year during the hours of operation of the Lottery's central computer system and a Lottery retailer's business hours of operation.

(2) **Ticket Purchase:** Tickets may be purchased either from a clerk-operated terminal or from a player-operated terminal. To play Lucky Lines℠, a player must:

(a) Complete a play slip for input into a clerk-operated terminal or player-operated terminal; or

(b) Request a Quick Pick from a clerk or by using a player-operated terminal; and

(c) Pay the ticket price.

(3) **Play Slip:** Completing a play slip:

(a) A player must choose a game play by one of two methods:

(A) A player must select one number out of a group of four numbers in each of the eight fields; or

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

(b) A player must indicate if the game play is for consecutive drawings.

(4) **Clerk-Operated Terminal:** Purchasing a ticket from a clerk-operated terminal:

(a) The player may complete a game slip and submit it with the price of the ticket to the clerk. The clerk will use the terminal to issue a ticket to the player with the player's game plays; or

(b) Without using a game slip, the player may request that a clerk electronically use the terminal's Quick Pick number selection. Upon payment of the price of the ticket to the clerk, the clerk will use the terminal to issue a ticket to the player with the player's Quick Pick game plays.

(c) The placing of game plays is done at the player's own risk. The Lottery retailer acts on behalf of the player in entering the player's plays.

(5) **Player-Operated Terminal:** A player may purchase a ticket from a player-operated terminal by following the instructions appearing on the screen of the terminal either by:

(a) Completing a game slip, inserting it into the terminal, and paying the price of the ticket into the terminal. The terminal will issue a ticket to the player with the player's game plays; or

(b) The player may use the terminal's Quick Pick number selection without using a game slip by following the instructions appearing on the terminal screen and paying the price of the ticket. The terminal will issue a ticket to the player with the player's Quick Pick game plays.

(c) The placing of game plays on a player-operated terminal is done at the player's own risk.

OAR 177-083-0040 Cancellation of Tickets

(1) **General:** A player may cancel a Lucky Lines℠ ticket for a single drawing or consecutive drawings. To cancel a ticket, a player must follow the procedure in OAR 177-046-0060.

(2) **Refund**: In the event that a ticket is canceled in accordance with OAR 177-083-0040(1) and 177-046-0060, the player shall be entitled to a refund from the retailer equal to the purchase amount shown on the player's ticket.

OAR 177-083-0050 Drawings

Drawings will normally occur daily at approximately 6:00 p.m. or at any other time as determined by the Director. Each drawing shall randomly select numbers from each of the four number choices in each of the eight fields. The winning numbers selected at each drawing shall be generated through the use of a computer-driven random number generator.

OAR 177-083-0060 Ticket Validation Requirements

(1) **General:** A Lucky Lines ticket must meet the requirements in OAR Chapter 177 to be valid and eligible to receive prize payment.

(2) **Validation of Consecutive Play Tickets:** 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. At the time the original game ticket is validated, an exchange ticket shall be issued for the remainder of the drawings appearing on the validated game ticket.

OAR 177-083-0070 Prizes

(1) **Prize Structure:** Prizes for a winning ticket are determined by the ticket's game play that matches the winning numbers and the criteria established in this section. The prize structure is as follows:

MATCH	ODDS 1:x	Number of Winners	Prize per Winner	Prize Pool	Prize Payout
8 or 7 Lines	65,536	1	Jackpot Parimutuel	$10,000 Minimum	21.36%
6 Lines	5,461	12	$500	$6,000	4.58%
5 Lines	2,185	30	$100	$3,000	2.29%
4 Lines	607	108	$25	$2,700	2.06%
3 Lines	117	558	$7	$3,906	2.98%
2 Lines	28	2,322	$4	$9,288	7.09%
1 Line	5	13,500	$2	$27,000	20.60%
0 Lines	1	49,005	-	-	0.00%
TOTAL:	**3.96**	**16,531**	**-**	**-**	**60.95%**

(2) **Jackpot Prize:** The jackpot prize is a rolling jackpot, and it is paid on a parimutuel basis. The jackpot prize starts at a minimum of $10,000 and if it is not won in the daily drawing, it will increase by approximately $1,000 for each consecutive drawing. If the jackpot prize is won, it will return to a minimum of $10,000.

(3) **Estimation:** The number of prizes for Lucky Lines is not pre-determined by the Lottery. The overall prize-percentage payout for Lucky Lines prizes is estimated at 60.95% 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) **Lottery's Determination:** In the event of a dispute over the determination of a prize, the Lottery's determination is controlling.

(5) **Prize payments:** Prizes will be paid in accordance with OAR 177-046-0110.

(6) **Lump Sum Distribution:** Each prize-winning player will be paid in one lump sum.

(7) **Limits on Prizes:** For each drawing, a player may have more than one winning combination on a single ticket for each game play. However, the player shall receive only the highest single prize for which the player is eligible.

DIVISION 85

POWERBALL® GAME RULES

October 7, 2015

OAR 177-085-0000 Purpose

These rules, OAR 177-085-0005 to 177-085-0065, 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.

OAR 177-085-0005 Definitions

The following definitions apply unless the context requires a different meaning.

(1) **"Advertised Grand Prize"** means the estimated, annuitized Grand Prize amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and communicated through the selling lotteries prior to the Grand Prize drawing. The Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstance where there is a guaranteed Grand Prize amount as described in OAR 177-085-0035(11).

(2) **"Drawing"** refers collectively to the formal draw event for randomly selecting the winning indicia that determine the number of winners for each prize level of the Powerball® game and the Power Play® multiplier. Winning indicia include the winning numbers for the Powerball® game and the Power Play® multiplier.

(3) **"Game Board"** or **"Boards"** means that area of the game slip, also known as a panel, that contains sets of numbered squares to be marked by the player.

(4) **"Game Ticket"** or **"Ticket"** means an acceptable evidence of play, which is a ticket produced in a manner 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 central computer system, and is a physical representation of the play or plays sold to a player.

(5) **"Licensee Lottery"** means a state lottery or lottery of a governmental unit, political subdivision, or entity thereof that is not a Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements and has been authorized by the MUSL and by the Powerball® Product Group to sell the Powerball® game.

(6) **"Lottery"** means the Oregon State Lottery.

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

(8) **"MUSL Annuity Factor"** means the annuity factor as determined by the MUSL central office through a method approved by the MUSL Finance and Audit Committee and which is used as described in these rules.

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

(10) **"Party Lottery"** means a state lottery or lottery of a political subdivision or entity that participates in MUSL and is authorized to sell the Powerball® game.

(11) **"Game Play"** means the six numbers, the first five from a field of sixty-nine numbers and the last one from a field of twenty-six numbers that appear on a ticket as a single lettered selection and are to be played by a player in the Powerball® game.

(12) **"Game Slip"** means the paper used in marking a player's game plays and containing one or more boards.

(13) **"Grand Prize"** refers to the top prize in the Powerball® game.

(14) **"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 Product Group's own rules.

(15) **"Quick Pick"** means the random selection by the computer of indicia that appear on a ticket and are played by a player in the game.

(16) **"Retailer"** means a person or entity authorized by the Lottery to sell lottery tickets.

(17) **"Set Prize",** also referred to as "low-tier prize", means all prizes except the Grand Prizes, and, except in instances outlined in these Division 85 rules, will be equal to the prize amount established by the MUSL Board for the prize level.

(18) **"Draw game terminal"** or **"Terminal"** has the meaning set forth in OAR 177-070-0005(5).

(19) **"Winning Numbers"** means the indicia randomly selected during a drawing event which are used to determine winning plays for the Powerball® game contained on a game ticket.

OAR 177-085-0010 Ticket Price

(1) A Powerball® ticket shall cost two dollars (USA $2) per play.

(2) A Powerball® ticket may only be sold by and purchased from a Lottery retailer authorized to sell Powerball® tickets, or a Lottery sales location, and 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.

OAR 177-085-0015 Powerball® Game Description

(1) **General Information:** Effective for drawings held on or after October 7, 2015 and for tickets purchased for such drawings, Powerball® is a five out of sixty-nine numbers plus one out of twenty-six numbers lottery game, drawn every Wednesday and Saturday as part of the Powerball® drawing event, 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 funding held in the Grand Prize Pool for the winning drawing on a pari-mutuel basis. Except as provided in the rules, all other prizes are paid as a single lump sum payment. Powerball® winning numbers applicable to determine Powerball® prizes are determined in the Powerball® drawing event.

(2) **Selection of Numbers:** To play Powerball®, a player shall select (or computer pick) five different numbers, from one through sixty-nine and one additional number from one through twenty-six. The additional number may be the same as one of the first five numbers selected by the player, as long as it is from one through twenty-six.

(3) **Purchase of Tickets:** Tickets can be purchased for two dollars, including any specific statutorily-mandated tax of a selling lottery to be included in the price of a ticket, from an Oregon Lottery® approved retailer in a manner approved by the Oregon Lottery® and in accordance with these rules. A player may purchase tickets for future consecutive drawings up to the maximum permitted by the Lottery.

(4) **Player's Responsibility:** 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 Lottery retailer, who when entering the play or plays is acting on behalf of the player.

(5) **Entry of Plays:** Plays may only be entered manually using a Lottery terminal keypad or touch screen or by means of a play slip provided by the Lottery and hand-marked by the player or by such other means approved by the Lottery. Retailers cannot permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into a terminal's play slip reader that are not printed or approved by the Lottery. Retailers must not permit any device to be connected to a Lottery terminal to enter plays, except as approved by the Lottery.

(6) **Determination of Winning Numbers:** 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 or a random number generator. The Lottery Director shall designate a Drawing Manager who shall review and randomly observe the drawings conducted by the MUSL Board. The drawing procedures shall include procedures for randomly selecting the Powerball® game winning numbers and the Power Play® multiplier.

OAR 177-085-0020 Prize Claims

(1) **General:** A ticket, subject to the validation requirements set forth in OAR 177-085-0040, is the only proof of a game play or plays. The submission of a winning ticket to the Lottery or an authorized retailer as required by OAR 177-046-0110 is the sole method of claiming a prize or prizes, except that a Grand Prize (and a Match 5+0 prize) must be claimed in person at Lottery Headquarters. Tickets may also be presented at other locations and for such prize amounts as designated by the Director, unless the ticket specifies that it must be claimed at Lottery Headquarters in Salem, Oregon. A game 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. A terminal produced paper receipt has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected.

(2) **Prize Claims:** Powerball® prize claim procedures are governed by the administrative rules of the Oregon State Lottery. MUSL and the Party Lotteries are not responsible for Powerball® prizes that are not claimed following the proper procedures as determined by the Oregon State Lottery.

OAR 177-085-0025 Powerball® Prize Pool

(1) **Powerball® Prize Pool:** The prize pool for all prize categories shall consist of 50 percent of each drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery or a Licensee Lottery to be included in the price of a lottery ticket, after the prize pool accounts and prize reserve accounts are funded to the amounts established by the Product Group. Any amount remaining in the prize pool at the end of the Powerball® game shall be returned to all lotteries participating in the prize pool after the end of all claims periods of all Party Lotteries and Licensee Lotteries, carried forward to a replacement game or expended in a manner as directed by the members of the Product Group in accordance with state law.

(2) **Powerball® Prize Pool Accounts and Prize Reserve Accounts:** An amount up to five percent of a Party Lottery's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be deducted from a Party Lottery's Grand Prize Pool and placed in trust in one or more Powerball® prize pool accounts and prize reserve accounts until the prize pool accounts and a Party Lottery's share of the prize reserve accounts reaches the amounts designated by the Product Group. The Product Group has established the following prize reserve accounts and prize pool accounts for the Powerball® game:

(a) **Powerball® Prize Reserve Accounts:** The Product Group has established the following prize reserve accounts for the Powerball® game:

(A) The Powerball® Prize Reserve Account, which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason (subject to the limitations of these rules); and

(B) The Powerball® Set Prize Reserve Account, which is used to fund deficiencies in low-tier Powerball® prize payments (subject to the limitations of these rules).

(b) **Powerball® Prize Pool Accounts:** The Product Group has established the following prize pool accounts for the Powerball® game:

(A) The Grand Prize Pool Account, which is used to fund the immediate Grand Prize;

(B) The Powerball® Set Prize Pool, which is used to fund the Powerball® set prize payments;

(C) The Powerball® Set-Aside Account, which is used to guarantee payment of the minimum or starting Grand Prize;

(D) The Power Play® Prize Pool and the Power Play Pool Account, which are described in OAR 177-085-0065; and

(E) The Set Prize Pool which holds the temporary balances that may result from having fewer than expected winners in the Powerball® set prize (low-tier prize) categories and the source of the Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball® set prize liability. The source of the Set-Aside Account funding shall be the prize reserve deduction until such time as the Set-Aside Account is fully funded.

Once the Powerball® prize pool accounts and a Party Lottery's share of the Powerball® prize reserve accounts exceed the designated amounts, the excess shall become part of the Grand Prize Pool Account.

(3) **Balances:** The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the Powerball® prize pool accounts and prize reserve accounts. The Product Group may determine to expend all or a portion of the funds in the Powerball® prize pool accounts (except the Grand Prize Pool Account) and the prize reserve accounts as follows:

(a) For the purpose of indemnifying the Party Lotteries and Licensee Lotteries in the payment of prizes to be made by the selling lotteries, subject to the approval of the MUSL Board; and

(b) For the payment of prizes or special prizes in the game, subject to the approval of the MUSL Finance and Audit Committee.

The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve accounts as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. A Party Lottery may contribute to its share of prize reserve accounts over time, but in the event of a draw down from the reserve account, a Party Lottery is responsible for its full percentage share of the account, whether or not it has been paid in full. Any amount remaining in the Powerball® prize pool accounts or prize reserve accounts at the end of the Powerball® game shall be returned to all lotteries participating in the accounts after the end of all claims periods of all Party Lotteries and Licensee Lotteries, carried forward to a replacement game or a replacement prize reserve account or expended in a manner as directed by the members of the Product Group in accordance with state law.

(4) **Expected Powerball® Prize Payout Percentages:** The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules, all other prizes awarded shall

be paid as set lump sum prizes with the following expected prize payout percentages effective for drawings held on or after October 7, 2015:

Number of Matches per Play	Set Prize Amount	Prize Pool Percentage Allocated to Prize
Match 5+1 All 5 of first set plus 1 of second set	Grand Prize	68.0131%
Match 5+0 All 5 of first set and none of second set	$1,000,000	8.5558%
Match 4+1 Any 4 of first set plus 1 of second set	$50,000	5.4757%
Match 4+0 Any 4 of first set and none of second set	$100	0.2738%
Match 3+1 Any 3 of first set plus 1 of second set	$100	0.6899%
Match 3+0 Any 3 of first set and none of second set	$7	1.2074%
Match 2+1 Any 2 of first set plus 1 of second set	$7	0.9981%
Match 1+1 Any 1 of first set plus 1 of second set	$4	4.3489%
Match 0+1 None of first set plus 1 of second set	$4	10.4373%

(a) **Division of Grand Prize Among Winners:** The prize money allocated to the Grand Prize category shall be divided equally by the number of game plays winning the Grand Prize.

(b) **Powerball® Set Prize Pool Carried Forward:** The Powerball® Set Prize Pool (for the single lump sum prizes of $1,000,000 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Powerball® set prizes awarded in the current draw.

(c) **Pari-Mutuel Powerball® Prize Determination:** Except as provided in OAR 177-085-0025(4)(c)(C), for Party Lotteries:

(A) If the total of the Powerball® set prizes (as multiplied by the respective Power Play® multiplier if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Powerball® set prizes, then the amount needed to fund

the Powerball® set prizes, including Power Play® prizes, awarded shall be drawn from the following sources, in the following order:

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

(ii) An amount from the Set Prize Reserve Account, if available, not to exceed $40,000,000 per drawing; and

(iii) Other amounts as agreed to by the Product Group in its sole discretion.

(B) **Lack of Sufficient Prize Funds:** If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded, including Power Play® prizes, 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, including Power Play® prizes, shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages. Powerball® set prizes and Power Play® prizes will be reduced by the same percentage.

(C) By agreement with the Licensee Lotteries, the Licensee Lotteries shall independently calculate their set prize pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

OAR 177-085-0030 Probability of Winning Powerball® Prizes

Effective for drawings held on or after October 7, 2015, 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®:

Number of Matches per Game Play	Probability Winners	Distribution Probability	Probable/Set Prize Amount
Match 5+1 All 5 of first set plus 1 of second set	1	1:292,201,338.0000	Grand Prize
Match 5+0 All 5 of first set and none of	25	1:11,688,053.5200	$1,000,000

second set			
Match 4+1 Any 4 of first set plus 1 of second set	320	1:913,129.1813	$50,000
Match 4+0 Any 4 of first set and none of second set	8,000	1:36,525.1673	$100
Match 3+1 Any 3 of first set plus 1 of second set	20,160	1:14,494.1140	$100
Match 3+0 Any 3 of first set and none of second set	504,000	1:579.7646	$7
Match 2+1 Any 2 of first set plus 1 of second set	416,640	1:701.3281	$7
Match 1+1 Any 1 of first set plus 1 of second set	3,176,880	1:91.9775	$4
Match 0+1 None of first set plus 1 of second set	7,624,512	1:38.3239	$4
Overall	11,750,538	1:24.8671	

OAR 177-085-0035 Powerball® Prize Payment

(1) **Selection of Payment Type:** 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 validation is final and cannot be revoked, withdrawn, or otherwise changed.

(2) **Share of the Grand Prize:** Shares of the Grand Prize shall be determined by dividing the amount available in the Grand Prize pool equally among all winning game plays of the Grand Prize.

(3) **Lump Sum Payment:** Winner(s) who elect a lump sum payment shall be paid their share(s) in a single lump sum payment. (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 Grand Prize amount. The actual single lump sum payment amount will vary as a function of the MUSL annuity factor determined as described in subsection (4)(a) of this rule.)

(4) **Annuity Payment:** The annuitized option prize shall be determined by multiplying a winner's share of the Grand Prize pool by the MUSL annuity factor.

> (a) The MUSL annuity factor is determined through a process as approved by the MUSL Finance and Audit Committee.
>
> (b) Neither MUSL nor the Party Lotteries or the Licensee 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 (11) of this rule. If individual shares of the Grand Prize Pool funds held to fund an annuity are less than $250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of the amount held in the Grand Prize pool.

(5) **Initial and Annual Payments:** Except as may be controlled by statute, all annuitized prizes shall be paid annually in thirty payments with the initial payment being made directly with available funds, to be followed by twenty-nine payments funded by the annuity. All annuitized prizes shall be paid annually in thirty graduated payments (increasing each year) by a rate as determined by the Product Group. Prize payments may be rounded down to the nearest $1,000. 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 first payment. 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 or the Licensee Lottery which sold the winning ticket no earlier than the 15th calendar day (or the next banking day if the fifteenth day is a holiday) following the drawing.

(6) **Lack of Available Funds:** 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 and Licensee Lotteries. The Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

(7) **Death of Winner:** In the event of the death of a lottery winner during the annuity payment period, the MUSL Finance and Audit Committee, in its sole discretion excepting a discretionary review by the Product Group, 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 a determination is made, 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 MUSL Finance and Audit Committee or the Product Group.

(8) **Low-Tier Prizes:** All low-tier 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.

(9) **Rounding of Powerball® Grand Prize Payments:** 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 OAR 177-085-0025(4)(c) and OAR 177-085-0065(11), 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.

(10) **Roll Over of Powerball® Grand Prize:** 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.

(11) **Minimum Powerball® Grand Prizes and Increases:** 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.

(a) **All Winners Select Annuity:** 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 winning game plays.

(b) **Mix of Lump Sum and Annuity:** 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.

(c) **No Winners Select Annuity:** 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 MUSL annuity factor.

(d) **Changes in Allocation of Prizes:** 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 OAR 177-085-0025(4). Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in OAR 177-085-0025(4)(c) becomes necessary. Approval of the Group is required to change the guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount. Any reduction in the guaranteed minimum Grand Prize amount or reduction in the minimum increases to the Grand Prize amount shall not become effective until after a Grand Prize win following the action taken by the Group.

(12) **One Prize per Board:** 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.

(13) **Claim Expires in One Year:** Claims for all prize categories, including the Grand Prize, must be submitted within one year after the date of the drawing.

OAR 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 central computer system and any other validation requirements adopted 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 validation procedures, the Lottery retains possession of the winning ticket and claim form.

OAR 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, and the Lottery are not responsible for lost or stolen tickets.

OAR 177-085-0050 Ineligible Players

(1) **MUSL Restrictions:** A ticket or share issued by the MUSL or any of its Party Lotteries or Licensee 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 (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a) through (c) of this section and residing in the same household.

(2) **Local Lottery Restrictions:** Those persons designated by a Party Lottery's or Licensee Lottery's law as ineligible to play its games shall also be ineligible to play Powerball® in that Party Lottery's or Licensee Lottery's jurisdiction.

OAR 177-085-0065 Power Play®

(1) **General:** 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) **Set Prizes Only:** Power Play® increases the amount of any of the cash Set Prizes (the cash prizes normally paying $4 to $1,000,000) won in a drawing. The Grand Prize is not a Set Prize and will not be increased.

(3) **Power Play® Purchase:** A qualifying Power Play® option play is any single Powerball® Play for which the player selects the Power Play® option on either the game 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 Lottery's central computer as a qualifying play.

(4) **Qualifying Play:** Except as provided in these rules, for drawings held on or after October 7, 2015, a qualifying play which wins one of the seven lowest lump sum Set Prizes (excluding the Grand Prize and the Match 5+0 prize) will be multiplied by the number selected, either 2, 3, 4, 5, or sometimes 10 in a separate random Power Play® drawing announced during the official Powerball® drawing show. The "10X" multiplier will be available for drawings in which the initially advertised annuitized Grand Prize amount is $150,000,000 or less. The announced Match 5+0 prize, for players selecting the Power Play® option, shall be $2,000,000 unless a higher limited promotional dollar amount is announced by the Group.

(5) **Power Play® Drawings:** Effective for drawings held on or after October 7, 2015, MUSL will conduct a separate random Power Play® drawing and announce results during each of the regular Powerball® drawings held during the promotion. During each Power Play® drawing a single number, 2, 3, 4, 5, or sometimes 10, shall be drawn. The "10X" multiplier shall be available for all drawings in which the initially advertised annuitized Grand Prize amount in $150,000,000 or less. The Powerball® Product Group may modify the multiplier features for special promotions from time to time.

(6) **Power Play® Prize Pool for Drawings held on or after October 7, 2015:** In accordance with OAR 177-085-0065(7), 50 percent of each draw's sales shall be collected for the payment of prizes.

(a) **"10X" Multiplier Available:** In drawings where the "10X" multiplier is available, the expected payout for all prize categories shall consist of up to 49.969 percent of each

drawing period's sales, including any specific statutorily-mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket.

(b) **"10X" Multiplier Not Available:** In drawings where the "10X" multiplier is not available, the expected payout for all prize categories shall consist of up to 45.934 percent of each drawing period's sales, including any specific statutorily-mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket.

(c) **Carry Forward:** The prize payout percentage per draw may vary. The Power Play® Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not need to pay the Power Play® prizes awarded in the current draw and held in the Power Play® Pool Account.

(7) **Power Play® Pool Account for Drawings held on or after October 7, 2015:**

(a) **"10X" Multiplier Available:** In drawings where the "10X" multiplier is available, an additional 0.031 percent of sales, including any specific statutorily-mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play® Pool Account, for the purpose of paying Power Play® prizes.

(b) **"10X" Multiplier Not Available:** In drawings where the "10X" multiplier is not available, 4.066 percent of sales, including any specific statutorily-mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play® pool account, for the purpose of paying Power Play® prizes.

(c) **Remaining Amounts:** Any amount remaining in the Power Play® Pool Account when the Product group declares the end of this game shall be returned to all lotteries participating in the account after the end of all claim periods of all Party Lotteries and Licensee Lotteries, carried forward to a replacement game, or expended in a manner as directed by the members of the Product Group in accordance with jurisdiction statute.

(8) **Power Play® Payout:** Except as otherwise 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 Power Play® prize amounts shown in section (9) of this rule. In certain rare instances, and as determined under OAR 177-085-0025(4)(c)(B) and section (11) of this rule, the Powerball® set prize amount may be less than the amounts shown in section (9) of this rule. In such case, the eight Power Play® prize amounts will be changed to an amount announced after the draw.

(9) **Expected Power Play® Prize Payout - Effective for Drawings held on or after October 7, 2015:**

	Prize Amount - Regardless of Power Play® number selected:					
Match	$1,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000

5+0						
	Prize Amount	**10X**	**5X**	**4X**	**3X**	**2X**
Match 4+1	$50,000	$500,000	$250,000	$200,000	$150,000	$100,000
Match 4+0	$100	$1,000	$500	$400	$300	$200
Match 3+1	$100	$1,000	$500	$400	$300	$200
Match 3+0	$7	$70	$35	$28	$21	$14
Match 2+1	$7	$70	$35	$28	$21	$14
Match 1+1	$4	$40	$20	$16	$12	$8
Match 0+1	$4	$40	$20	$16	$12	$8

In certain rare instances, the Powerball® set prize amount may be less than the amount shown. In such case, the eight lowest Power Play® prizes will be changed to an amount announced after the draw. For example, if the Match 4+1 Powerball® set prize amount of $50,000.00 becomes $25,000.00 under the rules of the Powerball® game and a 5x Power Play® multiplier is selected, then a Power Play® player winning that prize amount would win $125,000.00.

(10) **Probability of Winning:** Effective for drawings held on or after October 7, 2015, The following tables set forth the probability of the various Power Play® numbers being drawn during a single Powerball® drawing, except that the Power Play® amount for the Match 5+0 prize will be $2,000,000. The Group may elect to run limited promotions that may modify the multiplier features.

(a) **When the "10X" Multiplier is Available:**

Power Play®	Probability of Prize Increase	Chance of Occurrence
10X - Prize Won Times 10	1 in 43	2.3255%
5X - Prize Won Times 5	2 in 43	4.6512%
4X - Prize Won Times 4	3 in 43	6.9767%
3X - Prize Won Times 3	13 in 43	30.2326%
2X - Prize Won Times 2	24 in 43	55.8140%

Power Play® does not apply to the Grand Prize. Except as provided in OAR 177-085-0065(9), a Power Play® Match 5 set prize is set at $2,000,000, regardless of the multiplier selected.

(b) **When the "10X" Multiplier is not Available:**

Power Play®	Probability of Prize Increase	Chance of Occurrence
10X - Prize Won Times 10	0 in 42	0.00%
5X - Prize Won Times 5	2 in 42	4.7619%
4X - Prize Won Times 4	3 in 42	7.1429%
3X - Prize Won Times 3	13 in 42	30.9523%
2X - Prize Won Times 2	24 in 42	57.1429%
Power Play® does not apply to the Grand Prize. Except as provided in OAR 177-085-0065(9), a Power Play® Match 5 set prize is set at $2,000,000, regardless of the multiplier selected.		

(11) **Pari-Mutuel Prizes – All Prize Amounts:** Except as provided in subsection (d) of this rule, for Party Lotteries, if the total of the original Powerball® set prizes and the Power Play® 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 Power Play® prize amounts) 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 $40,000,000 per drawing;

(c) Other amounts as agreed to by the Product Group in their sole discretion; and

(d) If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including Power Play® prize amounts), then the highest set prize (including the Power Play® prize amounts) 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 Power Play® prize amount, 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. Powerball® and Power Play® prizes will be reduced by the same percentage.

(e) By agreement with the Licensee Lotteries, the Licensee Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Power Play® prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently calculated prize amounts.

(12) **Prize Payment:** All Power Play® prizes shall be paid in one lump sum. The Lottery may begin paying Power Play® prizes after receiving authorization to pay from the MUSL central office.

(13) **Prizes Rounded:** Prizes, which under these rules may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

DIVISION 90

SPORTS ACTION

October 1, 2009

OAR 177-090-0000 Purpose and Disclaimer

(1) **Purpose:** These rules establish the procedures and requirements for playing Sports Action, a lottery game operated by the Oregon State Lottery.

(2) **Disclaimer:** Sports Action is not associated with, sponsored, or authorized by the National Football League (NFL).

OAR 177-090-0005 Definitions

For the purposes of Division 90, the following definitions apply except as otherwise specifically provided in OAR Chapter 177 or unless the context requires otherwise:

(1) **"Entry Form"** means a play slip used by a player to choose the dollar amount to be wagered, the number of events selected, and the player's chosen option for each event selected.

(2) **"Event"** means a game or a special play that a player may select.

(3) **"Favorite"** means the likely winning team of a game as indicated on the official program.

(4) **"Game"** means a professional football game between two teams.

(5) **"Game ticket"** or **"ticket"** means a computer-generated, printed paper issued by an Oregon Lottery terminal as a receipt for the events selected and the options chosen by a player and includes, but is not limited to, the following data: The name "Sports Action", the purchase date, events selected, the option chosen for each selected event, the cost of the ticket, the identifying number for the specific play week, a six-digit retailer number, a serial number, and a bar code.

(6) **"Official program"** means the Lottery's list of games with point spreads and special plays, including the options for each event a player may select 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, showing the winning option for each event.

(8) **"Option"** means one of two possible outcomes for an event.

(9) **"Parimutuel"** means a system of wagering in which the money allocated for prizes from the total amount of money wagered on an event is divided among prizewinners in proportion to each prizewinner's individual wager.

(10) **"Play week"** means a seven-day period:

(a) Beginning at 5:00 a.m. on Tuesday and ending at the scheduled start time of the last game on Monday during the pre-season and regular season; and

(b) Beginning at 5:00 a.m. on Monday and ending at the scheduled start time of the last game on Sunday during the post-season playoffs.

(11) **"Point spread"** means the number of points used to balance the possible outcome of an event, giving equal chance for each event's success.

(12) **"Prize category"** means a division of the prize pool identified by a specific number of events selected by a player.

(13) **"Prize pool"** means the amount of money allocated from total sales for prizes.

(14) **"Quick Pick"** means the random selection by a terminal of events played on a ticket and an option for each event selected.

(15) **"Special play"** means an activity that occurs within a game, including, but not limited to, fumbles, interceptions, and sacks.

(16) **"Draw game terminal"** or **"Terminal"** has the meaning set forth in OAR 177-070-0005(4).

(17) **"Underdog"** means the likely losing team of a game as indicated on the official program.

OAR 177-090-0010 Sports Action Description

(1) **General:** Sports Action is a Lottery game based on the outcome of a game or special play. Each play week during the Sports Action season, the Lottery will make available an official program, which lists the events for that play week. The play week's official program will contain at least eight events. For each game listed, the official program will indicate the favorite and the underdog and include a point spread. The point spread is added to the underdog score which is then compared to the favorite's score to determine the outcome of a game. The team with the highest score is the winner as specified in OAR 177-090-0055. The Lottery's point spread appearing on the official program is the only point spread applicable to Sports Action.

(2) **Player Selections:** A player is required to select at least three events on the official program but may select 4, 5, 6, 7, 8, 10, 12, or a maximum of 14 events.

(3) **Lottery Selections:** The Lottery will list a minimum of eight events up to a maximum of thirty events each week. The Director reserves the right to determine which events will be listed in the official program and whether to apply a point spread.

OAR 177-090-0015 Play Dates and Times

For a given play week, a player may purchase a ticket for an event starting at the beginning of the play week. After the scheduled start time of a game as listed on the official program, a ticket for that game and any special plays in that game can no longer be purchased. A ticket for a specific

play week can not be purchased when there are less than three events remaining in that play week.

OAR 177-090-0020 Cost of a Ticket

The cost of a ticket is determined by the amount of money a player chooses to wager. The minimum wager is $2 per ticket. A player may choose to wager $2, $3, $4, $5, $10, or $20 per ticket.

OAR 177-090-0025 Ticket Purchase, Characteristics, and Restrictions

(1) **General:** A Sports Action ticket may only be purchased from a Lottery retailer during the Sports Action season.

(2) **Age of Player:** A player must be at least 18 years of age to purchase a Sports Action ticket.

(3) **Ticket Purchase Options:** A ticket may be purchased from a clerk-operated terminal or from a player-operated terminal.

> (a) **Purchasing a Ticket from a Clerk-Operated Terminal:** A player may purchase a ticket from a clerk-operated terminal by completing an entry form and submitting it with the amount of money to be wagered on the ticket to the clerk. The clerk will then issue a ticket to the player. Alternatively, a player may request a Quick Pick ticket from the clerk without using an entry form by informing the clerk of the number of events to be played and paying the amount of money to be wagered on the ticket.
>
> (b) **Purchasing a Ticket from a Player-Operated Terminal:** A player may purchase a ticket from a player-operated terminal only by using an entry form and following the instructions appearing on the terminal screen. Once the entry form is completed, the player must insert into the terminal the entry form and the amount of money to be wagered on the ticket. The terminal will then issue a ticket to the player.

(4) **Ticket Characteristics:** A game ticket is the only proof of Sports Action game play, including the selections made by a player. The submission of a winning ticket to the Lottery or to an authorized retailer is the sole method for claiming a prize. An entry form or a copy of a game ticket has no pecuniary or prize value and does not constitute evidence of ticket purchase, the selections made by a player, or otherwise represent an opportunity to win a prize.

OAR 177-090-0035 Cancellation of Tickets

(1) **General:** A player may cancel a Sports Action game ticket as set forth in OAR 177-046-0060 by returning the ticket to the selling retailer on the day of purchase prior to the time wagers are disabled before the first event listed on the ticket. After this time, the ticket cannot be canceled.

(2) **Refund:** In the event that a ticket is canceled in accordance with OAR 177-090-0035(1) and OAR 177-046-0060, the player shall be entitled to a refund from the retailer equal to the cost shown on the player's ticket, not to exceed the maximum ticket cost of $20.

OAR 177-090-0040 Prize Pool

(1) **General:** The prize pool consists of approximately sixty percent of the total amount of money wagered each week.

(2) **Parimutuel:** Except for the 3 of 3 and 4 of 4 prize categories, all prizes in each prize category are determined on a parimutuel 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) **Rounding:** Prize amounts are rounded down to the nearest ten cents.

(4) **Carry Forward:** If there is no winner in a prize category, the prize money in that category is carried forward and added to the prize pool for that prize category in the next play week. For example, if no player from all the players who played fourteen events correctly selects all fourteen winners, the money is carried forward and added to the prize pool for fourteen events in the next play week. If, in the next play week, one or more prize categories do not offer a comparable number of events, the prize pool will be carried forward to the prize category with the most events offered during that play week. For example, if the prize pool for the prize category of 12 of 12 events is carried forward to the next play week, but the largest prize category for that week is 10 of 10 events, the prize pool carried forward will be added to the prize pool for the 10 of 10 events.

OAR 177-090-0045 Payment of Prizes; Ticket Validation Requirements; Time

(1) **Payment:** Except as otherwise provided herein, prize payments must be claimed, and are made, in accordance with the provisions of OAR 177-070-0025.

(2) **Ticket Validation:** 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.

(3) **Time:** A ticket with a winning event selection for the 3 of 3 and 4 of 4 prize categories may be validated and payable to a winner the day following the last event on the ticket. Other prizes are parimutuel and may be validated and payable on the day following the end of the play week when the Lottery's central computer system is activated for that day.

(4) **Limits:** All prizes must be claimed within one year from the end of the play week in which the winning event occurred.

OAR 177-090-0050 Odds 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 sixty percent over time but will vary week to week, as well as year to year, due to factors including, but not limited to, the number of

players participating each week and the number of winning wagers. The following table sets forth the estimated odds of winning Sports Action prizes:

Match	Odds 1:	Estimated Payout	For Each $1* Wagered	$2 Wager Minimum
		GUARANTEED PRIZES		
3 of 3	8	60.00% (Highly Variable)	$5	$10
4 of 4	16	60.00% (Highly Variable)	$10	$20
		PARIMUTUEL PRIZES		
5 of 5	32	46.88%	Parimutuel	Parimutuel
6 of 6	64	46.88%	Parimutuel	Parimutuel
7 of 7	128	46.88%	Parimutuel	Parimutuel
8 of 8	256	48.83%	Parimutuel	Parimutuel
10 of 10	1,024	48.83%	Parimutuel	Parimutuel
12 of 12	4,096	48.83%	Parimutuel	Parimutuel
14 of 14	16,384	30.52%	Parimutuel	Parimutuel

* Minimum wager is $2.

OAR 177-090-0055 Determination of Winners

(1) **Favorite:** To be a winning selection, the favorite must defeat the underdog by more points than the point spread.

(2) **Underdog:** To be a winning selection, the underdog must win the game or lose by fewer points than the point spread.

(3) **General:** To win, all of a player's event selections must match the final outcomes in the Lottery's official Sports Action results. 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) **Official Event Results:** The scores and results for an event become official and final for the purpose of playing Sports Action when the Lottery enters the results in the Lottery's central computer system for purposes of validating winning tickets. Once the results are entered, the Lottery shall not recognize any changes, including, but not limited to, the game's final score, or any

protests, overturned decisions, or statistical changes made by the professional sports league or organization overseeing the game that changes the outcome of a special play.

(5) **Availability of Results:** At the end of each play week, the Lottery will provide Sports Action results to the public through appropriate means.

OAR 177-090-0057 Game Cancellation, Postponement, or Termination

(1) **Game Cancellation:** If a game is officially canceled prior to the start, or during the course of play, the final outcome for the game and for each special play associated with the game will be determined by using the Lottery's random number generator.

(2) **Multiple Game Cancellations:** If multiple games for a play week are officially canceled, the Director may instead authorize a refund equal to the cost shown on the player's ticket.

(3) **Game Postponed:** If a game is officially postponed prior to the start, or during the course of play, play on a Sports Action ticket, which includes that game, may continue until the rescheduled starting time for the game. In the exercise of the Director's discretion, the final outcome for a postponed game and any special plays associated with that game may instead be determined by using the Lottery's random number generator.

(4) **Game Terminated after Play Has Started:** If a game is officially terminated after play has started and the results of that game are declared as official and final by the NFL, the Lottery will adopt those results. Results include the final score of the game and any special plays within that game.

DIVISION 91

SCOREBOARD

October 1, 2009

OAR 177-091-0000 Purpose and Disclaimer

(1) **Purpose:** These rules establish the procedures and requirements for playing Oregon Lottery Scoreboard, a lottery game operated by the Oregon State Lottery and authorized by the Oregon State Lottery Commission, which is based upon the results of sporting events.

(2) **Disclaimer:** Scoreboard 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.

OAR 177-091-0010 Definitions

For the purposes of Division 91, the following definitions apply except as otherwise specifically provided in OAR Chapter 177, or unless the context requires otherwise:

(1) **"Game ticket"** or **"ticket"** means a computer-generated, printed paper issued by a terminal as a receipt for the sporting-event and game-play selections made by a player and that contains, but is not limited to, the following data: The caption "Scoreboard", the dates of the sporting events for which the ticket is played, an identifying number, the price of the ticket, a six-digit retailer number, a serial number, and a bar code.

(2) **"Official Scoreboard results"** means the Lottery's list of the final sporting event scores.

(3) **"Quick pick"** means the random selection by a terminal of the numbers played on a ticket.

(4) **"Draw game terminal"** or **"Terminal"** has the meaning set forth in OAR 177-070-0005(4).

(5) **"Ticket validation"** or **"validation"** means the process of determining whether a ticket presented for payment is a winning ticket as set forth in OAR 177-070-0035.

OAR 177-091-0020 Game Description

(1) **General:** Scoreboard is a Lottery game based on the outcome of sporting events in which a player must match quick pick numbers to the last digit of the final score for each team in each period of play, including, but not limited to, quarters, innings, rounds, and periods, in a sporting event selected by the Lottery. These scores may be commonly known as the "box score", but only the Lottery's official Scoreboard results are used to determine winners. The final score includes any overtime play.

(2) **Name of Game:** Lottery may from time to time use variations of the name Scoreboard including, but not limited to, such names as "Monday Scoreboard", "Monday Night Scoreboard."

(3) **Game Changes:** The Director reserves the right to suspend or cancel the Scoreboard game at any time. The Director's decisions are final.

OAR 177-091-0030 Play Dates and Times

Scoreboard shall support up to twenty sporting events. Dates and times to purchase a ticket will vary depending on the times of the sporting events selected by the Lottery during the Lottery's Scoreboard season.

OAR 177-091-0040 Price

The minimum price of a Scoreboard ticket is $2. The maximum price of a ticket is $20. A player may choose to wager $2, $3, $4, $5, $10, or $20 per ticket.

OAR 177-091-0050 Ticket Purchase, Restrictions, and Characteristics

(1) **General:** Scoreboard tickets must be purchased during the Oregon Lottery's Scoreboard season which will be determined by the Lottery and announced by reasonable means before or during the season.

(2) **Authorized Retailer:** Scoreboard tickets are sold at retailer locations that have a Lottery contract to sell Scoreboard tickets.

(3) **Age of Player:** A player must be at least 18 years of age to purchase a Scoreboard ticket.

(4) **Ticket Purchase:** A ticket may be purchased either from a clerk-operated terminal, or a player-operated terminal. All Scoreboard tickets are quick picks.

(a) **Purchasing a Ticket from a Clerk-Operated Terminal:** The player informs the clerk of the event, the number of tickets desired, and the amount of money to be played on each ticket. After the player submits the request and the money to the clerk, the clerk uses the terminal to issue the requested tickets to the player.

(b) **Purchasing a Ticket from a Player-Operated Terminal:** A player may purchase Scoreboard tickets from a player-operated terminal by following the instructions appearing on the touch screen of the terminal. Once the player has completed the player's selection and inserted the price of the tickets into the terminal, the terminal issues the tickets to the player.

(5) **Ticket Description:** On each ticket purchased by the player, four sets of two single-digit numbers for each of the specified event's periods of play will be printed. The single-digit numbers produced will range from zero through nine. No two sets of numbers in any period of play will be duplicated.

(6) **Ticket Characteristics:** A ticket is the only acceptable evidence of the selections made by a player and the only valid receipt for claiming a prize. A copy of a ticket has no pecuniary or prize value and does not constitute evidence of ticket purchase or the selections made by a player.

OAR 177-091-0060 Cancellation of Tickets

A player may not cancel a Scoreboard ticket.

OAR 177-091-0070 Prize Structure

The following table sets forth the prize structure and the estimated probability of winning a Scoreboard prize for a sporting event with four quarters of play. Quarters are defined as first quarter, second quarter, third quarter, and final score. Payouts on this table are based on a $2 wager. Payouts increase proportionally based on the amount wagered by the player.

Match	Win	Odds:1
Any 1 quarter	$5	7.06
Any 2 quarters	$50	113
Any 3 quarters	$500	4,069
All 4 quarters	$50,000	390,625

OAR 177-091-0080 Payment of Prizes; Ticket Validation Requirements

(1) **Payment of Prizes:** A prize payment for a winning Scoreboard ticket must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025.

(2) **Validation of Tickets:** 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 177-091-0100.

(3) **Limitation on Prizes Paid:** A player shall receive only the highest prize available for each winning ticket.

OAR 177-091-0090 Probability of Winning

The number of prizes for Scoreboard is not pre-determined by the Lottery. The overall prize percentage payout for Scoreboard prizes is estimated at 70 percent over time but will vary from week to week, as well as from year to year, due to factors which include, but are not limited to, the number of players participating each week and the number of winning wagers.

OAR 177-091-0100 Determination of Winners

(1) **General:** A player wins by correctly matching the numbers on the player's ticket to the last digit of the score of the specified sporting event for the specified period of play.

(2) **Official Game Results:** The scores in a sporting event become official for the purpose of playing Scoreboard when adopted by the Lottery and listed in the Lottery's official game results. The Lottery shall not recognize protests or overturned decisions.

(3) **Availability of Results:** The Lottery shall make Scoreboard results available at all retailer locations that sell Scoreboard tickets after each sporting event has ended.

OAR 177-091-0110 Sporting Event Cancellation, Rescheduling, or Suspension

(1) **Cancellation of Sporting Event:** If a sporting event is canceled prior to the start, or during the course of play, and it is not declared final and it is not rescheduled by the governing body for that event, the Director shall authorize the refund of the purchase price of a player's ticket for that sporting event to the player.

(2) **Sporting Event Rescheduled:** If a sporting event is rescheduled prior to the start, or during the course of play, by the governing body for that event, play on the Scoreboard tickets purchased for that sporting event may continue for the sporting event at the rescheduled time, or in the exercise of the Director's discretion, the Director may authorize the refund of the purchase price of a player's ticket for that sporting event to the player.

(3) **Suspension of Sporting Event After Play Has Started:** If a sporting event is suspended after play has started and the governing body for that event does not reschedule the event and declares the results of that event as official/final, the Lottery shall adopt the score from the last completed period of play as the score for any remaining unplayed periods of play as well as the final score of that sporting event. For example, if a professional football game ends after two quarters of play, and the National Football League declares the game official, the score at the end of the second quarter of play also becomes the score for the unplayed third quarter and the final game score.

DIVISION 94

WIN FOR LIFE℠

April 6, 2014

OAR 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) **"Draw game terminal"** or **"Terminal"** has the meaning set forth in OAR 177-070-0005(4).

(9) **"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.

OAR 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.

OAR 177-094-0020 Price

(1) **General:** The minimum price of a ticket for a single drawing is $2.

(2) **Consecutive Drawings:** 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). A player may purchase tickets for future consecutive drawings up to the maximum permitted by the Lottery.

(3) **Game Boards:** 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. Any game slip indicating a total ticket purchase price greater than that permitted by the Lottery shall be automatically rejected by the terminal.

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

(1) **General:** Win for Life tickets may be purchased every day of the year during the hours of operation of the Lottery's central computer 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.

OAR 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.

OAR 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.

OAR 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.

OAR 177-094-0080 Prizes

(1) **General:** 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.

Prize Category	Match	Win	Odds
Win for Life℠	Match all four numbers within the Win for Life℠ prize category horizontal set of numbers to the winning numbers	$1,000 per week for life	1:1,353,275
$50,000	Match all four numbers within a $50,000 prize category horizontal set of numbers to the winning numbers	$50,000	1:676,638
$20,000	Match all four numbers within a $20,000 prize category horizontal set of numbers to the winning numbers	$20,000	1:338,319
$10,000	Match all four numbers within a $10,000 prize category horizontal set of numbers to the winning numbers	$10,000	1:169,159
Any Three Numbers	Match three numbers within a Win for Life℠, $50,000, $20,000, or $10,000 prize category horizontal set of numbers to the winning numbers	$25.00	1:309
Any Two Numbers	Match two numbers within a Win for Life℠, $50,000, $20,000, or $10,000 prize category horizontal set of numbers to the winning numbers	$2.00	1:6

No Numbers	No numbers in a game play match the winning numbers	$3.00	1:26
	Any Prize		1:4.63

(2) **Prize Percentage Payout:** 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) **Disputes:** In the event of a dispute over the value of a prize or whether a ticket contains winning numbers or is a winning ticket, the Director's determination is controlling.

(4) **Multiple Prizes:**

(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) **Claiming a Prize:** Prize payments must be claimed, and shall be made, in accordance with the provisions of OAR 177-070-0025. Notwithstanding OAR 177-070-0025(2) and subject to section (7) of this rule, a person who claims a Win for Life℠ top prize of $1,000 a week for life must present the winning ticket and completed claim form in person, at Lottery Headquarters in Salem, Oregon.

(6) **Payment of Prizes:** Upon validation of a winning ticket, a prize resulting from that winning ticket shall be paid to the prize winner 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) **General:** The Win for Life℠ top prize is $1000 per week for life. Only one natural person may own a winning ticket for the Win for Life℠ top prize of $1,000 per week for life, and claim the Win for Life℠ top prize of $1,000 per week for life. Notwithstanding OAR 177-046-0110(6), a winning ticket of the Win for Life℠ top prize cannot be owned jointly and the top prize will only be paid to the owner of the winning ticket.

(b) **Ownership:** Only one natural person may sign a Win for Life℠ top prize of $1000 per week for life winning ticket. A winning ticket of a Win for Life℠ top prize is owned by the natural person who first signs the ticket and cannot be claimed by multiple owners. In the event a single winning ticket is signed by more than one natural person, the natural persons who signed the ticket must identify the natural person who first signed the ticket on a form provided by the Lottery.

(A) **No Relinquishment:** Notwithstanding OAR 177-024-0110(6)(c), ownership of a winning ticket of a Win for Life℠ top prize of $1000 per week for life cannot be relinquished.

(B) **Deceased Signatory**: If the owner of a winning ticket of a Win for Life℠ top prize dies before the prize is claimed, the personal representative of the owner's estate as appointed by a court, may claim the prize on behalf of the owner's estate. The maximum prize is $260,000 as set forth in subsection (f) and will be paid by the Lottery to the owner's estate in one lump sum.

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

(A) **Weekly:** A prize payment of $1000 each week beginning on the date prize payment is initiated upon validation of the winning ticket and thereafter on the same day each week, or if such day falls on a non-business day, then the next business day; or

(B) **Annually:** A payment of $52,000 paid annually beginning on the date prize payment is initiated upon validation of the winning ticket and thereafter 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 first payment.

(d) **Payments to Cease upon Winner's Death:** The Win for Life℠ top prize of $1,000 per week for life will be paid to the prize winner until such time as the prize winner dies at which time all further prize payments shall cease.

(e) **Five-Year Guaranteed Payment:** Notwithstanding subsection (d) 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.

(f) **Maximum Five-Year Guaranteed Payment:** Notwithstanding subsections (d) and (e) of this section, for Win for Life℠ tickets purchased on or after December 1, 2010, if the prize winner dies within five years of the date of prize validation, the Lottery shall pay any remaining prize payment the prize winner would have received within the first five years after prize validation in one lump sum, up to a maximum of $260,000, to the individual designated on a beneficiary designation form or to the prize winner's estate.

(g) **Election of Payment Schedule:**

(A) **Limitations of Election:** At the time of the validation of a winning Win for Life℠ ticket for the top prize of $1000 per week for life, the prize winner of the top prize must elect either the weekly or annual prize payment schedule described in subsection (b) of this section. A prize 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 prize 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 prize 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) **Election When Child Support Owed:** 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 prize 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) **Conversion to Annual Payment Schedule upon Garnishment from Department of Justice:** Upon receipt of garnishment proceedings from DOJ directed to the Lottery for monies due or to become due to a prize winner receiving weekly payments under the Win for Life℠ top prize of $1000 per week for life, the Lottery will place that prize winner on the annual payment schedule as described in subsection (7)(b)(B) of this section. Conversion of the prize winner's payment schedule from weekly to annual under this section of the rule is irrevocable. The Lottery shall make payments to such a prize winner as follows:

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

(ii) **Subsequent Payments:** 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 or on the next business day following if the anniversary date is a Saturday, Sunday, holiday or furlough closure day.

(h) **Limitation on Prize Amount for Multiple Top Prize Winning Tickets:** Where there are more than three winning tickets in a single Win for Life℠ drawing, the maximum combined annual top prize payout for a single Win for Life℠ drawing is $156,000.

(A) **More Than Three Winning Tickets:** Notwithstanding the $1,000 per week amount referred to in this rule, if there are more than three winning tickets for a Win for Life℠ top prize of $1,000 per week for life in a single drawing, the annual

top prize payment per winning ticket shall be limited to $156,000 divided by the number of winning tickets of the Win for Life℠ top prize in that drawing.

(B) **Example:** For example, if there are four Win for Life℠ top prize winning tickets in a single drawing, the annual top prize amount is calculated by dividing 4 into $156,000 which equals $39,000 as the annual prize payment amount per each winning ticket.

(C) **Payment:** Notwithstanding subsection (g) of this section, the prize winner will be paid on an annual prize payment schedule. This placement on the annual prize payment schedule is irrevocable.

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

(i) **Initiation of Payment:** Prize payment is initiated upon validation of a winning ticket.

(j) **Electronic Fund Transfer:** After the initial prize payment issued to a Win for Life℠ top prize winner, the Lottery shall pay both weekly and annualized Win for Life℠ prize installments via electronic funds transfer in the usual course of Lottery business.

(k) **Annual Affidavit Required:**

(A) **General:** Once each year and no earlier than thirty days prior to the anniversary of the original validation date, a prize 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 prize winner, bearing the seal of a notary public, verifying the prize winner is living, containing the prize winner's current address, and a bank account number to which the prize shall be paid.

(B) **Termination of Prize:** If a prize 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 prize winner. If the failure of a prize winner to provide the affidavit continues to the next anniversary of the validation date, the remainder of the prize shall be terminated.

(C) **Exception:** Notwithstanding paragraph (B) of this subsection, when it is reasonable and prudent to do so based on the facts underlying a prize 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.

(l) **Death During a Payment Year:** If a prize winner of a Win for Life℠ top 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 prize winner died will not be subject to reimbursement by the Lottery. Any prize payment paid after the year in which the prize winner dies relative to the anniversary date of validation of the prize shall be subject to reimbursement to the Lottery.

(m) **Non-Assignability:** A Win for Life℠ top prize of $1,000 per week for life is based on the unknown duration of the life of the prize winner and is therefore a prize of unspecified value and uncertain periodicity. Consequently, a Win for Life℠ top prize of $1,000 per week for life is not a future periodic prize payment as described in ORS 461.253(1) and cannot 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.

OAR 177-094-0085 Retailer Selling Bonus

(1) **General:** For the purposes of OAR 177-040-0025(2)(a), a retailer who sells any winning and validated Win for Life℠ top prize of $1,000 per week for life shall receive a bonus of $13,000 which is based on one percent (1%) of an estimated prize value of $52,000 per year paid over a period of 25 years ($52,000 x 25 = $1,300,000 x .01 = $13,000).

(2) **Multiple Top Prize Winning Tickets:** Notwithstanding section (1) of this rule, if the Win for Life℠ top prize of $1,000 per week for life is reduced in accordance with OAR 177-094-0080(7)(g), the selling retailer shall receive a bonus based on one percent of the actual prize amount paid over a period of 25 years. For example, if the prize value paid is $31,200 per year, the bonus shall be $31,200 x 25 = $780,000 x .01 = $7,800.

OAR 177-094-0100 Annual Affidavit Required for Prize Winners of the Win for Life℠ Scratch-it℠ Ticket Game

This rule applies retroactively to the Win for Life℠ Scratch-it℠ ticket game that began April 4, 1995 and ended February 29, 1996.

(1) **Definitions:** The definitions in OAR 177-094-0000 do not apply to this rule.

(a) **"Original validation date"** or **"date of validation"** is the date the Lottery determined that the prize winner's Win for Life℠ Scratch-it℠ ticket was valid and eligible for payment of the top prize of $1,000 per month for life.

(b) **"Scratch-it℠"** has the meaning set forth in OAR 177-050-0002.

(2) **Annual Affidavit Required:**

(a) **General:** Beginning April 1, 2014, once each year and no earlier than thirty days prior to the anniversary of the original validation date, a prize winner of a Win for Life^{SM} Scratch-it^{SM} ticket game top prize of $1,000 per month for life shall provide the Lottery with an affidavit on a form provided by the Lottery, signed by the prize winner, bearing the seal of a notary public, verifying the prize winner is living, containing the prize winner's current address, and a bank account number to which the prize shall be paid.

(b) **Termination of Prize Payment:** If a prize winner of a Win for Life^{SM} Scratch-it^{SM} ticket game prize of $1,000 per month for life does not provide the Lottery with the annual affidavit described in subsection (2)(a) of this rule, then the Lottery shall not make the annual prize payment of $12,000 to the prize winner until the affidavit is received. Lottery shall retain that year's annual prize payment for six years from the anniversary of the original validation date unless the affidavit is received. If the prize winner fails to provide an annual affidavit within the six-year period, that year's annual prize payment shall constitute an unclaimed prize as described in OAR 177-010-0085 and shall be forfeited to the public purpose.

(c) **Interest:** No interest shall be paid by the Lottery on the value of the prize during the period the prize remained unclaimed.

(3) **Garnishment for Child Support Owed:**

(a) **Payment Less Garnishment Amounts:** 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 a prize winner receiving payments under the Win for Life^{SM} Scratch-it^{SM} ticket game top prize of $1,000 per month for life and the Division of Child Support of the Department of Justice (DOJ) or its successor initiates garnishment proceedings, or upon receipt of garnishment proceedings from DOJ directed to the Lottery for monies due or to become due to a prize winner, the Lottery shall pay the prize winner the sum of the prize winner's monthly payments from the date the Lottery placed the prize winner's payments on hold to the prize winner's next anniversary of the original validation date less any amounts withheld pursuant to the garnishment proceedings and applicable tax laws.

(b) **Subsequent Payments:** 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 or on the next business day following if the anniversary date is a Saturday, Sunday, holiday, or furlough closure day.

(4) **Death During a Payment Year:** If a prize winner of a Win for Life^{SM} Scratch-it^{SM} ticket game prize of $1,000 per month for life dies within a year for which 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 prize winner died will not be subject to reimbursement by the Lottery. If for any reason a prize payment is paid after the

year in which the prize winner dies relative to the anniversary date of validation of the prize, the prize payment shall be subject to reimbursement to the Lottery.

DIVISION 98

MEGA MILLIONS®

October 19, 2013

OAR 177-098-0000 Purpose

These rules establish the requirements for playing Mega Millions,® a lotto game operated through a Cross-Selling Agreement for the selling of the Mega Millions® Game by the Multi-State Lottery Association (hereinafter referred to as "MUSL"), of which the Oregon State Lottery is a member.

OAR 177-098-0010 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) "**Draw game terminal**" or "**Terminal**" has the meaning set forth in OAR 177-070-0005(4).

(3) "**Finance & Audit Committee**" means the committee established by the Multi-State Lottery Association Agreement.

(4) "**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 seventy-five squares, numbered one through seventy-five and the second set containing fifteen squares, numbered one through fifteen.

(5) "**Game ticket**" or "**Ticket**" means a ticket produced by a terminal which contains the caption Mega Millions®, one or more lettered game plays followed by the drawing date, the price of the ticket, whether or not the player has purchased the Megaplier® option, the number of draws, the drawing dates if more than one drawing was purchased, a six digit retailer number, and a serial number that is compatible with the Lottery's central computer system.

(6) "**Jackpot**" means the top prize of the Mega Millions® game. The annuity Jackpot Prize is an amount that would be paid in thirty graduated annual installments with the annual payments increasing by five percent each year.

(7) "**Mega Millions® Finance Committee**" means a committee of the Mega Millions® Lotteries which determines the Jackpot Prize amount (cash and annuity).

(8) "**Mega Millions® Lottery or Lotteries**" means those lotteries which have joined under the Mega Millions® Lottery Agreement and through a Cross-Selling Agreement with MUSL, to operate and sell the Mega Millions® game.

(9) “**Megaplier®”** means Mega Millions® game feature, known as "Megaplier®", by which a player, for an additional wager of $1 per play, can increase the guaranteed prize amount or pari-mutuel prize amount, as applicable, excluding the Jackpot Prize by a factor of two, three, four, or five times depending upon the multiplier number that is drawn prior to the Mega Millions® game drawing.

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

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

(12) “**Participating Lottery**” or “**Selling Lottery**” means a state lottery or lottery of a political subdivision or entity which is participating in selling the Mega Millions® game and which may be a member of either group.

(13) "**Party Lottery**" means a state lottery or lottery of a political subdivision or entity which has joined the MUSL and, in the context of these Product Group Rules, which has joined in selling the games offered by the MUSL Mega Millions® Product Group.

(14) "**Play**" means the six numbers, the first five from a field of seventy-five numbers and the last one from a field of fifteen numbers, that appear on a ticket as a single lettered selection and are to be played by a player in the game.

(15) "**Play slip**" means a card used in marking a player's game plays and containing one or more boards.

(16) “**Product Group**” means the group of lotteries which has joined together to offer the Mega Millions® lottery game product pursuant to the terms of a Cross-Selling Agreement with the Mega Millions® Lotteries, the Multi-State Lottery Agreement and the Group’s own rules.

(17) “**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.

(18) "**Retailer**" means a person or entity authorized by the Lottery to sell lottery tickets.

(19) "**Set Prize**" means all other prizes except the Jackpot 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.

(20) "**Winning numbers**" means the six numbers, the first five from a field of seventy-five numbers and the last one from a field of fifteen numbers, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

OAR 177-098-0020 Game Description

(1) **General Information**: Mega Millions® is a five out of seventy-five plus one out of fifteen lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions® Lotteries,

and which pays the Jackpot 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 a graduated annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions® Finance Committee on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid as a single lump sum payment.

(2) **Selection of Numbers**: To play the Mega Millions® game, a player shall select five different numbers, from one through seventy-five and one additional number from one through fifteen (the Mega ball), for input into a terminal. The Mega ball may be the same as one of the first five numbers selected by the player, as long as it is from one through fifteen.

(3) **Purchase of Tickets**: Tickets can be purchased for one dollar (U.S. $1.00), 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).

(a) If purchased from a retailer, the retailer will issue a ticket, via the terminal, containing the player's selected set or sets of numbers, each of which constitutes a game play. The player may select a set of five numbers from one to seventy-five and one additional number from one through fifteen by:

(A) Marking six numbered squares in any one game board on a play slip and submitting the play slip to the retailer; or

(B) Requesting "Quick Pick" from the retailer.

(b) Tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine.

(c) A player may purchase tickets for future consecutive drawings up to the maximum permitted by the Lottery.

(4) **Player Responsibility:** 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 may be returned to the Lottery for credit. The placing of plays is done at the player's own risk through the Lottery retailer, who when entering the play or plays is acting on behalf of the player.

(5) **Determination of Winning Numbers**: The winning numbers for the Mega Millions® game shall be determined at a drawing conducted under the supervision of the Mega Millions® Lotteries and the MUSL Board. Winning numbers shall be selected at random with the aid of mechanical drawing equipment or a random number generator. The Lottery Director shall designate a Drawing Manager who shall review and randomly observe the Mega Millions® game drawings conducted.

OAR 177-098-0030 Prize Claims

(1) **General:** A ticket, subject to the validation requirements set forth in these rules and OAR 177-070-0035, 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. A terminal produced paper receipt has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected.

(2) **Prize Claims:** Mega Millions® prize claim procedures are governed by the administrative rules of the Oregon State Lottery. MUSL and the selling lotteries are not responsible for Mega Millions® prizes that are not claimed following the proper procedures as determined by the Oregon State Lottery.

OAR 177-098-0040 Prize Pool

(1) **Prize Pool:** The prize pool for all prize categories shall consist of up to fifty-five percent of each drawing period's sales, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, after the prize reserve accounts are funded to the amounts set by the Product Group. The prize pool may be higher or lower than fifty-five percent based upon the number of winners at each prize level, as well as the funding required to meet a guaranteed Annuity Jackpot Prize as may be required by OAR 177-098-0060(5). Any amount remaining in the prize pool at the end of the Mega Millions® game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with the law of the state or jurisdiction.

(2) **Prize Pool Accounts and Prize Reserve Accounts:** An amount up to five percent of a Party Lottery's sales, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be added to a Party Lottery's Jackpot Prize Pool contribution and placed in trust in one or more prize pool accounts and prize reserve account(s) held by the Product Group at any time that the prize pool accounts and Party Lottery's share of the prize reserve account(s) is below the amounts designated by the Product Group. The Product Group has established the following prize reserve account and prize pool accounts for the Mega Millions® game:

(a) The Prize Reserve Account, which is used to guarantee the payment of valid, but unanticipated, Jackpot Prize claims that may result from a system error or other reason (subject to the limitations of these rules);

(b) The Jackpot Prize Pool Account, which is used to fund the immediate Jackpot Prize;

(c) The Set-Aside Account, which is used to guarantee payment of the minimum or starting Jackpot Prize The source of the Set-Aside Account funding is the difference between the amount in the Jackpot Prize Pool Account and the amount needed to fund Jackpot Prize payments as determined by the Mega Millions® lotteries;

(d) The Megaplier® Prize Pool Account described in OAR 177-098-0110; and

(e) The Low-Tier Prize Pool Account, which holds the temporary balances that may result from having fewer than expected winners in the low-tier Set Prize categories. The source of the Low-Tier Prize Pool Account is the Party Lottery's weekly prize contributions less actual Set Prize liability.

(3) **Balances:** The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize pool accounts and prize reserve account. The Product Group may determine to expend all or a portion of the funds in the prize pool accounts (except the Jackpot Prize Pool Account) and the prize reserve accounts:

(a) For the purpose of indemnifying the Party Lotteries and the Mega Millions® Lotteries in the payment of prizes to be made by the participating lotteries, subject to the approval of the MUSL Board; and

(b) For the payment of prizes or special prizes in the game; subject to the approval of the Finance and Audit Committee.

The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. Any amount remaining in the prize pool accounts or prize reserve account at the end of the Mega Millions® game shall be carried forward to a replacement game or expended in a manner as directed by the Members of the Product Group in accordance with the law of the state or jurisdiction.

(4) **Expected Prize Payout Percentages:** The Jackpot Prize shall be determined on a pari-mutuel basis. Except as provided in these rules and except for winning prizes sold by the California Lottery, all other prizes awarded shall be paid as Set Prizes with the following expected prize payout percentages, which does not include an additional amount held in prize reserves:

Prize Pool Percentages		
Number of Matches per Play	**Prize**	**Allocated to Prize**
1. All 5 of first set plus one of second set (Mega Ball)	Jackpot Prize	65.154%
2. All 5 of first set and none of second set (no Mega Ball)	$1,000,000	10.815%
3. Any four of first set plus one of second set (Mega Ball)	$5,000	1.352%
4. Any four of first set and none of second set (no Mega Ball)	$500	1.893%
5. Any three of first set plus one of second set (Mega Ball)	$50	0.933%
6. Any three of first set and none of second set	$5	1.306%
7. Any two of first set plus one of second set (Mega Ball)	$5	2.114%

8. Any one of first set plus one of second set (Mega Ball)	$2	7.083%
9. None of first set and one of second set (Mega Ball only)	$1	9.350%

(a) **Division of Jackpot Prize Among Winners:** The Jackpot Prize amount shall be divided equally by the number of game tickets winning the Jackpot Prize.

(b) **Set Prizes:** The prize pool percentage allocated to the Set Prizes (the single lump sum prizes of $1,000,000 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.

(c) **Pari-Mutuel Prize Determinations:**

(A) Except as otherwise provided for in OAR 177-098-0110(10)(c), 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, including Megaplier® prizes, awarded shall be drawn from the following sources, in the following order:

(i) The amount allocated to the Set Prizes and carried forward from previous draws, if any;

(ii) An amount from the prize reserve account described in section (2) of this rule, if available, not to exceed $40,000,000 per drawing.

(B) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded, including Megaplier® prizes, 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.

(C) By agreement with the Mega Millions® Lotteries, the Mega Millions® Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions® Lotteries shall than agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(4) **Advertised Jackpot Prize Annuity Amount:** Except as required by OAR 177-098-0060 the official advertised Jackpot Prize annuity amount is subject to change based on sales forecasts and/or actual sales.

(5) **Changes to Prize Categories:** The number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions® Lotteries,

for promotional purposes. Such change shall be announced by the Lottery prior to the drawing to which the change applies.

OAR 177-098-0050 Probability of Winning

(1) **General:** 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 Mega Millions®. All prize winning tickets sold by the California Lottery are paid on a pari-mutuel basis.

		Probability Distribution		
Prize Level	**Numbers of Matches per Ticket**	**Winners**	**Probability**	**Probable/Set Prize Amount**
1	Match 5 + Mega Ball	1	1:258,890,850	Jackpot Prize
2	Match 5	14	1:18,492,203.57	$1,000,000
3	Match 4 + Mega Ball	350	1:739,688.14	$5,000
4	Match 4	4,9005	1:52,834.87	$500
5	Match 3 + Mega Ball	24,150	1:10,720.12	$50
6	Match 3	338,100	1:765.75	$5
7	Match 2 + Mega Ball	547,400	1:472.95	$5
8	Match 1 + Mega Ball	4,584,475	1:56.47	$2
9	Match Mega Ball	12,103,014	1:21.39	$1
	Overall	17,602,404	1:14.71	

OAR 177-098-0060 Prize Payment

(1) **Selection of Payment Type:** Jackpot 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 validation is final and cannot be revoked, withdrawn, or otherwise changed.

(2) **Share of the Jackpot Prize:** Shares of the Jackpot Prize shall be determined by dividing the amount available in the Jackpot Prize pool equally among all winning game plays of the Jackpot

Prize in all participating lotteries. The prize money allocated from the current Mega Millions® Jackpot Prize Pool Account for the Jackpot Prize, plus any previous portions of prize money allocated to the Jackpot Prize category in which no matching tickets were sold will be divided equally among all Jackpot Prize winning game plays in all participating lotteries.

(3) **Lump Sum Payment:** Jackpot Prize winner(s) who elect a lump sum payment (cash value option) shall be paid their share(s) in a single lump sum payment. The lump sum payment amount shall be determined by the Product Group. The lump sum payment shall be paid upon completion of all internal validation procedures. Prize payments may be rounded down to the nearest $1,000.

(4) **Initial and Annual Annuitized Payments:** All annuitized prizes shall be paid in graduated annual payments, with the initial payment being made in cash. Graduated annual payment option Jackpot Prizes will be paid in thirty graduated annual installments. The initial payment shall be paid upon completion of all internal validation procedures. The subsequent twenty-nine payments shall be paid graduated annually to coincide with the month of the Federal auction date at which the bonds were purchased to fund the annuity, with graduated annual installments defined in the Mega Millions® Lotteries' Finance and Operations Procedures. Payments shall escalate by a factor of five percent annually, and annual payments shall be rounded down to the nearest even one thousand dollar increment. All such payments shall be made within seven days of the anniversary of the annual auction date.

(5) **Jackpot Prizes and Increases:** The Mega Millions® lotteries may set a minimum guaranteed annuity Jackpot Prize amount, which shall be advertised by the selling lotteries as the starting guaranteed annuity Jackpot Prize amount.

(6) **Roll Over of Jackpot Prize:** If in any Mega Millions® drawing there are no Mega Millions® plays which qualify for the Jackpot Prize category, the portion of the prize fund allocated to such Jackpot Prize category shall remain in the Jackpot Prize category and be added to the amount allocated for the Jackpot Prize category in the next consecutive Mega Millions® drawing.

(7) **Funding the Annuity:** Funds for the initial payment of an annuitized prize or the lump sum cash prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If individual shares of the cash held to fund an annuity is less than $250,000, the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Jackpot Prize pool. 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.

(8) **Lack of Available Funds:** If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions® Game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

(9) **Death of Winner:** In the event of the death of a lottery winner sold by a Party Lottery during the annuity payment period, the MUSL Finance & Audit Committee, in its sole discretion excepting

a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning ticket, and subject to federal, state, district or territorial applicable laws, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or cash held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Finance & Audit Committee or the Product Group.

(10) **Low-Tier Cash Prize Payments:** All low-tier cash prizes (all prizes except the Jackpot Prize) shall be paid in cash through the Party Lottery which sold the winning ticket(s). A Party Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

(11) **Rounding of Prize Payments:** Annuitized payments of the Jackpot Prize or a share of the Jackpot Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Jackpot Prize win shall be added to the first payment to the winner or winners. Prizes other than the Jackpot 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.

(12) **Roll Over of Jackpot Prize:** If the Jackpot Prize is not won in a drawing, the prize money allocated for the Jackpot Prize shall roll over and be added to the Jackpot Prize pool for the following drawing.

(13) **One Prize per Game Play:** The holder of a winning ticket may win only one prize per game play 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.

(14) **Claim Expires in One Year:** Claims for all prize categories, including the Jackpot Prize, shall be submitted within one year after the date of the drawing in accordance with these rules and OAR 177-070-0025(3).

OAR 177-098-0070 Ticket Validation

(1) **Validation Requirements:** To be a valid ticket and eligible to receive a prize, a Mega Millions® ticket shall satisfy all the requirements established by Lottery for validation of winning Mega Millions® tickets sold through Lottery's central computer system and any other validation requirements adopted by the Product Group, the MUSL Board and any other requirements 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 Mega Millions® ticket is submitted to the Lottery for validation along with the Lottery's completed claim form, and the Lottery has initiated the validation procedures, the Lottery retains possession of the winning ticket and claim form.

(2) **Mega Millions® Ticket Required:** Under no circumstances will a claim be paid for either the Jackpot Prize or a lower tier set prize without an official Mega Millions® ticket matching all game play, serial number and other validation data residing in Lottery's gaming system computer and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.

(3) **Additional Validation Requirements:** In addition to the validation requirements set forth in section (1) of this rule, in order to be deemed a valid, winning Mega Millions® ticket, all of the following conditions must be met:

(a) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the drawing date(s) printed on the ticket;

(b) The ticket must be intact;

(c) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner;

(d) The ticket must not be counterfeit or an exact duplicate of another winning ticket;

(e) The ticket must have been issued by a Lottery retailer authorized to sell Mega Millions® tickets on official paper stock of the Lottery;

(f) The ticket must not have been stolen, to the knowledge of the Lottery;

(g) The ticket must be submitted for payment in accordance with these rules.

(h) The ticket data must have been recorded on the Lottery's central computer system prior to the drawing and the ticket data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the Lottery's central computer, the wager accepted by the Lottery's central computer shall be the valid wager;

(i) The player or computer number selections, validation data and the drawing date(s) of an apparent winning ticket must appear on the official file of winning tickets, and a ticket with that exact data must not have been previously paid;

(j) The ticket must not be misregistered, defectively printed, or printed or produced in error to an extent that it cannot be validated by the Lottery;

(k) The ticket must pass validation tests using a minimum of three of the five validation methods as defined in the Mega Millions® Finance and Operations Procedures, Section 15. In addition, the ticket must pass all other confidential security checks of the Lottery;

(l) In submitting a Mega Millions® ticket for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the Director of the Party Lottery that issued the ticket;

(m) There must not be any other breach of these Mega Millions® Rules in relation to the ticket, which, in the opinion of the Director of the Party Lottery that issued the ticket, justifies invalidation; and

(n) The ticket must be submitted to the Party Lottery that issued it.

OAR 177-098-0080 Ticket Responsibility

(1) **General:** Until such time as a signature is placed in the area designated for signature, a Mega Millions® ticket is owned by the bearer of the ticket. MUSL, the Product Group, and the Lottery are not responsible for lost or stolen tickets.

(2) **Reporting Errors:** Winners are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions® draw. Neither the Lottery, nor MUSL is responsible for Mega Millions® winning numbers reported in error.

OAR 177-098-0090 Ineligible Players

(1) **General:** A Mega Millions® game ticket may not be purchased by and a prize may not be paid to, a member of the Lottery Commission, the director, the assistant directors or any employee of the Lottery, or to any spouse, child, brother, sister, or parent of such person.

(2) **MUSL Restrictions:** A Mega Millions® ticket issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such ticket 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 (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a) through (c) of this section and residing in the same household.

OAR 177-098-0100 Applicable Law

(1) **General:** In purchasing a Mega Millions® ticket issued by the Lottery, the purchaser agrees to comply with and be bound by all applicable statutes, administrative rules and procedures of the

Lottery and MUSL, and by the directives and determinations of the Lottery director. The purchaser agrees, as the purchaser's sole and exclusive remedy, that claims arising out of a Mega Millions® ticket purchased from the Lottery can be pursued only against the Lottery and not any other Party Lottery. Litigation, if any, shall only be maintained within the state in which the Mega Millions® ticket was purchased and only against the Party Lottery that issued the ticket.

(2) **Final Determinations:** All decisions made by the Lottery director, including the declaration of prizes and the payment thereof and the interpretation of Mega Millions® game rules and procedures, are final and binding on all purchasers and on every person making a claim in respect thereof. Nothing in this rule shall be construed as a waiver of any defense or claim the Lottery may have in the event a purchaser or person making a claim pursues litigation against the Lottery Commission or the Lottery, its officers, or employees.

177-098-0110 Megaplier®

(1) **General:** Megaplier® is an optional, limited extension promotion of the Mega Millions® Game described in OAR Division 98. The Lottery Director, in the Lottery Director's sole discretion and based on agreements with MUSL, is authorized to initiate and terminate the Megaplier® option.

(2) **Set Prizes Only:** Megaplier® multiplies or increases the amount of any of the lump sum Set Prizes (the cash prizes normally paying $1 to $1,000,000) won in a drawing held during the promotion. The Jackpot Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier® promotion.

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

(4) **Prizes to be Multiplied or Increased:**

> (a) **Set Prizes:** A qualifying play which wins one of the lump sum Set Prizes will be multiplied by the number selected (either 2, 3, 4, or 5), in a separate random Megaplier® drawing announced in a manner determined by the Product Group.

(5) **Selection of Multiplier®:** MUSL will either itself conduct, or authorize a U.S. Lottery to conduct on its behalf, a separate random "Megaplier®" drawing. Before each Mega Millions® drawing a single number (2, 3, 4, or 5) shall be drawn. The Mega Millions® Product Group may change one or more of the multiplier features for special promotions from time to time. In the event the "Megaplier®" drawing does not occur prior to the Mega Millions® drawing, the multiplier number will be a 5, which shall solely be determined by the lottery authorized to conduct the Megaplier® drawing.

(6) **Megaplier® Prize Pool Account:** The Megaplier® Prize Pool Account for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent of each drawing period's

sales, as determined by the Product Group, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket. The Megaplier® Prize Pool Account shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Megaplier® prizes awarded in the current draw and held in the Megaplier® Prize Pool Account. Any amount not used to pay for multiplied prizes may be collected and placed in the Megaplier® Prize Pool Account until the prize pool account reaches the amount designated by the Product Group. Any amount remaining in the Megaplier® Prize Pool Account at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the members of the Product Group in accordance with jurisdiction law.

(7) **Expected Prize Payout:** Except as provided in these rules, all prizes awarded shall be paid as lump sum Set Prizes. Instead of the Mega Millions® Set Prize amounts, qualifying Megaplier® plays will pay the amounts shown below when matched with the Megaplier® number drawn:

		Megaplier® Prize Amount with Megaplier® Purchase			
Prize Levels	**Set Prize Amount**	**2X**	**3X**	**4X**	**5X**
Match 5	$1,000,000	$2,000,000	$3,000,000	$4,000,000	$5,000,000
Match 4 + Mega Ball	$5,000	$10,000	$15,000	$20,000	$25,000
Match 4	$500	$1,000	$1,500	$2,000	$2,500
Match 3 + Mega Ball	$50	$100	$150	$200	$250
Match 3	$5	$10	$15	$20	$25
Match 2 + Mega Ball	$5	$10	$15	$20	$25
Match 1 + Mega Ball	$2	$4	$6	$8	$10
Match Mega Ball	$1	$2	$3	$4	$5
Megaplier® multiplier numbers do not apply to the Mega Millions® Jackpot Prize.					

In certain rare instances, the Mega Millions® Set Prize amount may be less than the amount shown. In such case, the Megaplier® prizes will be a multiple of the changed Mega Millions® prize amount announced after the draw. For example, if the Match 4+1 Mega Millions® Set Prize amount of $5,000 becomes $2,000 under the rules of the Mega Millions® game, then a Megaplier® player winning that prize amount with a 4X multiplier would win $8,000 ($2,000 x 4).

(8) **Probability of Winning:** The following table sets forth the probability of the various Megaplier® numbers being drawn during a single Mega Millions® drawing. The Product Group may elect to run limited promotions that may modify the multiplier features.

Megaplier		Probability of Prize Increase
5X	Prize Won Times 5	6 in 15
4X	Prize Won Times 4	3 in 15
3X	Prize Won Times 3	4 in 15
2X	Prize Won Times 2	2 in 15
Megaplier® multiplier numbers do not apply to the Mega Millions® Jackpot Prize.		

(9) **Prize Pool Carried Forward:** The prize pool percentage allocated to the Megaplier® 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 or may be held in a prize reserve account.

(10) **Pari-Mutuel Prizes - All Prize Amounts:** Except as otherwise provided in OAR 177-098-0110(10)(c):

(a) If the total of the original Mega Millions® Set Prizes and the Megaplier® prize amounts 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 Megaplier® prize amounts) awarded shall be drawn from the following sources, in the following order:

(A) The amount allocated to the Set Prizes (including Megaplier® prize amounts) and carried forward from previous draws, if any.

(B) An amount from the Mega Millions® prize reserve account, if available in the account, not to exceed $40,000,000 per drawing.

(b) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Megaplier® prize amounts), then the highest Set Prize (including the Megaplier® prize amounts) 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 Megaplier® prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prizes 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. Mega Millions® and Megaplier® prizes will be reduced by the same percentage.

(c) By agreement with the Mega Millions® Lotteries, the Mega Millions® Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Megaplier® prize amounts. The party lotteries and the Mega Millions® Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently calculated prize amounts.

(11) **Prize Payment:** All Megaplier® prizes shall be paid in one lump sum. The Lottery may begin paying Megaplier® prizes after receiving authorization to pay from the MUSL central office.

(12) **Prizes Rounded:** Prizes, which under these rules may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

DIVISION 99

KENO

April 1, 2014

OAR 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 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.

(2) **"Game play"** means the number or group of numbers appearing on a ticket for a particular spot which is compared to the winning numbers, selected at the drawings 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, the choice to play the Special Keno option, the choice to select the Keno Multiplier option, and the choice to select the Keno To Go 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 of purchase, the number of consecutive drawings in which the ticket will be played, the identifying number for each such drawing, the price of the ticket, a six-digit retailer number, a serial number, and a bar code. If the player selects one or more Keno options, the game ticket will also contain:

(a) The phrase "Special Keno" if that option has been selected;

(b) The phrase "Keno Multiplier" if that option has been selected; and

(c) The hour on which a game or consecutive games will begin.

(5) **"Keno Multiplier"** means the Keno and Special Keno play option whereby a player, by paying an additional one dollar for each dollar wagered on a Keno or Special Keno game play, may be entitled to receive a larger prize for correctly selecting winning numbers. Keno Multiplier multiplies the amount of certain prizes won in a game play. Keno Multiplier is an optional, limited extension of the Keno and Special Keno game.

(6) **“Keno To Go”** means a play option which permits a player to purchase a ticket or tickets for a future Keno drawing or future consecutive Keno drawings as permitted by the Lottery.

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

(8) **“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.

(9) **“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.

(10) **“Draw game terminal”** or **“Terminal”** has the meaning set forth in OAR 177-070-0005(4).

(11) **“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.

OAR 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.

OAR 177-099-0015 Keno To Go

(1) **General:** Beginning August 30, 2011 at 5:00 a.m., Lottery may permit a player to purchase a Keno ticket for a future drawing or for future, multiple, consecutive drawings as permitted by the Lottery. To purchase a Keno ticket for a future drawing or for future, multiple, consecutive drawings, a player must select the Keno To Go option on the Keno play slip and mark the appropriate boxes on the play slip. There is no additional charge for the Keno To Go option.

(2) **Disclaimer:** The Director, in the Director’s sole discretion, is authorized to initiate and terminate the Keno To Go option.

OAR 177-099-0020 Price

(1) **General:** The price of a ticket is determined by the amount of money a player chooses to play on the game plays selected, multiplied by the number of drawings in which the ticket will be played. A player may also choose the Keno Multiplier option that will increase the cost of the ticket by $1.00 for every $1.00 wagered.

(2) **Number of Drawings:** A ticket may be purchased for one drawing or for multiple, consecutive drawings.

(a) 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.

(b) The price of a ticket for play in multiple, consecutive drawings is 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.

(3) **Minimum Price:** The minimum ticket price for multiple, consecutive drawings is $2.00 ($1 x 2 consecutive drawings = $2).

(4) **Maximum Price:** The maximum ticket price for any Keno ticket is $100.00.

(5) **Multiple Drawings:** A ticket purchased for multiple, consecutive drawings is limited solely to the following options: 1, 2, 3, 4, 5, 10, 15, 20, 50, or 100 consecutive drawings so long as the price of a ticket does not exceed $100.00.

(6) **Price with Options:** If a player adds the Keno Multiplier option to a Keno or Special Keno game play, the player may only play a maximum of 50 consecutive draws at $2, for a total of $100.

(7) **Rejected Game Slip:** A game slip indicating a price greater than $100 is automatically rejected by the terminal.

OAR 177-099-0030 Ticket Purchase, Characteristics, and Restrictions

(1) (a) **General:** Keno tickets may be purchased every day of the year during the hours of operation of the Lottery's central computer system and a Lottery retailer's business hours.

(b) **Default:** 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 is played under the Keno prize structure.

(c) **Multiplier Option:** A player may purchase the Keno Multiplier option on any Keno or Special Keno game play as set forth in OAR 177-099-0020(6). If a player does not select the Keno Multiplier option when purchasing a ticket, the ticket is played under the Keno or Special Keno prize structure.

(d) **Keno To Go Option:** A player may select the Keno To Go option on any Keno or Special Keno game play. If a player does not select the Keno To Go option when purchasing a ticket, the ticket is valid for the next Keno drawing following the time of purchase and for the following consecutive drawings purchased on that ticket.

(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, and the number of multiple, consecutive drawings in which to play the ticket. The player may select any or all of the following options:

(A) The Special Keno option;

(B) The Keno Multiplier option; and

(C) The Keno To Go 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 wager amount, the number of spots to be played, the Keno or Special Keno option, the Keno Multiplier option, the number of multiple, consecutive drawings to be played, the number of tickets, and whether the player wants the Keno To Go option.

(d) **Purchasing a Ticket from a Player-Operated Terminal:** 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 inserted the player's money into the terminal, verified the player's age, completed the game slip and inserted it 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 the wager amount, the number of spots to be played, the Keno or Special Keno option, the Keno Multiplier option, the number of multiple, consecutive drawings to be played, the number of tickets, and whether the player wants the Keno To Go option.

OAR 177-099-0040 Cancellation of Tickets

A player may cancel a Keno ticket. To cancel a ticket, a player must follow the procedure in OAR 177-046-0060.

OAR 177-099-0050 Drawings

(1) **General:** Drawings shall take place at such times and upon such intervals as determined by the Director. Drawings shall normally take place at four minute intervals. The last drawing shall take place just prior to the deactivation of the Lottery's central computer system for the day.

(2) **Objective:** Each drawing randomly selects twenty numbers from a possible eighty numbers that are the winning numbers. The winning numbers selected at each drawing are generated through the use of a computer-driven random number generator.

(3) **Selection of the Keno Multiplier Number:** The Lottery will conduct a separate random Keno Multiplier drawing and announce the result prior to each of the regular Keno drawings by displaying the Keno Multiplier number on the Keno monitor immediately prior to each new Keno game drawn and after the previous game pool closes. During each random Keno Multiplier drawing, one number will be selected. The Keno Multiplier numbers available for selection are 1, 2, 3, 5, and 10. The Keno Multiplier number selected at each drawing is generated through the use of a computer-driven random number generator in accordance with the provisions of OAR 177-046-0080.

OAR 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 is issued, at the time the original game ticket is validated, for the remainder of the drawings appearing on the validated game ticket.

OAR 177-099-0080 Keno Prizes

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

(1) Prizes for each drawing are determined and awarded based on how many numbers 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:

Keno 65% Payout				
MARK 10 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
10	8,911,711.18	1	$200,000	$200,000
9	163,381.37	55	$245,455	$4,500
8	7,384.47	1,207	$603,409	$500
7	620.68	14,358	$789,692	$55
6	87.11	102,301	$1,023,010	$10
5	19.44	458,309	$916,617	$2
4	6.79	1,312,863	$0	$0
3	3.74	2,383,013	$0	$0
2	3.39	2,631,229	$0	$0
1	5.57	1,600,288	$0	$0
0	21.84	408,074	$2,040,368	$5
Total Payout	$5,818,551			

Percent Payout	65.29%
Odds	1:9.05

MARK 9 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
9	1,380,688	1	$50,000	$50,000
8	30,682	45	$135,000	$3,000
7	1,690	817	$175,638	$215
6	175	7,897	$197,423	$25
5	31	45,012	$180,050	$4
4	9	157,544	$157,544	$1
3	4	339,800	$0	$0
2	3	436,886	$0	$0
1	5	304,670	$0	$0
0	16	88,016	$0	$0
Total Payout	$895,655			
Percent Payout	64.87%			
Odds	1:6.53			

MARK 8 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
8	230,115	1	$15,000	$15,000
7	6,232	37	$22,154	$600
6	423	545	$32,677	$60
5	55	4,212	$42,117	$10
4	12	18,755	$37,510	$2
3	5	49,425	$0	$0
2	3	75,511	$0	$0
1	4	61,317	$0	$0
0	11	20,311	$0	$0
Total Payout	$149,458			
Percent Payout	64.95%			
Odds	1:9.77			

MARK 7 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
7	40,979	1	$5,500	$5,500
6	1,366	30	$4,500	$150
5	116	354	$5,310	$15
4	19	2,139	$4,278	$2
3	6	7,171	$7,171	$1
2	3	13,386	$0	$0
1	3	12,916	$0	$0
0	8	4,982	$0	$0
Total Payout	$26,759			
Percent Payout	65.30%			
Odds	1:4.23			

MARK 6 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
6	7,753	1	$1,600	$1,600
5	323	24	$1,320	$55
4	35	221	$1,106	$5
3	8	1,006	$1,006	$1
2	3	2,390	$0	$0
1	3	2,818	$0	$0
0	6	1,292	$0	$0
Total Payout	$5,033			
Percent Payout	64.91%			
Odds	1:6.19			

MARK 5 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
5	1,551	1	$465	$465
4	83	19	$281	$15
3	12	130	$260	$2
2	4	419	$0	$0
1	2	629	$0	$0
0	4	352	$0	$0

Total Payout	$1,007
Percent Payout	64.91%
Odds	1:10.34

MARK 4 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
4	326	1	$72	$72
3	23	14	$71	$5
2	5	69	$69	$1
1	2	141	$0	$0
0	3	101	$0	$0
Total Payout	$212			
Percent Payout	64.94%			
Odds	1:3.86			

MARK 3 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
3	72	1	$27	$27
2	7	10	$20	$2
1	2	31	$0	$0
0	2	30	$0	$0
Total Payout	$47			
Percent Payout	65.21%			
Odds	1:6.55			

MARK 2 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
2	17	1	$11	$11
1	3	6	$0	$0
0	2	9	$0	$0
Total Payout	$11			
Percent Payout	66.14%			

Odds	1:16.63

MARK 1 SPOT				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
1	4	1	$3	$2.50
0	1	3	$0	$0
Total Payout		$2.50		
Percent Payout		62.50%		
Odds		1:4.00		

Overall Payout Percent 64.90%

(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 is $1,000,000 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 $1,000,000, according to the wager amount shown on the winning ticket. For example, if a ticket shows a $5 wager on the 8 spot category and the game play on the ticket matches 8 out of 8 of the winning numbers, the prize associated with that ticket is $15,000 x $5 = $75,000. All Keno prizes are capped at $1,000,000. However, Jackpot Bonus prizes awarded are in addition to the $1,000,000 prize.

(3) A prize-winning player is paid in one lump sum for all prizes under $1,000,000.

(4) Upon the Lottery's determination that a ticket is a winning ticket, the winner of a $1,000,000 annuitized prize has the option to receive a lump sum payment of $500,000 instead of the annuitized prize payments in accordance with the provisions of OAR 177-0099-0090(6)(a) through (e).

(5) 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.

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

OAR 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 player's 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 are no longer applicable.

(3) Prizes for each drawing are determined and awarded based on how many numbers 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:

Special Keno				
MARK 10 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
10	8,911,711.18	1	$1,000,000	$1,000,000
9	163,381.37	55	$981,818	$22,000
8	7,384.47	1,207	$1,448,182	$1,200
7	620.68	14,358	$2,010,126	$140
6	87.11	102,301	$409,204	$4
5	19.44	458,309	$0	$0
4	6.79	1,312,863	$0	$0
3	3.74	2,383,013	$0	$0
2	3.39	2,631,229	$0	$0
1	5.57	1,600,288	$0	$0
0	21.84	408,074	$0	$0
Total Payout	$5,711,812			
Percent Payout	64.09%			
Odds	1:75.57			

MARK 9 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
9	1,380,688	1	$75,000	$75,000
8	30,682	45	$180,000	$4,000
7	1,690	817	$245,077	$300
6	175	7,897	$315,877	$40
5	31	45,012	$90,025	$2
4	9	157,544	$0	$0
3	4	339,800	$0	$0
2	3	436,886	$0	$0
1	5	304,670	$0	$0

0	16	88,016	$0	$0
Total Payout	$905,979			
Percent Payout	65.62%			
Odds	1:25.68			

MARK 8 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
8	230,115	1	$25,000	$25,000
7	6,232	37	$64,615	$1,750
6	423	545	$40,846	$75
5	55	4,212	$21,058	$5
4	12	18,755	$0	$0
3	5	49,425	$0	$0
2	3	75,511	$0	$0
1	4	61,317	$0	$0
0	11	20,311	$0	$0
Total Payout	$151,520			
Percent Payout	65.85%			
Odds	1:48.00			

MARK 7 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
7	40,979	1	$7,500	$7,500
6	1,366	30	$9,900	$330
5	116	354	$7,080	$20
4	19	2,139	$2,139	$1
3	6	7,171	$0	$0
2	3	13,386	$0	$0
1	3	12,916	$0	$0
0	8	4,982	$0	$0
Total Payout	$26,619			
Percent Payout	64.96%			
Odds	1:16.24			

MARK 6 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
6	7,753	1	$2,500	$2,500
5	323	24	$2,160	$90
4	35	221	$443	$2
3	8	1,006	$0	$0
2	3	2,390	$0	$0
1	3	2,818	$0	$0
0	6	1,292	$0	$0
Total Payout	$5,103			
Percent Payout	65.81%			
Odds	1:31.48			

MARK 5 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
5	1,551	1	$800	$800
4	83	19	$225	$12
3	12	130	$0	$0
2	4	419	$0	$0
1	2	629	$0	$0
0	4	352	$0	$0
Total Payout	$1,025			
Percent Payout	66.10%			
Odds	1:78.51			

MARK 4 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
4	326	1	$140	$140
3	23	14	$71	$5
2	5	69	$0	$0
1	2	141	$0	$0
0	3	101	$0	$0
Total Payout	$211			
Percent Payout	64.51%			

Odds	1:21.59

MARK 3 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
3	72	1	$47	$47
2	7	10	$0	$0
1	2	31	$0	$0
0	2	30	$0	$0
Total Payout	$47			
Percent Payout	65.21%			
Odds	1:72.07			

MARK 2 SPOTS				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
2	17	1	$11	$11
1	3	6	$0	$0
0	2	9	$0	$0
Total Payout	$11			
Percent Payout	66.14%			
Odds	1:16.63			

MARK 1 SPOT				
Number Correct	**Odds 1:**	**# In Pool**	**Total Amount of Prizes**	**Each Prize**
1	4	1	$3	$2.50
0	1	3	$0	$0
Total Payout		$2.50		
Percent Payout		62.50%		
Odds		1:4.00		

Overall Payout Percent 65.08%

(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 prize-winning player is paid in one lump sum for all prizes under $1,000,000. A $1,000,000 Special Keno prize is paid either as a $1,000,000 annuity payable in

twenty-five equal annual payments, or as a lump sum of $500,000. All Special Keno prizes are capped at $1,000,000. However, Jackpot Bonus prizes awarded are in addition to the $1,000,000 prize.

(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) 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 a lump sum payment of $500,000 instead of the annuitized prize payments.

(a) 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 lump sum payment or the annuitized prize payments. Subject to the limited exception provided in section (b) below, a winner's election is irrevocable once the winner's written election is received by the Lottery.

(b) A prize winner who has elected the annuitized prize payments or who has failed to make an election and is placed on the annuitized prize payments, 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, the choice of payment is irrevocably fixed.

(c) 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 lump sum payment.

(d) In the event a $1,000,000 annuitized prize winner does not exercise the option to receive a lump sum payment within 60 days of the date of the validation of the ticket, the winner shall receive the annuitized prize.

(e) A $1,000,000 annuitized prize winner is under no obligation to exercise the option made available by this rule to receive a lump sum payment in lieu of receiving annuitized prize payments.

(7) 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.

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

OAR 177-099-0095 Keno Multiplier Option

(1) **General:** When the Keno Multiplier option is selected on a winning Keno or Special Keno game ticket, the prize amount is multiplied by the Keno Multiplier number. The Keno Multiplier number (1, 2, 3, 5, or 10) is randomly selected prior to each drawing.

(2) **Probability:** The following table sets forth the probability of the various Keno Multiplier numbers being selected during a single Keno Multiplier drawing:

Multiplier Number	Percent Drawn
1	45.0%
2	28.3%
3	16.0%
5	9.7%
10	1.0%
TOTAL	100%

(3) **Applicability:** A prize multiplied by the Keno Multiplier is subject to all Keno or Special Keno rules applicable to the particular prize won. The Keno Multiplier does not apply to the Keno Jackpot Bonus prizes.

(4) **Director's Authority:** The Director, in the Director's sole discretion, is authorized to initiate and terminate the Keno Multiplier option.

OAR 177-099-0100 Keno Jackpot Bonus Prizes

(1) **General:**

(a) **Jackpot Bonus Prizes:** In addition to the prizes described in OAR 177-099-0080 and 177-099-0090, the Director may designate additional prizes for some or all of the Keno spot games. The Director may change this designation at any time. When the Director designates a spot game as eligible for such a prize, the Director shall determine the percentage of gross Keno sales (excluding sales of the Keno Multiplier option) to be allocated to a prize pool held in reserve as an additional prize for winners of the top prize in the designated spot game. A prize awarded from one of these prize pools is called a Jackpot Bonus prize. A Jackpot Bonus prize is awarded when a ticket wins the top prize for the designated spot under OAR 177-099-0080 or OAR 177-099-0090. If the Jackpot Bonus prize pool for a specific spot is not won, the Jackpot Bonus prize pool for that spot continues to grow.

(b) **Director's Discretion:** When the Director exercises discretion to change the spot games eligible for a Jackpot Bonus prize, the Lottery will post notice of the Jackpot Bonus change on the Lottery's website at www.oregonlottery.org seven calendar days in advance of such change. Lottery may also announce the change by any other reasonable means.

(c) **Rollover:** When the Director exercises discretion to remove a spot game from eligibility for a Jackpot Bonus prize, the Director shall rollover any funds held in the prize pool for that spot game into any other Jackpot Bonus prize pools as determined by the Director.

(2) **Automatic Entry:** If a game play on a ticket is for a spot game that has been designated by the Director as eligible for a Jackpot Bonus prize, the ticket is automatically playing for the Jackpot Bonus prize described under subsection (1)(a) of this rule, as well as a prize under either OAR 177-099-0080 or OAR 177-099-0090. For example, if a Keno ticket with a 6-spot game play is the only Keno or Special Keno ticket to match 6 out of 6 of the winning numbers, that ticket, subject to ticket validation requirements, would win the top prize for the 6-spot under OAR 177-099-0080 ($1,600) and the accumulated Jackpot Bonus prize for the 6-spot.

(3) **Division of Jackpot Bonus Prize Pool:** The prize money in the Jackpot Bonus prize pool for a specific spot for any given drawing is divided by the number of tickets winning the top prize for that spot under either OAR 177-099-0080 or OAR 177-099-0090. The Jackpot Bonus prize pool is 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.

DIVISION 100

VIDEO LOTTERY℠ GAME TERMINALS

October 1, 2009

OAR 177-100-0000 Video Lottery℠ Game System

The Director may operate a Video Lottery℠ game system using Video Lottery℠ game terminals approved under this Division.

OAR 177-100-0010 Definitions

For purposes of Division 100, the following definitions apply except as otherwise provided in OAR Chapter 177, or unless the context requires otherwise:

(1) **"Certification"** means the inspection process used by the Lottery to approve Video Lottery℠ game terminals and games.

(2) **"Decal"** means the stamp displayed by the Lottery upon a Video Lottery℠ game terminal to provide notice that the Video Lottery℠ game terminal is authorized by the Oregon Lottery®.

(3) **"Display"** means the visual presentation of Video Lottery℠ game features shown on the screen of a Video Lottery℠ game terminal.

(4) **"Gray machine"** means a gambling device as described in ORS 167.117(9).

(5) **"Manufacturer"** means any individual, partnership, corporation, trust, association, joint venture, limited liability company, or other business entity that manufactures, assembles, services, or produces Video Lottery℠ game terminals or gray machines in Oregon.

(6) **"Service"** means the activities of a manufacturer related to the maintenance, repair, testing, or quality assurance of gray machines.

(7) **"Video Lottery℠"** or **"Video Lottery℠ game"** means the following games conducted through Video Lottery℠ game terminals that are monitored by a central computer system:

(a) Video poker games;

(b) Video line games; and

(c) Any other lottery game designated by the Oregon Lottery Commission as a Video Lottery℠ game.

(8) **"Video Lottery℠ game terminal"** is a device operated under the authority of the Oregon State Lottery and has the meaning set forth in OAR 177-010-0003.

OAR 177-100-0080 Certification Decal

(1) Each Video Lottery℠ game terminal certified for operation by the Lottery must bear a certification decal and must conform to the specifications of the prototype terminal of the same model that has been tested and certified by the Lottery.

(2) No person other than an authorized Lottery employee or agent may affix or remove the certification decal. The placement of the decal represents that the Video Lottery℠ game terminal has been certified, inspected, and approved for operation in Oregon.

(3) No Video Lottery℠ game terminal may be transported out of Oregon until the decal has been removed.

OAR 177-100-0090 External Video Lottery℠ Game Terminal Specifications and Age Restriction Requirements

(1) Video Lottery℠ game terminals operated by the Lottery may only display information on the screen or terminal housing that has been approved by the Lottery.

(2) At no time may anyone other than an authorized Lottery employee or agent place stickers or other removable devices on a Video Lottery℠ game terminal for any reason.

(3) Each Video Lottery℠ game terminal must display an Oregon Lottery® logo.

(4) The following age restriction notice must clearly be displayed on each Video Lottery℠ game terminal: **"No person under 21 years of age may play"** or "**Must be 21 years of age or older to play"** or **"Anyone under 21 years of age must not play"**.

OAR 177-100-0095 Procurement of Video Lottery℠ Game Terminals

(1) Only the Lottery may possess and operate Video Lottery℠ game terminals in Oregon.

(2) The Lottery may select and procure Video Lottery℠ game terminals as necessary by contracting with manufacturers approved pursuant to OAR Chapter 177, Division 35, and may provide the terminals to Video Lottery℠ retailers.

OAR 177-100-0130 Duties of Manufacturers

Manufacturers, their employees, representatives, and agents shall:

(1) Promptly report to the Lottery 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) Not conduct any advertising or promotional activities in Oregon (or directed at Oregon residents) that are false or misleading regarding Video Lottery℠ games.

(4) Promptly report to the Lottery their knowledge or suspicion of any gray machine located within Oregon.

(5) Attend all trade shows or conferences as required by the Lottery.

OAR 177-100-0160 Transportation of Video Lottery^{SM} Game Terminals Within, Into, or Through Oregon

(1) No person shall ship or transport Video Lottery^{SM} game terminals within or into Oregon without first obtaining a written authorization for transport from the Director. Transporting or shipping within Oregon 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 Oregon 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^{SM} game terminals through Oregon without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the state. Transporting or shipping through Oregon 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^{SM} game terminal within or into Oregon for purposes of display or demonstration at a trade show conducted within the boundaries of the state 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 Video Lottery^{SM} game terminal being transported;

(b) The model and serial number of each Video Lottery^{SM} game terminal being transported;

(c) The full name, address, and telephone number of the person or establishment from which the Video Lottery^{SM} game terminals were obtained;

(d) The full name, address, and telephone number of the person or venue to whom the Video Lottery^{SM} game terminals are being sent or transported; and

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

(5) At all times, a copy of the written authorization shall accompany the Video Lottery^{SM} game terminal or terminals in transport.

OAR 177-100-0180 Approval for Instate Manufacturing and Servicing of Gray Machines Shipped Out-of-State

(1) **General Approval:** A manufacturer shall apply to the Director of the Oregon Lottery for approval to manufacture or service gray machines within Oregon.

(a) **Director's Approval:** The Director may authorize a manufacturer to manufacture or service gray machines within the state of Oregon only if the manufacturer intends to export the gray machines to another state or jurisdiction where the operation or possession of the machines is legal. The Director shall require a manufacturer to cite the law that authorizes the legal operation or possession of the machines in the state or jurisdiction, and may require additional evidence that the gray machines will be sold or otherwise provided to a person who is authorized to operate or possess the machines in that jurisdiction. The authorization includes approval to engage in ongoing research and development related to the improvement and development of Video Lottery^{SM} game terminals the manufacturer intends to manufacture.

(b) **Disclosure Requirements:** The manufacturer is subject to the same disclosure and background investigation requirements as an applicant for a major procurement. The manufacturer may be required by the Director to reimburse the Lottery for the costs of background investigations.

(c) **Inspections and Audits:** A manufacturer's premises, and 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, upon request of the Assistant Director for Security, a report listing: the types and numbers of gray machines manufactured; the types and number of machines in storage; the types and number of machines serviced; the name and address of each individual or entity who purchased, leased, or otherwise was provided gray machines or who agreed or expressed an intent to purchase, lease, or otherwise acquire gray machines, or who own, operate, or otherwise possess gray machines serviced by the manufacturer; the number of shipments; destinations of all shipments; and methods of shipment, including carrier used. The information in the report shall be for a time period designated by the Assistant Director for Security. Shipment or transport of gray machines to a destination outside of Oregon also must comply with OAR 177-100-0160.

(2) **Temporary Approval:** The Director may temporarily authorize a manufacturer to manufacture or service gray machines within the state of Oregon that the manufacturer intends to export to another state or jurisdiction where the operation or possession of the machines is legal. The temporary authorization is subject to such terms, conditions, or limitations as the Director deems necessary.

(a) The manufacturer must submit the following:

(A) The information required by ORS 461.410(1);

(B) A written description of the proposed use of the gray machines;

(C) A cite for the law that authorizes the legal operation or possession of the gray machines in the state or jurisdiction where the machines will be used; and

(D) The identity of the individuals or entities who have agreed to or have expressed an intent to purchase or otherwise acquire gray machines from the manufacturer, or who own, operate, or otherwise possess gray machines serviced by the manufacturer.

(b) When the Lottery receives the above materials for temporary approval, the Lottery will conduct an abbreviated background investigation of the manufacturer. The investigation includes, but is not limited to:

(A) A computerized criminal background check of all control persons and any employee deemed necessary by the Assistant Director for Security.

(B) A credit check using the services of a commercial credit reporting company, and

(C) An inspection of the manufacturer's business premises where the gray machines will be manufactured or serviced.

(c) If the Director issues a temporary approval, it is effective for no longer than 180 days.

(3) **Cancellation of Approval:** The Director may cancel any general or temporary approval if the Director determines that the manufacturer has failed to adhere to the qualifications or conditions required for authorization of the manufacturer or otherwise poses a threat to the integrity, security, or honesty of the Lottery. Approval also may be cancelled if within a reasonable time from the date of production, the manufacturer is unable to show the machines have been purchased, leased, or otherwise acquired by a person or entity authorized to obtain or possess the machines.

OAR 177-100-0185 Instate Manufacturing of Video Lottery^{SM} Game Terminals Operated in Oregon

(1) A manufacturer of Video Lottery^{SM} game terminals approved by the Lottery for the Lottery's own use under OAR Chapter 177, Division 35, may manufacture such terminals in Oregon.

(2) The Director may issue temporary approval for the manufacture of Video Lottery^{SM} game terminals upon submission and satisfactory review of the following information:

(a) The information required by ORS 461.410(1);

(b) The manufacturer's written statement of intent to manufacture Video Lottery^{SM} game terminals to be operated in Oregon solely by the Lottery; and

(c) A copy of a letter or other document from the Lottery expressing an interest in purchasing Video Lottery^{SM} game terminals from the manufacturer.

(3) If the Director issues a temporary approval, it shall be effective for no longer than 180 days.

(4) No Video Lottery^{SM} game terminal shall leave the premises of the approved manufacturer until it is shipped to a destination authorized by the Lottery.

(5) All Video Lottery^{SM} game terminals whose manufacture has been approved by the Lottery shall be operated only under the authority of the Lottery.

(6) A manufacturer's premises, and 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 Video Lottery^{SM} game terminals manufactured, the types and number in storage, the number of shipments of these Video Lottery^{SM} game terminals, the destinations of all shipments, and methods of shipment, including carrier used.

(7) The Director may cancel any approval if the Director determines that the manufacturer has failed to adhere to the conditions required for approval of the manufacturer or otherwise poses a threat to the integrity, security, or honesty of the Lottery. Approval also may be revoked if the Lottery does not enter into a contract with the manufacturer for the purchase of the Video Lottery^{SM} game terminals within a reasonable period, or if such a contract is cancelled.

(8) Notwithstanding sections (1) through (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^{SM} game terminal research and development. If the manufacturer is not successful in providing Video Lottery^{SM} game terminals in any subsequent request for proposal issued by the Lottery, the Director may cancel the manufacturer's approval to manufacture Video Lottery^{SM} game terminals.

DIVISION 200

GENERAL VIDEO LOTTERY℠ GAME RULES

October 1, 2015

OAR 177-200-0005 Definitions

For purposes of Division 200, the following definitions apply except as otherwise provided in OAR Chapter 177, or unless the context requires otherwise.

(1) **"Cash slip"** means the receipt issued by a Video Lottery℠ game terminal for the payment of a player's credits remaining at the end of play or for the payment of a Jackpot Prize.

(2) **"Specialty Game(s)"** refers to Video Lottery℠ games that offer some prizes greater than $600, such as the Lottery's Platinum Spin Series games.

(3) **"Jackpot Prize"** refers to a prize won during Specialty Game play that is greater than $600.

OAR 177-200-0010 Game Requirements

(1) **General:** To play a Video Lottery℠ game, a player deposits cash into a Video Lottery℠ game terminal that displays the deposit as a number of credits to which the player is entitled. Each credit represents a monetary amount as specified in each Video Lottery℠ game. The player purchases a game play by wagering one or more credits. Prizes are paid on the terminal in the form of credits. A player may wager the credits that the player has won on additional game plays or may direct the terminal to issue a cash slip for the remaining credits. For Jackpot Prizes, the terminal will automatically cash out the Jackpot Prize and issue a cash slip for amount of the Jackpot Prize to the player.

(2) **Bonus Game Plays:** In addition to the prizes paid as credits, and depending on the specific game, bonus game plays may be awarded to a player. A prize awarded on an individual bonus game play is independent of the original game play and, except for a Jackpot Prize, may not exceed $600.

(3) **Odds of Winning:** A close approximation of the odds of winning some prize for each game must be displayed on a Video Lottery℠ game terminal screen or a help screen. Each game also must display the amount wagered and the amount awarded for each possible winning occurrence based on the number of credits wagered on a game play.

(4) **Payout Tables:** Each game shall provide a method for a player to view payout tables for that game.

(5) **Age Requirement:** To play a Video Lottery℠ game, a player must be at least 21 years of age.

OAR 177-200-0011 Accuracy of Wagers

It is the sole responsibility of a player to verify the accuracy of a wager placed on a Video Lottery℠ game terminal by the player. The Lottery is not responsible for any wager placed in error. The Lottery will not cancel wagers or provide refunds.

OAR 177-200-0012 Ownership of Cash Slips

(1) **General:** Except for a cash slip claimed jointly in accordance with the provisions of OAR 177-046-0110(6), until such time as a name of an individual or individuals is imprinted or placed upon a cash slip, a cash slip is a bearer instrument and is owned by the bearer of the cash slip.

(2) **Owner:** When a name is placed upon a cash slip in the designated area, the cash slip ceases to be a bearer instrument. The individual(s) whose name(s) appears in that area on the cash slip is the owner(s) of the cash slip. More than one name may be placed on a cash slip.

(3) **Natural Person:** Only a natural person who is at least 21 years of age may own a cash slip and claim payment for it.

(4) **Joint Owners:** Multiple individuals at least 21 years of age may jointly own and claim payment as owners of a cash slip. Multiple individuals hold the cash slip as tenants in common. Multiple individuals may specify the percentage of ownership each person holds. Each individual must hold $1.00 of the cash slip value at a minimum.

OAR 177-200-0015 Game Play Price

The price of a game play for a Video Lottery℠ game shall be clearly displayed on the terminal screen during play.

OAR 177-200-0020 Payment of Video Lottery℠ Game Cash Slips

(1) **Original Cash Slip:** Except as set forth in sections (7) and (8) of this rule, an original cash slip is the only valid receipt for claiming prizes or for redeeming credits remaining on a terminal. A copy of a cash slip has no pecuniary or prize value and does not constitute evidence of a cash slip.

(2) **Retailer Validation Requirements:** A retailer shall pay a cash slip only if:

(a) The cash slip is presented for payment at the retailer location that issued the cash slip.

(b) The individual presenting the cash slip is 21 years of age or older and authorized to play under these rules and Oregon statutes.

(c) The cash slip is presented to the retailer within 28 days of the date it was properly issued.

(d) It is intact and legible and meets all the Lottery's security requirements.

(e) It is not counterfeit, fraudulent, lacking the correct captions, altered, tampered with in any manner, or obtained from the Lottery or Lottery retailer by any fraudulent means.

(f) The information appearing on the cash slip corresponds with the computer record of the cash slip data recorded in the Lottery's central computer system.

(g) It has not been previously paid, and

(h) It is not a prize that must be validated and paid at Lottery Headquarters in Salem, such as a Jackpot Prize.

(3) **Retailer Validation Exception:** If a cash slip is not intact or legible, the prize or credits that would have otherwise appeared on the cash slip may nevertheless be paid by the retailer as follows:

(a) **Software Validation:** Upon notification by a player that a Video Lottery℠ game terminal issued a cash slip that is not intact or legible, the retailer shall obtain a validation number from the terminal. If the retailer is able to obtain a validation number from the terminal that corresponds to the time and amount of the credits claimed by the player, then the retailer shall validate the prize or credits that would otherwise have appeared on the cash slip through the validation terminal and pay the player.

(A) **Software Validation Report:** If the retailer pays the player pursuant to section (3)(a) of this rule, the retailer must complete a Retailer Software Validation Report signed by the player and the retailer. The retailer must retain the report for one year. The retailer must group the reports by month and must make them available for audit by the Lottery immediately upon request. The retailer must retain and attach the damaged or illegible cash slips to the reports.

(B) **Validation Number Unavailable:** If the retailer is unable to obtain a validation number from the terminal that corresponds to the time and amount of the credits claimed by the player as required by subsection (3)(a), the player may request payment of the cash slip from the Lottery as provided in section (8) of this rule.

(b) **Jackpot Prize Cash Slip Not Issued, Intact, or Legible:** If a cash slip for a Jackpot Prize is not intact or legible, the player and the retailer must complete a Video Problem Report form, attach the cash slip or all available portions of the cash slip to the form if available, and must submit the form and the cash slip to the Lottery for investigation. The Jackpot Prize may be paid as set forth in section (7) and (8) of this rule.

(4) **Limitation on Retailer Validation and Payment of Cash Slip:** A retailer must not attempt to validate, and may not pay, a cash slip for any Jackpot Prize. A retailer shall only validate and pay non-Jackpot Prize cash slips issued by Video Lottery℠ game terminals located on its premises.

(5) **Retailer Payment of Cash Slip:** Upon validation of a cash slip as set forth in sections (2) and (3) of this rule, a retailer may pay the amount due in cash or check, or any combination thereof. A retailer must not pay a cash slip in tokens, chips, or merchandise, or charge a fee for paying a cash slip or for issuing payment.

(a) **Dishonored Retailer Check:** If a retailer's check is dishonored, the player may seek payment from the Lottery by presenting a copy of the dishonored check to Lottery Headquarters, Player Services Office, 500 Airport Road SE, Salem, Oregon during Lottery business hours, other locations designated by the Director, or by mailing a copy of the dishonored check with a winner claim form to Lottery Headquarters, P.O. Box 14515, Salem, Oregon 97309. If the Lottery determines that payment of the cash slip is authorized, the retailer has not paid the cash slip, and it is unlikely that the retailer will pay the cash slip, the Lottery may then issue a check to the claimant in the amount of the cash slip. Lottery may require submission of the original check issued by the retailer prior to making payment to the player.

(b) **Possible Contract Termination:** A retailer that pays a cash slip with a check that is dishonored may be subject to termination of the Lottery Retailer Contract.

(6) **Lottery Validation and Payment of Cash Slips:** Payment of a cash slip may be made at Lottery Headquarters, Player Services, 500 Airport Road SE, Salem, Oregon. Cash slips may also be presented at other locations and for such prize amounts as designated by the Director, unless the cash slip specifies that it must be claimed at Lottery Headquarters in Salem, Oregon. Validation and payment of a cash slip for a Jackpot Prize must be made at Lottery Headquarters in Salem. The cash slip must be presented for payment no sooner than the next Lottery business day after it is issued, must meet all of the requirements in sections (1) and (2) of this rule, and must be delivered to the Lottery in person or by mail at P.O. Box 14515, Salem, Oregon 97309 (registered mail recommended) before 5:00 P.M. within one year of the date that the cash slip was issued. If the final day of the one-year claim period falls on a day when the Oregon Lottery Headquarters is not open to the general public, such as a weekend, Lottery holiday, or furlough closure day, the claim period shall be extended until 5:00 p.m. on the next day the Oregon Lottery Headquarters is open to the general public. Upon validation of a cash slip, the Lottery will pay the amount due less any applicable tax withholding. For cash slips of $600 or less, payment may be made by check, cash card, or any combination thereof. For cash slips of more than $600, payment will be made by check. Payment may be made in person or by mail.

(7) **Lack of Cash Slip or Validation Number:** If a player does not have a cash slip, or a retailer was unable to obtain a validation number, the Lottery will conduct an investigation of a claim presented for payment to the Lottery. The investigation will determine the reasons or causes for the failure of the terminal to produce a cash slip or to print an intact and legible cash slip, and why the retailer was unable to obtain a validation number.

(a) **Payment:** The Lottery may pay the claim if the Lottery can determine from its investigation that the credit was on the terminal identified by the player at the time claimed, and that no cash slip has been paid on the claim.

(b) **Signed Statement:** The Lottery will not pay any such claim without a signed statement by a player. The player's statement must contain game play information that can be compared to data in the Lottery's central computer system that substantiates that the player won a prize in the amount and at the time claimed, and information from which the Lottery reasonably can determine that the claim has not been paid.

(c) **Jackpot Prize:** The Lottery will not pay the claim for a Jackpot Prize without receipt of a Video Problem Report form as described in section (3)(b) of this rule.

(8) **Lottery Validation Exceptions:** If a cash slip cannot be validated because the cash slip data is not recorded on the Lottery's central computer system, the Director may still authorize payment if:

(a) The Lottery conducts an investigation of the claim, and

(b) The Director concludes that the claimant was an authorized player and that the absence of a record of the cash slip data in the Lottery's central computer system was the result of either a technical problem in the Video Lottery^{SM} game terminal or a communications problem that prevented the recording of the credits in the Lottery's central computer system.

(9) **Subsequent Claims:** If a cash slip improperly paid by a retailer is later submitted for payment to the Lottery, the Lottery may collect the amount of the cash slip from the retailer's EFT account. The Lottery may conduct an investigation to determine if the Lottery properly made payment.

(10) **Withholding of Payment:** The Lottery may withhold payment of any cash slip claim presented to it until the expiration of the 28-day prize claim period at the retailer's location for prizes payable by the retailer or until the completion of any investigation by the Lottery to determine if payment is proper.

OAR 177-200-0032 Collection from EFT Account for Cash Slips Not Paid by Retailer and Limitation on Reimbursement

(1) **Jackpot Prize Cash Slips:** The Lottery shall collect the amount of any Jackpot Prize cash slip issued at a retailer establishment through the retailer's EFT account for the same business week the Jackpot Prize cash slip is issued.

(2) **All Other Cash Slips:**

(a) For a non-Jackpot Prize cash slip that is presented to the Lottery and which has been recorded in the Lottery's central computer system, the Lottery shall collect the amount of the cash slip through the retailer's EFT account for the business week that the Lottery issues payment, unless the amount has already been collected through the retailer's EFT account under subsection (c) of this section.

(b) For a non-Jackpot Prize cash slip payment made by the Lottery under OAR 177-200-0020(7) or (8), the Lottery shall collect the amount of the cash slip through the retailer's EFT account for the business week the Lottery issues payment, unless the amount has already been collected through the retailer's EFT account.

(c) If a non-Jackpot Prize cash slip is not redeemed within 28 days of the date it was issued, the Lottery will collect the amount of the cash slip through the retailer's EFT account during the business week following the end of the 28 day period.

(d) If a cash slip that is not properly validated and is paid by a retailer is later submitted for payment to the Lottery and the Lottery pays the cash slip, the Lottery may collect the amount of the cash slip from the retailer's EFT account.

(3) **Limitation on Reimbursement for Payment of Cash Slip:** As set forth in OAR 177-200-0020, a retailer may not attempt to validate and may not pay a cash slip for any Jackpot Prize, and may only validate and pay a non-Jackpot Prize cash slip issued by a Video Lottery℠ game terminal located on its premises. If a retailer validates and pays a cash slip issued from another location, or pays a cash slip for a Jackpot Prize, the Lottery will not reimburse the retailer's EFT account for the payment.

OAR 177-200-0050 Method of Determining Winners

Each Video Lottery℠ game terminal must have a random number generator that will determine the occurrence of a specific card, symbol, or number to be displayed on the video screen during a game play. A selection process will be considered random if it meets the requirements of OAR 177-200-0055.

OAR 177-200-0055 Requirements for Randomness Testing

(1) **Chi-Squared Analysis:** Each card position, symbol position, or number position must satisfy the 99 percent confidence limit using standard chi-squared analysis. For purposes of this rule, 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, up to the last card dealt. Symbol position means the first symbol drawn, second symbol drawn in sequential order, up to the last symbol drawn. Number position means first number drawn, second number drawn in sequential order, up to the 20th number drawn.

(2) **Run Test:** Each card position, symbol position, or number position must not produce a significant statistic with regard to producing patterns of occurrences. For purposes of this rule, the run test is a mathematical statistic that determines the existence of recurring patterns within a set of data. Each card, symbol, or 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.

(3) **Correlation Test:** Each card position, symbol position, or number position must be independently chosen without regard to any other card, symbol, or number drawn within that game play. This test is the correlation test. Each pair of card, symbol, or number positions is considered random if it meets the 99 percent confidence level using standard correlation analysis.

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

(5) **Outside Influences:** The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electromagnetic interferences, electrostatic discharge, and radio frequency interferences.

OAR 177-200-0060 Requirements for Percentage Payout

The maximum payout percentage for the Lottery's Video Lottery℠ games is 96 percent. Extended play games may exceed this number.

OAR 177-200-0065 Video Lottery℠ Game Management

(1) **Video Game Management:** The Director of the Lottery shall manage the Video Lottery℠ games installed on its Video Lottery℠ game terminals pursuant to ORS 461.200. The Director may revise the Lottery's Video Lottery℠ games at any time and in any manner. 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 from Video Lottery℠ games must comply with the provisions of OAR 177-040-0017 or 177-040-0061 and OAR 177-045-0030.

(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.

OAR 177-200-0070 Requirements for Poker Games

Video Lottery℠ game terminals offering poker games must meet the following requirements:

(1) **General:** Standard decks of 52 playing cards shall be used. Jokers may be added to the decks if the resulting payout percentages meet the requirements of OAR 177-200-0060.

(2) **Shuffling:** When the deck is shuffled, it must be shuffled randomly and frozen. All cards used for play must be taken in order from the top of the deck. All cards needed for play must be stored in the non-volatile memory of the Video Lottery℠ game terminal. Non-volatile memory is a device that stores information that cannot be erased or destroyed when power is disconnected to the Video Lottery℠ game terminal. The manufacturer need not represent the whole deck in memory. Shuffling is the process of generating the cards possibly used in the play and may be conducted in any manner that satisfies the randomness tests in OAR 177-200-0055.

(3) **Dealing:** The program must deal the first cards in the order they are contained in the shuffled deck to the player. For draw poker games or hands, the player must have the option to hold or discard one or more of the cards initially drawn according to the game design. Any autohold features that assist players in their decision as to which 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 that draws any additional cards in the order they are contained in the shuffled deck.

(4) **Initial Cards:** If the initial cards dealt constitute a winning hand or hands according to the game's pay table, the Video Lottery℠ game terminal must automatically notify the player of the winning hand or hands, display the kind of hand (e.g., one pair, two pair, three of a kind), and the potential prize amount.

(5) **Conclusion of Play:** At the conclusion of each game play, the Video Lottery℠ game terminal must display the winning combinations, if any, and the amount won.

(6) **Extended Play:** An extended play option may be included.

OAR 177-200-0075 Requirements for Video Line Games

(1) **General:** A video line game must meet the following requirements:

(a) **Randomness:** The program must select numbers and symbols that satisfy the randomness requirements of OAR 177-200-0055.

(b) **Multi-Line Game Play:** When more than one line is played during a game play, each individual line that is brought into play by wagering additional credits must be clearly identified on the Video Lottery℠ game terminal screen.

(c) **End of Each Play:** At the end of each game play, the Video Lottery℠ game terminal must display and identify each winning combination of numbers or symbols, if any, and the amount won, if any.

(2) **Configuration:** A game may be configured as a matching game in which the player selects numbers or symbols from a fixed grid or pattern, or a game where randomly selected numbers or symbols line up in a row or other specified shape, or a game where one or more specified numbers or symbols must appear in order to constitute a winning game play.

(3) **Cessation of Movement:** A game may be configured so that after the player initiates game play, the movement of numbers or symbols stops automatically, or the player may manually choose to stop the movement prior to an automatic stop.

OAR 177-200-0077 Specialty Games

(1) **General:** The Lottery may offer Specialty Games. Specialty Games may be offered as poker games or video line games.

(2) **Validation of Jackpot Prize Cash Slip:** A cash slip issued for a Jackpot Prize may only be validated and may only be paid at Lottery Headquarters in Salem, or other locations designated by the Director, pursuant to section (3) of this rule.

(3) **Payment of Jackpot Prizes:** A Jackpot Prize of more than $600 must be claimed by:

(a) **Claiming in Person:** Bringing the cash slip issued for the Jackpot Prize to the Lottery Headquarters, Player Services Office, 500 Airport Road SE, Salem, Oregon, or other locations designated by the Director, during Lottery business hours. The cash slip must be presented to the Lottery no sooner than the next Lottery business day following issuance; or

(b) **Claiming by Mail:** Signing the cash slip issued for the Jackpot Prize in the designated area on the cash slip, writing the individual's mailing address on the cash slip in the place indicated on the cash slip, completing a winner claim form, and mailing it together with the winning cash slip to the Lottery Headquarters, P.O. Box 14515, Salem, Oregon 97309. Registered mail is recommended. The winner claim form may be obtained from any Lottery retailer, from a Lottery kiosk, from the Lottery Headquarters at the addresses listed above, other locations designated by the Director, or downloaded from the Lottery's website.

(c) **Claiming a Jackpot Prize Jointly:** If more than one name appears in the designated area on a cash slip issued for a Jackpot Prize, the cash slip must be redeemed in accordance with the provisions of OAR 177-046-0110(6)(a) through (h) for tickets and shares.

OAR 177-200-0080 Discharge of Lottery from Liability

(1) **General:** The State of Oregon, its agents, officers, and employees, and the Oregon State Lottery Commission, its agents, officers, and employees, are discharged of all liability upon award of a prize, or, if a cash slip is presented to the Lottery for payment, upon payment of the cash slip. The State of Oregon, its agents, officers, and employees, and the Oregon State Lottery Commission, its agents, officers, and employees, are not liable for any terminal malfunction nor are they liable for the payment of any cash slip presented to a retailer for payment.

(2) **Director's Decisions:** The Director's decisions and judgments regarding award of a prize and the payment of a cash slip are final and binding. If a question arises as to the amount of a prize, the amount of a cash slip, or whether a Video Lottery℠ game terminal malfunctioned, the Lottery may deposit any 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) **Disputes:** In the event a dispute occurs between the Lottery and a player as to the amount of a prize, the amount of a cash slip, or whether a Video Lottery℠ game terminal malfunctioned, the Director may replace the disputed wager with one of equivalent value. This is the player's sole and exclusive remedy. The Director's decision is final.

OAR 177-200-0090 Governing Law

(1) **General:** By playing a game on a Video Lottery℠ game terminal, a player agrees to abide by and comply with Oregon law, including the statutes and administrative rules governing Video Lottery℠ games and game terminals that are in effect and as may be amended, and any additional terms and conditions that may be found on the cash slip. In the event of a conflict between any additional terms and conditions on a cash slip with the Lottery's rules, the rules control.

(2) **Lottery Materials:** All materials distributed by the Lottery for playing Video Lottery℠ games are to be used solely for playing the video games permitted under these rules. Any use or reproduction of the materials for purposes other than those permitted by these rules may constitute a violation of Oregon gambling laws.

(3) **Director's Decisions:** All decisions of the Director regarding Video Lottery℠ games are final.

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