

Rule 14 MULTI-STATE JACKPOT GAMES

BASIS AND PURPOSE OF RULE 14

The purpose for Rule 14 is to provide general details and requirements for all Multi-state Jackpot Games, such as the sale of Tickets, payment of Prizes, and the method for selecting and Validating winning Tickets. The statutory basis for Rule 14 is found in C.R.S. 44-40-101(5) and (6), 44-40-104(4)(a), 44-40-109(1)(a) and (h), and (2), 44-40-113 and 44-40-114.

14.1 General Provisions

Multi-state Jackpot Games will be conducted pursuant to the following Rules and Regulations and such further instructions and directives as the Director may issue.

- A. The Director and the Division are authorized to enter into a Multi-state Agreement for the purposes of promoting and Selling Multi-state Jackpot Games.
- B. All Multi-state Jackpot Game Rules or changes thereto must be approved by the Commission prior to implementation in Colorado.
- C. The Director shall be a voting member of any Multi-state Board during the timeframe in which the Lottery is a member of the Multi-state Group.
- D. If at any time the Director determines that any provision of the Multi-state Governing Rules or of the Multi-state specific Game Rules do not sufficiently provide for the security and integrity necessary to protect the Lottery, the Director shall recommend to the Commission that the Lottery end its membership with the specified Multi-state Group or Multi-state Jackpot Game. If the Commission concurs, such action shall be taken.

14.2 Definitions

In addition to the definitions provided in Rule 1.1, the following definitions apply to this Rule 14.2 and any other Section that governs the game rules for a Multi-state Jackpot Game:

- A. “Breakage” means the results of rounding Prize Amounts down to the nearest whole dollar.
- B. “Multi-state Agreement” means the document made and entered into by the Party Lotteries, containing the mutual covenants agreed to by the Party Lotteries.
- C. “Multi-state Jackpot Ticket” means a computer-generated Ticket issued by a Lottery Licensee (Licensee) to a Player as a receipt for the combination of numbers selected in a Jackpot Game.
- D. “Multi-state Board” means the governing body of a specific Jackpot Game, which is comprised of the chief executive officer of each Party Lottery.

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- E. "MUSL" means the Multi-state Lottery Association.
 - F. "Party Lottery" means a State Lottery or Lottery of a political subdivision or entity which has joined a Multi-state Game and, in the context of the Product Group Rules, has joined in Selling the specified Jackpot Game.
 - G. "Product Group" means a group of Lotteries which have joined together to offer a Product pursuant to the terms of the Multi-state Agreement and the group's own rules.
 - H. "Roll-over" means the amount from the direct Prize Category contribution from previous Drawing(s) in the Grand Prize Category, that is not won, that is carried forward to the Grand Prize Category for the next Drawing.
 - I. "Set Prize" means all other Prizes except the Grand Prize and, except in instances outlined in these rules, will be equal to the Prize amount established within the specific Game Rules.

14.3 Price of Tickets & Prizes

- A. The Purchase price of each Multi-state Jackpot Ticket shall be set forth in specific Game Rules.
- B. The Prize Amounts or total amount of Prize money allocated to the Prize categories for Multi-state Jackpot Games shall be set forth in specific Game Rules.
- C. In the event the Prize Expense is less than the Commission approved Aggregate Prize Fund for a specific game, the Director may authorize the difference to be used to increase Prize Amounts or pay Additional Lottery Prizes for that game.

14.4 Drawings and End of Sales Prior To Multi-state Drawings

- A. The manner and frequency of Drawings shall be as set forth in specific Game Rules. In the event of a Force Majeure, the Drawing shall be rescheduled at the direction of the Product Group for the Multi-state Jackpot Game.
- B. Drawings shall be conducted at a location, on days, and at times announced to the public. Drawing results are not official until verified.
- C. The Director shall determine when each Multi-state Jackpot Game goes into Draw Break before the Drawing, consistent with MUSL rules and guidelines, unless otherwise noted in the specific Game Rules. Once a Jackpot Game is in Draw Break, Jackpot Game Terminals will not allow any further Purchases for that Drawing.
- D. The Drawing shall not be invalidated because the Numbers drawn create an excessive Prize liability for the Lottery.
- E. Each Drawing shall be witnessed by an independent auditor as required in C.R.S. 44-40109(2)(d).

- F. All Drawing equipment used shall be examined by the auditor located at the Multi-state Drawing Site within thirty (30) minutes before a Drawing and within thirty (30) minutes after the Drawing.

14.5 Cancellation of Tickets

A Multi-state Jackpot Ticket may not be cancelled unless otherwise stated in the specific Game Rules.

14.6 Validation Requirements

- A. To be a valid winning Multi-state Jackpot Ticket, all of the following conditions must be met:
1. All printing on the Ticket shall be present in its entirety, be legible, and correspond to the Gaming System Record;
 2. The Ticket must be intact;
 3. The Ticket must not be mutilated, altered, or tampered with in any manner;
 4. The Ticket must not be counterfeit or an exact duplicate of another winning Ticket;
 5. The Ticket must have been issued by Retailer or the Division in an authorized manner;
 6. The Ticket must not have been acquired illegally;
 7. The Ticket must not have been previously paid; and
 8. The Ticket must pass all other confidential security checks of the Lottery.
- B. Any Ticket failing one of the Validation requirements listed in Rule 14.8(A) is invalid and the Claimant is ineligible for a Prize, unless the Director authorizes award of a Prize on the grounds that the Ticket can be Validated through another method to confirm its authenticity.
- C. In the event a Jackpot Ticket is defective at the time of Purchase, the only responsibility or liability of the Lottery or the Retailer shall be the replacement of the defective Jackpot Ticket with another Lottery Product of the same Retail value or refund of the Purchase price.

14.7 Time to Claim a Multi-state Jackpot Prize

A Multi-state Jackpot Prize must be claimed no later than one hundred and eighty (180) days after the Drawing for which the Ticket was Purchased. Any Person who fails to claim a Prize during the one hundred and eighty (180) day claim period shall forfeit all rights to the Prize and the amount of the Prize shall remain in the Lottery Fund. Prizes claimed by mail must be documented as received by the Lottery by the one hundred and eightieth (180th) day after the announced end-of- game date.

14.8 Annuity Payments

The Multi-state Board shall act as an agent for the Party Lotteries jointly operating games requiring annuitized payments and shall Purchase investments for the benefit of the Party Lotteries who receive valid claims for each Prize paid as an annuity. The investment Purchase process shall be handled according to the Multi-state Game Rules Processes (solicitation of bids, selection of investment, premium payment, etc.). The investment so Purchased shall be held in the trust account for the benefit of each Party Lottery for eventual distribution to a Prize Winner.

14.9 Audit of Lottery Contributions to the Multi-state Group

The Lottery is responsible for verifying all Multi-state Group Prize Fund and reserve allocations, interest earnings and expenditures received or paid on behalf of the Lottery. The Lottery's Fiscal Department will perform analytical procedures on the Multi-state Group's audited financial statements annually as set forth in Recommendation #2 of the June 30, 2003 financial audit. If anything of concern surfaces by applying these procedures, the Director and the Lottery Controller will be notified.

14.10 Interest Earnings

- A. The Director shall request the Multi-state Group to distribute all interest earned on the unreserved account on a quarterly basis. If the interest earned on the unreserved account is immaterial, the Director may postpone the distribution request until the end of the fiscal year.
- B. At the end of each fiscal year, the Multi-state group shall prepare a schedule of revenues and expenses resulting in the Multi-state Group's net income for the fiscal year. The revenues will include all investment earnings, except the interest earned on the unreserved account. The net income will be available to be distributed to each Party Lottery in accordance with procedures as set forth by the Multi-state Group. The chief executive officer of each Party Lottery shall request the remittance of their proportionate share of net income following the close of the fiscal year.