

## DEPARTMENT OF REVENUE

### Colorado Lottery

## LOTTERY RULES AND REGULATIONS

### 1 CCR 206-1

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## RULE 14 MULTI-STATE JACKPOT LOTTERY GAMES

### BASIS AND PURPOSE OF RULE 14

The purpose for Rule 14 is to provide details and requirements for all Colorado Lottery Multi-State Jackpot Games conducted as a member of a Multi-State Group, 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 Colorado Lottery Director may issue.

For the purposes of this Rule 14 “Jackpot Game” shall mean Multi-State Jackpot Game and “Jackpot Ticket” shall mean Multi-State Jackpot Ticket.

- A. All Multi-State Guidelines and Multi-State Board decisions must be approved by the Lottery and the Commission prior to implementation in Colorado.
- B. The Director will be a voting member of the Multi-State Board during the timeframe in which the Lottery is a member of the Multi-State Group.
- C. If at any time the Director determines that any provisions 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 Game. Upon concurrence by the Commission, membership can end at any time.

#### 14.2 Definitions

In addition to the definitions provided in section 1.2 of Rule 1, and unless the context in these Rules and Regulations otherwise requires:

- 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 Drawing Procedures” means the document that outlines the procedure and eligibility requirements for a Multi-State Jackpot Game Drawing.
- D. “Multi-State Jackpot Game” means an individual Lottery Game as described in specific Game Rules which utilizes a Jackpot Gaming System to administer plays in which a player or random number generator selects a combination of numbers. The Lottery, in conjunction with all other participating Multi-State Game Members, will either conduct or oversee a Drawing to determine the Winning Combination, used by all Multi-State Game Members, in accordance with the specific Game Rules for each Jackpot Game.

- E. "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. That ticket shall be the only acceptable evidence of the combination of numbers selected. Jackpot Tickets may be purchased only from Lottery authorized Licensees.
- F. "Multi-State Board" means the governing body of a specific Jackpot Game, which is comprised of the chief executive officer of each Party Lottery.
- G. "Multi-State Guidelines" means the statements of policy having authority over an activity in an individual Game.
- H. "MUSL" means the Multi-State Lottery Association.
- I. "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.
- J. "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.
- K. "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.
- L. "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 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 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 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 Director or designee's discretion.
- B. Drawings shall be conducted at a location, on days, and at times to be announced. Drawing results are not official until verified.
- C. The Director shall determine when each Jackpot Game goes into Draw Break before the Drawing. Once a Jackpot Game is in Draw Break, Jackpot Game Terminals will not allow any further purchases for that Drawing.
- D. An independent auditor, as required in C.R.S 44-40-109(2)(d), will observe each Jackpot Drawing.
  - 1. 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 Promotional Opportunities**

### **14.5.1 Use of Bar Codes on Jackpot Tickets**

- A. An additional bar code printed on Jackpot Tickets allows for entry into Promotional Drawings through the Lottery Mobile Application.
  - 1. Details for Promotional Drawings, including but not limited to Prizes, Prize Winners, assignment of Prizes, and Prize payment are defined in specific Promotional Drawing Guidelines.

### **14.5.2 Use of Coupons and Free Tickets**

- A. Coupons and free tickets (hereafter referred to as “coupons”) are marketing tools used by the Lottery for promotions.
- B. All coupons, when used for promotions, must be given to the consumer or public. In the event the Lottery uses a promotional partner to distribute coupons, the promotional partner must ensure all coupons are issued to the consumer or public and any unused coupons are returned to the Lottery.
- C. At no time may coupons be sold, used to purchase goods or services, pay off Lottery Debts, or reimburse a Licensee for any loss.
- D. At no time may a co-promoter, who has received a cash payment from the Lottery or a Lottery Contractor as part of a promotional agreement, use the cash payment to purchase Lottery Tickets for the promotion that the payment funded.

### **14.5.3 Redemption of Bar-Coded Coupons**

The Director may from time to time deem it proper to authorize the use of bar-coded coupons to promote Lottery Products. In the event such use is authorized by the Director, Licensees shall comply with all requirements and restrictions specified on the coupon and shall redeem and exchange bar-coded coupons for Lottery Tickets only and not for cash.

## **14.6 Sale of Tickets**

- A. Licensees shall make Jackpot Tickets available for sale to the public between the hours of 4:30 a.m. and 11:59 p.m. MST Monday through Saturday and 8:00 a.m. and 11:59 p.m. MST on Sunday if those hours are included in the Licensee’s normal business hours and when the Jackpot Gaming System is available.
- B. A Licensee shall sell Jackpot Tickets only at the premises specified in the license.
- C. All Jackpot Ticket Sales are final and the return of a Jackpot Ticket after sale shall not be accepted by the Licensee, unless otherwise directed by the Director, or as set forth in section **14.7** or in specific Game Rules.
- D. The Lottery itself may sell Jackpot Tickets.
- E. A Licensee may be permitted, upon prior approval of the Director or designee, to use Jackpot Tickets as a means of promoting the sale of goods and services to the public.

## **14.7 Cancellation of Tickets**

A Jackpot Ticket may not be cancelled.

#### **14.7.1 Mutilated or Erroneous Tickets**

Unless the Director is satisfied that a mutilated Jackpot Ticket is genuine, no credit will be issued to the Ticket Holder.

- A. If the Jackpot Ticket is mutilated at the time of purchase, the ticket must be submitted to the Lottery for investigation to determine if credit should be issued.
- B. A ticket submitted to the Lottery for credit becomes the property of the Lottery and the ticket becomes invalid and ineligible for a Prize.
- C. All credits for Jackpot Tickets must be approved by the Director or designee.

#### **14.8 Validation Requirements**

- A. To be a valid winning 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 Jackpot 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 an authorized Jackpot Game Licensee 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 subsection A. above is invalid and the Claimant is ineligible for a Prize.
- C. The Director may authorize award of a Prize for a winning Jackpot Ticket that is partially mutilated or is not intact if the Jackpot Ticket can still be validated by the other Validation methods and requirements.
- D. In the event a defective Jackpot Ticket is purchased, the only responsibility or liability of the Lottery or the Licensee shall be the replacement of the defective Jackpot Ticket with another Lottery Product or refund of the purchase price.

#### **14.9 Payment of Prizes**

- A. The holder of a winning Jackpot Ticket in the amount of \$150.00 or less may take the ticket to any Licensee location during the Licensee's normal business hours and game operation hours for Validation and payment. The holder of a winning Jackpot Ticket in the amount of \$151.00 to \$599.00 may take the ticket to any Licensee location during the Licensee's normal business hours and game operation hours. Licensees have the option of validating winning Jackpot Tickets in the amount of \$151.00 to \$599.00. All Prizes shall be paid by the Licensee upon presentation and Validation of the ticket pursuant to instructions on the back of the Jackpot Ticket and instructions specified in the specific Game Rule.
- B. Any winning Jackpot Ticket in any amount may be mailed or presented to a Lottery Claims Center for payment. The Prizes shall be paid by the Lottery upon presentation and Validation of the ticket pursuant to instructions on the back of the Jackpot Ticket and instructions specified in the specific Game Rule.

- C. The holder of a Prize-Winning Jackpot Ticket of \$600.00 or more shall complete all of the information detailed on the claim form and submit the completed form and ticket by mail or in Person to the Lottery. The Lottery shall pay the Prize upon presentation and Validation of the ticket pursuant to instructions on the back of the Jackpot Ticket and instructions specified in the specific Game Rule. In the event that the intercept program reveals an outstanding obligation for a winner of a Prize, the Prize will not be awarded until the intercept obligation is paid as set forth in C.R.S. 44-40-113(6) and 44-40-114.
1. A Prize Winner, or a Prize Winner's legally authorized representative, shall sign the winning Jackpot Ticket and complete a claim form that is available from any Licensee, Lottery Claims Center, or the Colorado Lottery Website. The claim form shall incorporate the following information:
    - a. Verification that the Prize Winner is not a Person disqualified by law or by these Rules and Regulations to claim or otherwise accept a Prize from the Lottery;
    - b. Notification that the Prize Winner's name, city of residence, and Prize amount are public information. This same notification is given to one signing on behalf of a Prize Winner under a disability that prevents the Prize Winner from signing on his/her own behalf; and
    - c. The Lottery is not liable for any loss caused by a misrepresentation by the Prize Winner or the Person claiming the Prize on the Prize Winner's behalf.
  2. The claim form may contain any other provision that the Director may deem necessary and proper to promote the public interest and trust, and the security and efficient operation of the Lottery.
  3. Payment for a winning ticket will not occur unless all of the requirements on the claim form and winning ticket have been met or an acknowledgement that the information is unknown or unavailable. There is no obligation or duty of the Lottery, its employees or Licensees, to make any inquiry of the truthfulness of information that appears on the claim form before payment to the Prize Winner.
- D. Payment of Prizes shall be made to the Prize Winner in Person or by mail to the address provided.
- E. All Prizes shall be paid within a reasonable time after they are awarded and after the claims are validated by the Lottery. Any Prize requiring annuitized or installment payments shall be paid as specified in the specific Game Rules.
- F. In the event of the death of a Prize Winner during the payment period, the Multi-State Board's Finance and Audit Committee, in its sole discretion, upon the petition of the estate of the Lottery winner (the Estate) to the Lottery, and subject to federal, state, or district applicable laws, may accelerate the payment of all of the remaining Lottery proceeds to the Estate. If the Finance & Audit Committee makes such a determination, then securities and/or cash held to fund the deceased Prize 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 and Audit Committee.
- G. The Prize Winner of an annuitized or installment payment Prize in any Jackpot Game who desires to assign the right to unpaid future annuitized or installment payments must comply with C.R.S. 44-40-113(1)(b) and (2). Pursuant to C.R.S. 44-40-113(2)(f), reasonable fees to defray administrative expenses shall be reviewed and approved by the Director on an annual basis.
- H. The Director may delay any payment in order to review a change of circumstances relative to the Prize awarded, the payee, the claim, or any other matter that may have come to their attention. All delayed payments will be paid to date immediately upon the Director's confirmation that the payee is entitled to such payment; any remaining payments shall be paid per the specific Game Rule.

- I. The Director's decision shall be final and binding with respect to the payment of all Prizes.
- J. The Director reserves the right to require a Prize Winner to disclose the location or Person from where the ticket was purchased.
- K. A Prize must be claimed no later than one hundred and eighty (180) days after the Drawing for which the Jackpot 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 at Lottery Headquarters by the one hundred and eightieth (180th) day after the announced end-of-game date.
- L. Payment of any Prize shall be made to the Ticket Holder of the Jackpot Ticket. All liability of the State, its officers and employees, and the Commission shall terminate upon payment.
- M. In the event that the intercept program reveals an outstanding obligation for a Prize Winner, the Prize will not be awarded until the intercept obligation is paid as set forth in C.R.S. 44-40-113(6) and 44-40-114.

#### **14.10 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.

#### **14.11 Lost or Stolen Tickets**

The Director reserves the right to hold any Prize, pending the findings of an investigation, when the Jackpot Ticket presented for Validation has been reported stolen or lost. At the Director's discretion, Jackpot Tickets that are determined to be stolen will not be paid.

#### **14.12 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.

#### **14.13 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.