

DEPARTMENT OF REVENUE

Colorado Lottery

LOTTERY RULES AND REGULATIONS

1 CCR 206-1

RULE 10.A COLORADO LOTTERY JACKPOT GAME "LOTTO"

BASIS AND PURPOSE FOR AMENDED RULE 10.A

The purpose of Amended Rule 10.A is to provide specific game details and requirements for the Colorado Lottery Jackpot Game "LOTTO" such as type of play, prizes, method of selecting winning numbers, drawings, and the allocation of revenues. The statutory basis for Rule 10.A is found in C.R.S. 44-40-109 (1) (a) and (2), 44-40-113 and 44-40-114.

10.A.1

A Colorado Lottery Jackpot game to be known as "Lotto" is authorized to be conducted by the Director under the following Rules and Regulations and under such further instructions and directives as the Director may issue in furtherance thereof. If a conflict arises between Rule 10 and this Amended Rule 10.A, Amended Rule 10.A shall apply.

10.A.2 Definitions

In addition to the definitions provided in Paragraph 1.2 of Rule 1 and Rule 10, and unless the context in this Amended Rule 10.A otherwise requires:

- A. "Base contribution" means an amount contributed to the Jackpot prize category in order to fund the initial drawing.
- B. "Board" means a field of the 42 numbers found on the play slip.
- C. "Direct Prize Category Contribution" means a percentage of net sales allocated to the prize categories as described in Paragraph 10.A.5.c.
- D. "Indirect Prize Category Contribution" means a discretionary contribution authorized by the Director allocated to the prize categories as described in Paragraph 10.A.5.c. However, the total discretionary indirect prize category contributions shall not allow the game to pay out more than an additional 5.0% of sales in prizes in any single fiscal year. Unclaimed prizes will not be considered in this calculation.
- E. "Jackpot Prize" means a pari-mutuel prize that is advertised to be paid with per-winner annuities or as a lump sum cash payment, unless otherwise specified by the Lottery.
- F. "Jackpot Game Shares" means the total number of matching combinations within each prize category as determined for each drawing.
- G. "Number" means any play integer from 1 through 42 inclusive.
- H. "Play" means the six numbers selected on each Board and printed on the ticket.
- I. "Play slip" means a mark-sense game card used by players of Lotto to select plays. There shall be ten game grids, or boards, on each play slip identified as A, B, C, D, E, F, G, H, I, and J. A play slip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

- J. "PATP Terminal" or Play at the Pump Terminal" means a gasoline pump having the capability to sell PATP Tickets.
- K. "PATP Ticket" means a Quick Pick Jackpot Game Ticket issued electronically by a Jackpot Game Licensee to a player via a Play at the Pump Terminal, which item(s) or group of number(s) are electronically associated to the debit card used by the Player to purchase the ticket. The receipt for the purchase of the PATP Ticket is only a receipt for the Player's records. The receipt does not constitute a Jackpot Game Ticket and shall not be used to redeem any prize.
- L. "PATP Validation" means the process of determining whether a Player's debit card has a winning Jackpot Game Ticket associated with it.
- M. "Roll-over" means the amount from the direct prize category contribution from previous drawing(s) in the first prize (Jackpot) category that is carried forward to the first prize category (Jackpot) for the next drawing.

10.A.3 Price of Lotto Ticket

The price of each Lotto play shall be \$1.00 but may be adjusted at the Director, or designee's, discretion.

10.A.4 Play for Lotto

A. Type of play:

A Lotto player must select six numbers in each play. A winning play is achieved only when 3, 4, 5, or 6 of the numbers selected by the player match, in any order, the six winning numbers drawn by the Lottery.

B. Method of play:

1. Manual - The Jackpot Game retailer may enter the player's selected numbers via the keyboard on the Jackpot Game terminal.
2. Play Slip - The player may use an original play slip provided by the Lottery to make number selections. The Jackpot Game terminal will read the play slip and issue a ticket with corresponding plays.
 - a. Facsimiles of play slips, copies of play slips, or other materials that have not been printed or approved by the Lottery shall not be used to enter a play.
 - b. No device shall be connected to a Jackpot Game terminal to enter plays, except as may be approved by the Lottery.
 - c. Unapproved play slips or other devices may be seized by the Lottery.
 - d. The play slip must be marked by hand. Machine-printed play slips used to enter plays must be approved by the Director. Unapproved machine-printed playslips may be seized by the Lottery.
 - e. Nothing in this regulation shall be deemed to prevent a person with a physical disability who would otherwise be unable to mark a play slip manually from using any device intended to permit such person to make such a mark (for his/her sole personal use or benefit).
3. Quick Pick - The Jackpot Game retailer can create ticket(s) using the Jackpot Game terminal where the play has been created using a random number generator operated by the Jackpot Game terminal.
4. Partial Quick Pick - A player may leave a portion of his/her play selections to a random

number generator operated by the Jackpot Game terminal. The partial quick pick option can be used with a play slip or manual entry by the retailer.

10.A.5 Prizes For Lotto

- A. The prize amounts for each drawing paid to each Lotto player who selects a matching combination of numbers will vary due to a pari-mutuel calculation. The prize amounts are based on the total amount in the prize category for that Lotto drawing distributed equally over the number of matching combinations in each prize category.

MATCHING COMBINATIONS	PRIZE CATEGORY	ODDS OF WINNING (ONE PLAY)
All six matching numbers in one play	First Prize (Jackpot)	1: 5,245,785
Any five but not six matching numbers in one play	Second Prize	1: 24,286
Any four but not five or six matching numbers in one play	Third Prize	1:555
Any three but not four, five, or six matching numbers in one play	Fourth Prize	1: 36

- B. The projected aggregate prizes as a percentage of sales for Lotto is Fifty-two and Seven-tenths Percent (52.7%). This projection does not include unclaimed prizes.

C. Prize Categories

1. First Prize (Jackpot) – The Jackpot will start each time at an annuitized future value of at least \$1 million for the first drawing after it is won. The total prize category contribution for a drawing may include the following:
 - a. A direct prize category contribution of twenty-five percent (25%) of net sales for the drawing, which may be adjusted as authorized by the director.
 - b. A base contribution of \$500,000. The Lotto base contribution may be adjusted as authorized by the Director if increased sales warrant a higher starting jackpot.
 - c. A roll-over contribution as defined in Paragraph 10.A.2.j of this Rule 10.A.
 - d. An indirect prize category contribution authorized by the Director.

2. Second Prize – The second prize category may include the following:
 - a. A direct prize category contribution of two percent (2%) of the net sales for the drawing.
 - b. An indirect prize category contribution as authorized by the Director.

A prize amount shall be calculated by dividing the prize category contribution by the number of shares for the prize category. A share is the matching combination, in one play, of any five of the six numbers drawn (in any sequence).

3. Third Prize – The third prize category may include the following:
 - a. A direct prize category contribution of seven and one-half percent (7.5%) of the net sales for the drawing.
 - b. An indirect prize category contribution as authorized by the Director.

A prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of any four of the six numbers drawn (in any sequence).

4. Fourth Prize – The fourth prize category may include the following:
 - a. A direct prize category contribution of ten percent (10%) of the net sales for the drawing.
 - b. An indirect prize category contribution as authorized by the Director.

A prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of any three of the six numbers drawn (in any sequence).

5. Additional Lottery Prizes may be awarded as authorized by the Director from the Indirect Prize Category contribution.
6. All prize amounts will be rounded down to the nearest dollar except that no prize amount shall be less than one dollar (\$1).

10.A.6 Payment of Prizes

- A. The holder of a winning ticket may win only one prize per play in connection with the winning numbers drawn and shall be entitled only to the highest prize category won by those numbers.
- B. Players will be given the option of receiving their share of the first prize (Jackpot) over a period of 25 years through a fixed progressive 25-year annuity with the initial payment made by the Lottery on the date of claim and 24 additional payments made yearly on the anniversary of the first payment, or a one-time lump sum payment equal to fifty percent (50%) of their share of the annuitized jackpot amount.
- C. The annuitized future value of the first (Jackpot) prize category shall be twice the cash value of the total Jackpot prize category contribution as defined in Paragraph 10.A.5.c.1.
- D. To determine the annuitized future value of each jackpot share (prize amount), the annuitized future value of the prize category is divided by the shares. A share is the matching combination, in one play, of all six numbers drawn (in any sequence).
- E. If the annuitized future value of each jackpot share (prize amount) results in an initial or first payment of ten thousand dollars (\$10,000) or more and the annuity option has been selected, the prize amount shall be a fixed progressive 25-year annuity. The initial annuity payment shall be paid by the Lottery at the time of claim and be 2.5% of the future value of the annuity. Each subsequent annual payment (#2 through #25) shall increase by 3.7% of the previous annual payment.
- F. Players who select the annuitized payment shall have the ability to change their prize payment selection from annuitized payment to lump sum payment for up to ninety days (90) from the original date of claim. This period may be extended at the discretion of the Director or the Director's designee. If a player chooses the lump sum payment after the initial annuitized payment is made to the player by the Lottery, the player will receive the remaining amount of the original cash value prize, less taxes, in a single second payment.
- G. If the annuitized future value of each jackpot share (prize amount) results in an initial or first payment of less than ten thousand dollars (\$10,000) the annuity option will not be allowed and the prize amount will be paid in one payment.

10.A.7 Ticket Purchases

- A. Lotto tickets may be purchased only from a Lottery retailer authorized by the Director to sell Jackpot Game tickets.
- B. Lotto tickets shall show, at a minimum, the numbers selected, the boards played, drawing date and validation and reference numbers.
- C. The Lottery shall not directly and knowingly sell a combination of tickets to any person or entity that would guarantee such purchaser a win.
- D. A player may cancel a ticket and receive a refund of the purchase price for any draw provided the following criteria are met:
 - 1. The legible ticket is returned to the Jackpot Game retailer from whom the player purchased;
 - 2. It is returned within one (1) hour of purchase;
 - 3. The retailer is open;
 - 4. The Jackpot Game system is available for wagering; and
 - 5. The Jackpot Game system has not converted to the next drawing period.
 - 6. PATP transaction cannot be cancelled after purchase.

10.A.8 Drawings

- A. The Lotto drawings shall be held as scheduled by the Director and as indicated in the Drawing Guidelines. In the event of an act of Force Majeure the drawing shall be rescheduled at the Director's, or the Director's designee, discretion.
- B. The drawings will be conducted by Lottery officials and comply with Colorado Revised Statutes.
- C. Each drawing shall determine, at random, six winning numbers in accordance with Drawing Guidelines. Any numbers drawn are not declared winning numbers until the drawing is certified by the Lottery in accordance with paragraph 10.A.8d. The winning numbers shall be used in determining all Lotto winners for that drawing. If a drawing is not certified, another drawing will be conducted to determine actual winners.
- D. The drawing shall not be invalidated based on the liability of the Lottery.

10.A.9 Advance Play

Advance play provides the opportunity to purchase Lotto tickets for more than one drawing. Advance play tickets shall be available for purchase in variable increments. The Advance Play feature shall be available at the discretion of the Lottery Director.

10.A.10 Licensee Commission

- A. In addition to the six percent (6%) Commission or three percent (3%) commission for PATP Terminals, set forth in Paragraph 10.13 of Rule 10, the Director may provide such additional compensation to the licensees as is deemed appropriate by the Director to further the sale of Lotto tickets, so long as such additional compensation is made equally available to all licensees and does not exceed a total of seven-tenths of one percent (0.7%) of the total amount received by the Division from all Lotto tickets sold or disbursed as of the date the Director determines to provide such additional compensation. The seven-tenths of one percent (0.7%) described above shall consist of the following:

1. Two-tenths of one percent (0.2%) of sales from Lotto tickets lawfully sold or disbursed by a Jackpot Game retailer shall be accrued to pay Jackpot Game retailers a one percent (1%) cashing bonus for each Lotto prize redeemed by retailers up to and including \$599.99. A cashing bonus for an automatically validated winning PATP Ticket shall be paid to the vendor administering the sale of the winning PATP Ticket and not the licensee.
 2. Up to one-half of one percent (0.5%) of sales from Lotto tickets lawfully sold or disbursed by a Jackpot Game retailer shall be accrued to pay Jackpot Game retailers a marketing performance bonus.
- B. In order to receive the marketing performance bonus, each Jackpot Game retailer must meet the following criteria:
1. A retailer must be a licensed retailer on the date the marketing performance bonus is declared;
 2. A retailer must meet or exceed the requirements of the Marketing Performance Bonus Plan for the period for which the marketing performance bonus is declared; and
 3. The requirements of the Marketing Performance Bonus Plan to be met by Jackpot Game retailers shall be established by the Lottery Director or his/her designee.
- C. In the event there is a residual resulting from the accrual of the seven-tenths of one percent (0.7%) of sales after the bonuses described in 10.A.10.a.1 and 2 have been expensed, the Director may provide additional compensation to licensees as described in 10.A.10.a or may revert the excess amount thereby decreasing the bonus expense.