

OREGON STATE LOTTERY

REPORT ON RULEMAKING

DIVISION 98 – Mega Millions - Update

September 16, 2016

Proposed Rule Action:

Permanent Rulemaking amending:

OAR 177-098-0010	Definitions
OAR 177-098-0020	Game Description
OAR 177-098-0030	Prize Claims
OAR 177-098-0040	Mega Millions Prize Pool
OAR 177-098-0050	Probability of Winning Mega Millions Prizes
OAR 177-098-0060	Prize Payment
OAR 177-098-0070	Ticket Validation
OAR 177-098-0090	Ineligible Players
OAR 177-098-0100	Applicable Law
OAR 177-098-0110	Megaplier

Recommended Motion:

“I move that the Mega Millions rules presented today be amended as proposed, to be effective October 18, 2016.”

Background:

On August 11, 2016 the Director filed notice of permanent rulemaking to amend the above referenced administrative rules for the Mega Millions® game. Amendments to these rules consist of clarifying and adding language regarding tickets and plays and the legal rights and responsibilities of players and the Lottery. There are no changes to how the game is played.

These amendments are required to implement changes made to the Mega Millions® Model Rules by the Multi-State Lottery Association (MUSL), the national organization that administers the multi-state Mega Millions® game.

The amendments will be effective for drawings held on or after October 18, 2016, and for tickets purchased for such drawings.

Commission approval is needed to amend these rules as permanent. The proposed amendments are in keeping with the Lottery’s constitutional and statutory mandates.

Public Comment:

The Lottery conducted a public hearing for the purpose of taking comments, and the report of that hearing has been provided to the Commission. The Lottery received no public comments.

Recommendation:

The Director recommends the permanent amendment of the above rules as proposed.

Dated this 16th day of September, 2016.

/s/ Mark W. Hohlt

Mark W. Hohlt, Rules & Policies Manager
Oregon State Lottery

OREGON STATE LOTTERY

REPORT ON RULEMAKING HEARING

DIVISION 98 – Mega Millions - Update

September 16, 2016

Hearing Date: September 16, 2016
2:00 p.m.

Administrative Rules:

Permanent Rulemaking amending:

OAR 177-098-0010	Definitions
OAR 177-098-0020	Game Description
OAR 177-098-0030	Prize Claims
OAR 177-098-0040	Mega Millions Prize Pool
OAR 177-098-0050	Probability of Winning Mega Millions Prizes
OAR 177-098-0060	Prize Payment
OAR 177-098-0070	Ticket Validation
OAR 177-098-0090	Ineligible Players
OAR 177-098-0100	Applicable Law
OAR 177-098-0110	Megaplier

Hearing Location: Oregon State Lottery Headquarters
Salem, Oregon 97301

Summary of Hearing:

I convened the rulemaking hearing on the administrative rules referenced above, proposed for amendment by the Oregon Lottery Commission, on September 16, 2016 at 2:00 p.m. The hearing was tape recorded, and the tape is available for review.

Attending the hearing from the Oregon State Lottery was Mark W. Hohlt, Rules and Policies Manager. No one else appeared at the hearing. The Lottery did not receive any written or oral comments on the proposed rule amendments. I adjourned the hearing at 2:30 p.m., and the public comment period closed at that same time.

Dated this 16th day of September, 2016.

/s/ Mark W. Hohlt
Mark W. Hohlt, Hearings Officer
Oregon State Lottery

OREGON STATE LOTTERY

DIVISION 98

MEGA MILLIONS[®]

October 18, 2016

OAR 177-098-0010

Definitions

The following definitions apply unless the context requires a different meaning:

(1) **“Advertised Grand Prize” or “Advertised Jackpot Prize” means the estimated annuitized Grand Prize amount as determined by the Mega Millions[®] consortium 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 circumstances where there is a guaranteed Grand Prize amount as described in OAR 177-098-0060(5).**

(2) **“Drawing” ~~means-refers collectively to~~ the formal draw event for randomly ~~process-of~~ selecting the winning ~~indicia that numbers which~~ determine the number of winners for each prize level of the Mega Millions[®] game. **Winning indicia includes the winning numbers for the Mega Millions[®] game.****

(32) **“Draw game terminal” or “terminal” has the meaning set forth in OAR 177-070-0005(4).**

(43) **“Finance & Audit Committee” means the committee established by the Multi-State Lottery Association Agreement.**

(54) **“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.~~**

(65) **“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.**

(76) **“Jackpot” or “Grand Prize” ~~refers to means~~ the top prize ~~in 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.~~**

(87) **“Mega Millions[®] Finance Committee” means a committee of the Mega Millions[®] Lotteries which determines the Jackpot Prize amount (cash **value option** and annuity).**

(98) **“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.

(109) **“Megaplier®”** means a 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.

(110) **“MUSL”** means the Multi-State Lottery Association, **a government benefit association wholly owned and operated by the Party Lotteries.**

(121) **“MUSL Board”** means the governing body of MUSL which is comprised of the chief executive officer of each Party Lottery.

(132) **“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 **MUSL or the Mega Millions® consortium of lotteries.group.**

(143) **“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.

(154) **“Play” or “game 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.

(165) **“Play slip”** means a card used in marking a player's game plays and containing one or more boards.

(176) **“Product Group” or “the 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 **Product** Group's own rules.

(187) **“Quick Pick”** means the random selection **of indicia** by the computer ~~system of two-digit numbers~~ that appear on a ticket and are played by a player in the game.

(198) **“Retailer”** means a person or entity authorized by the Lottery to sell lottery tickets.

(2019) **“Set Prize”, also referred to a “low-tier 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.

(210) **“Winning numbers”** means the ~~indicia six numbers, the first five from a field of seventy-five numbers and the last one from a field of fifteen numbers,~~ randomly selected **during a drawing event at each drawing,** which shall be used to determine winning plays **for the Mega Millions® game** 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 **annuitized** 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. **Mega Millions® winning numbers applicable to determine Mega Millions® prizes will be determined on the day(s), time(s), and location(s) as determined by the Mega Millions® consortium of lotteries.**

(2) **Selection of Numbers:** To play the Mega Millions® game, a player shall select **(or computer pick)** 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 **additional number 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) **Purchase from Retailer:** If purchased from a retailer, the retailer will issue a ticket, via the terminal, containing the player’s selected set or sets of numbers **or other indicia**, 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) **Player-activated Terminal:** 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) **Future Drawings:** 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. **When the purchase of a ticket fails to complete because the ticket does not print, the player is responsible for notifying the retailer prior to the drawing(s) on the ticket to obtain a refund or a replacement ticket.**

(5) Entry of Plays: Plays may be entered manually using a Lottery terminal keypad or touch screen or by means of a play slip provided by the Lottery and 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.

(65) 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, **except that a Jackpot Prize (and a Match 5 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 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, **if any**, 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 **Director**.

OAR 177-098-0040 Mega Millions® Prize Pool

(1) **Prize Pool:** The prize pool for all prize categories **offered by the Party Lotteries** 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, inclusive of contributions to the prize pool accounts and prize reserve accounts, after the prize reserve accounts are funded to the amounts set by the Product Group. The prize pool but~~ 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) Mega Millions® Prize Pool Accounts and Prize Reserve Accounts: ~~The Product Group shall set the contribution rates to the prize pool and one or more prize reserve or pool accounts it has established. 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.~~

(a) Prize Reserve Accounts: The Product Group has established the following prize reserve accounts ~~and prize pool accounts~~ for the Mega Millions® game:

(Aa) 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) Prize Pool Accounts: ~~The Product Group has established the following prize pool accounts for the Mega Millions® games:~~

(Ab) ~~The Grand Jackpot Prize Pool Account~~, which is used to fund the **current immediate** Jackpot Prize;

(B) ~~The Set Prize Pool~~ which is used to fund the set prizes. ~~The Set Prize Pool holds the temporary balances that may result from having fewer than expected winners in the Set Prize categories. The source of the Set Prize Pool is the Party Lotteries' weekly prize contributions less actual Set Prize liability; and~~

(Cc) ~~The Set-Aside Pool Account~~, which is used to ~~fund the guarantee~~ payment of the **awarded** minimum ~~or~~ starting **annuity** Jackpot Prizes ~~and the minimum annuity Jackpot Prize increase, if necessary (subject to the limitations in these rules), as may be set by the Product Group.~~ The source of the Set-Aside **Pool Account** funding ~~shall accumulate from~~ ~~is~~ the difference between the amount in the ~~Grand Jackpot Prize Pool Account~~ ~~at the time of a Jackpot Prize win~~ 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.~~

(c) Balance Limits: The above prize reserve accounts shall have maximum balance amounts or balance limiter triggers that are set by the Product Group. The maximum balance amounts and balance limiter triggers are subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Product Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Jackpot Prize win.

(d) Contribution Rate: The contribution rate to the Grand Prize Pool is 65.154 percent of the prize pool (32.577 percent of sales). An amount up to five percent of a Party Lottery's sales, shall be added to a Party Lottery's Mega Millions[®] Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the Prize Reserve Account is below the amounts designated by the Product Group.

~~(e3) 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 **Grand Jackpot-Prize Pool Account**) and the prize reserve accounts **as follows:**

~~(Aa) For the purpose of indemnifying the Party Lotteries and the Mega Millions[®] Lotteries in the payment of prizes to be made by the Selling participating Lotteries, subject to the approval of the MUSL Board; and~~

~~(Bb) For the payment of prizes or special prizes in the game; limited to prize pool and prize reserve contribution from lotteries participating in the special prize promotion, subject to the approval of the MUSL Board's Finance and Audit Committee or that Committee's failure to object after being given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.~~

(f) Adjustments: The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to

maintain the approved maximum balance and **sales percentage** shares of the Party Lotteries.

(g) Sales Percentage Share: A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(h) Remaining Balances: Any amount remaining in the **Mega Millions®** prize pool accounts or prize reserve accounts **when the Product Group declares at the end of the Mega Millions® game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries,** carried forward to a replacement game, or **otherwise** expended in a manner **at the election of the individual as directed by the** Members of the Product Group in accordance with the laws of the ~~state or~~ jurisdiction.

(4) Expected Prize Payout Percentages: The Jackpot Prize **payout** shall be determined on a pari-mutuel basis. Except as **otherwise** provided in these rules and except for winning prizes sold by the California Lottery, all other prizes awarded shall be paid as **single payment prizes. Set Prizes All prize payouts are made** with the following expected prize payout percentages, which does not include an additional amount held in prize reserves, **although the prize payout percentages per draw may vary:**

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:** ~~Except for winning prizes sold by the California Lottery, The~~ **the Set Prize Pool** ~~percentage allocated to the Set Prizes (for payment of the single payment 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) **Available Resources:** Except as otherwise provided for in OAR 177-098-0110(10)(c), if the total of the **Mega Millions® Set Prizes (as multiplied by the respective Megaplier® multiplier if applicable)** awarded in a drawing exceeds the percentage of the prize pool allocated to the **Mega Millions® Set Prizes**, then the amount needed to fund the **Mega Millions® Set Prizes**, including Megaplier® prizes, awarded shall be drawn from the following sources, in the following order:

(i) The amount ~~available in allocated to~~ **the Set Prizes Pool and the Megaplier® Prize Pool, carried forward from previous draws,** if any;

(ii) An amount from the ~~P~~prize ~~R~~reserve ~~A~~account described in section (2) of this rule, if available, not to exceed \$40,000,000 per drawing.

(B) **Lack of Sufficient Prize Funds:** 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. **In that instance, the money available from the funding sources listed in this rule shall be divided among the tickets with winning game plays in proportion to their respective prize percentages. Mega Millions® and Megaplier® prizes will be reduced by the same percentage.**

(C) **Independent Calculations:** 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 **then** ~~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 Mega Millions® Prizes

(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.

Prize Level	Numbers of Matches per Ticket	Probability Distribution		Probable/Set Prize Amount
		Winners	Probability	
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 ~~Grand Jackpot~~ Prize Pool equally among all **tickets with** winning game plays of the Jackpot Prize in all participating lotteries. The prize money allocated from the current Mega Millions® ~~Grand 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 ~~tickets 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~~ **The annuity** option Jackpot Prizes **amount** 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 **Grand Prize pool funds** ~~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 ~~funds cash~~ held in the ~~Grand 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, **unless prohibited by state law**, 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") **or the persons identified on the winner's Beneficiary Designation form (BDF), whichever is applicable**, to the **state** lottery of the ~~state jurisdiction~~ in which the deceased lottery winner purchased the winning ticket, and subject to **applicable** federal, state, **or** district ~~or territorial applicable~~ laws, may **make accelerate the payment to the Estate or the designated beneficiary of the discounted present value of the remaining annuitized prize payments. of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or ~~amounts cash~~ 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 to fund the annuitized prize ~~is 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) are shall be~~ paid ~~in cash~~ through the ~~Party Lottery~~ **that which** sold the winning ticket(s), **and at the discretion of the Selling Lottery may be paid by cash, check, warrant, or electronic transfer.** ~~A Party~~ The 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 ~~Grand 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. **All liability for a Mega Millions® prize is discharged upon payment of a prize claim.**

(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 ~~are shall~~ not be responsible for tickets which are altered in any manner **(or which fail to print except as provided in OAR 177-098-0020(4))**. 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 sections (1) **and (2)** 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 **Lottery** 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 **Lottery** 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 177-098-0090

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[®] **game** 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[®] **game** ticket issued by the Lottery, **or attempting to claim a prize, ~~the purchaser~~ and prize claimants** agrees to comply with and be bound by all applicable statutes, administrative rules and procedures of the Lottery and MUSL, **including all applicable provisions in the Mega Millions[®] Finance and Operations Procedures**, and by **all ~~the~~ directives and determinations of the Lottery Director. A purchaser or prize claimant ~~The purchaser~~ agrees, as the purchaser or prize claimant's purchaser's** sole and exclusive remedy, that claims arising out of a Mega Millions[®] ticket **issued by ~~purchased from~~ the Lottery can be pursued only against the Lottery and not any other Party Lottery or against MUSL. Litigation, if any, shall ~~only~~ be maintained only within the State of Oregon. ~~state in which the Mega Millions[®] ticket was purchased and only against the Party Lottery that issued the ticket.~~ No claim shall be made against any other participating Lottery or against MUSL.**

(2) **Final Determinations:** All decisions made by the Lottery Director, including the declaration of prizes and the payment thereof and the interpretation of **the** Mega Millions[®] game rules and procedures, are final and binding on all purchasers **of tickets issued by the Lottery** and on every person making a **prize** claim in respect thereof. Nothing in **these is** rules shall be construed as a waiver of any defense or claim **that** the Lottery, **any other participating lottery, or MUSL** may have in **any litigation, including in** the event a purchaser or person making a claim pursues litigation against the Lottery Commission, ~~or~~ the Lottery, **any other participating Lottery, or MUSL, or their respective ~~its~~ officers, directors, or employees.**

(3) **Unclaimed Prize: No prize shall be paid upon a ticket purchased, claimed, or sold in violation of the statutes, or rules, procedures, and decisions of the Lottery or MUSL's Mega Millions[®] Group Rules effective October 18, 2016. Any such prize claimed but unpaid shall constitute an unclaimed prize under the statutes, rules, procedures, and decisions of the Lottery and shall be allocated to the benefit of the public purpose.**

177-098-0110

Megaplier[®]

(1) **General: The Mega Millions[®] Megaplier[®] promotion** 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[®] **offers to the owner of a qualifying play a chance to** multiply ~~ies~~ or increase ~~s~~ 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:~~**

(a) General: The Megaplier[®] Prize Pool ~~Account~~ **has been established by the Product Group and is used to fund Megaplier[®] prizes. The Megaplier[®] Prize Pool holds the temporary balances that may result from having fewer than expected winners in Megaplier[®]. The source of the Megaplier[®] Prize Pool consists of the Party Lottery's weekly prize contributions less actual Megaplier[®] Prize liability.**

(b) Percentage: ~~for all prize categories offered by the Party Lotteries shall consist of u~~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~~ **shall be collected for the payment of Megaplier[®] prizes.**

(c) Prize Payout: Prize payout percentages may vary. 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~~.

(d) End of Game: ~~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~~ **when the Product Group declares at** the end of this game shall be

returned to the lotteries participating in the Megaplier® Prize Pool after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or expended in a manner at the election of the individual as directed by the members of the Product Group in accordance with jurisdiction law.

(7) **Expected Prize Payout:** Except as otherwise 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) **Available Resources:** 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 **available in allocated to the Set Prizes Pool and the Megaplier[®] Prize Pool** ~~(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) **Pari-Mutuel Conversion:** 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 **tickets with winning game** plays in proportion to their respective prize percentages. Mega Millions[®] and Megaplier[®] prizes will be reduced by the same percentage.

(c) **Independent Calculations:** 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 **single payment lump sum through the Party Lottery that sold the winning ticket(s)**. 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 **Megaplier®** Prize Pool for the next drawing.