

Section 5000.1 of title 9 of NYCRR would be amended to read as follows:

PART 5000

General Provisions

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§ 5000.1. Purpose and scope.

This chapter is promulgated by the New York State Gaming Commission pursuant to Article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law and governs the establishment, operation, and administration of the New York State Gaming Commission in regard to the State lottery, and such additional responsibilities as may be assigned by law. Subjects covered by this chapter include, but are not limited to: frequency of drawings, price of tickets, structure of prizes, payment of prizes, licensing of lottery sales agents, use of vending machines, safekeeping operations and control and distribution of lottery tickets. This Part pertains to the Division of Lottery and supplements those rules and regulations of general applicability promulgated by the Gaming Commission.

Section 5000.2 of title 9 of NYCRR would be repealed and replaced by the following:

§ 5000.2. Definitions.

Unless the context indicates otherwise, the following definitions are applicable throughout this chapter.

(a) *Act* or *acts* means article 34 of the Tax Law, commonly known and cited as the New York State Lottery for Education Law and article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.

(b) *Affiliate* means a parent company or subordinate business entity of a courier service.

(c) *Agent commission* means payments to lottery sales agents, or other persons for sales, processing of claims, distribution and handling of tickets and revenue, and other services performed at the request of the director of the lottery.

(d) *Claims center* or *customer service center* means any place designated by the commission where a ticket holder or such ticket holder's representative may file a claim for a prize in accordance with instructions of such commission.

(e) *Commission* means the New York State Gaming Commission established pursuant to article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.

(f) *Courier customer* means a natural person who is the holder of an account on a network operated by a courier service and who requests delivery of a lottery ticket through such network.

(g) *Courier service* means a person licensed pursuant to this subchapter as a vendor to carry out transactions as an agent for customers as permitted by this subchapter.

(h) *Drawing cutoff* means the deadline to purchase a lottery ticket for a particular lottery drawing as determined by the commission.

(i) *Lottery director* means the director of the Division of Lottery within the Commission.

(j) *Lottery fund* means the State lottery fund established pursuant to section 92-c of the State Finance Law.

(k) *Lottery* or *State lottery* means the lottery established and operated pursuant to the Lottery for Education Law and article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.

(l) *Lottery sales agent* means a person who, or entity that, is licensed by the commission pursuant to article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law and the New York State Lottery for Education Law (article 34 of the Tax Law) to sell lottery tickets.

(m) *Network* means an online-enabled technology application service or electronic system offered or used by a courier service agent that enables courier customers of the network within the State to request the courier service to purchase lottery tickets on the courier customer's behalf as the courier customer's agent and receive delivery of a facsimile or other electronic confirmation of the lottery tickets issued on behalf of the courier customer through the network.

(n) *Person* means an individual, partnership, association, organization, corporation, limited liability company, club, company, trust, estate, society, joint-stock company, receiver, trustee, assignee, referee or any other form of business organization or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals, as well as agencies and instrumentalities of the State and counties, cities, towns and villages.

(o) *Ticket* means a representation, the form of which is prescribed by the commission, of the lottery play or plays sold to a player.

(p) *Ticket processing* means, with respect to a courier service, the process inclusive of the following:

- (1) accepting a request to purchase lottery tickets as the courier customer's agent;

(2) generation of lottery tickets necessary to complete a request through a commission-approved lottery terminal pursuant to the requirements of section 5004.9 of this subchapter;

(3) scanning legibly the front and back of a ticket and creating an image thereof;

(4) matching the ticket to a courier customer's request and verifying the accuracy thereof; and

(5) providing a courier customer with an image of the front and back of a ticket.

Sections 5001.8, 5001.22 and 5001.23 of title 9 of NYCRR would be repealed.

Sections 5001.1, 5001.2, 5001.3, 5001.4, 5001.5, 5001.6, 5001.7, 5001.10, 5001.11, 5001.12, 5001.13, 5001.14, 5001.16, 5001.17, 5001.18, 5001.19, 5001.20, 5001.21, 5001.24, 5001.25, 5001.26, 5001.27, 5001.28, 5001.29, 5002.1, 5002.5, 5003.2, 5004.6, 5004.9, 5006.6, 5006.10, 5006.14, 5007.2, 5007.3, 5007.5, 5007.8, 5007.9, 5007.10, 5007.12, 5007.13, 5007.14, 5007.15, 5007.16, 5008.5, 5008.12, 5009.2, 5010.2, 5011.5, 5012.1, 5013.1, 5013.2 and 5013.3 of title 9 of NYCRR would be amended to read as follows:

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PART 5001

Lottery Sales Agents

Section	
5001.1	Application
5001.2	Eligibility
5001.3	Minors
5001.4	Residency
5001.5	Issuance of license
5001.6	Duration of license
5001.7	Display of license
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5001.9	Temporary licenses and special licenses
5001.10	Conditions of licensing
5001.11	License fee
5001.12	Bonding of <u>lottery sales</u> agents
5001.13	Non-transferability of license
5001.14	Access to <u>lottery</u> sales agent's records
5001.15	Location of sales
5001.16	Conversion to vending machines or manual sales
5001.17	[Agent] <u>Lottery sales agent</u> inspections
5001.18	Sales by gaming commission
5001.19	Suspension and revocation
5001.20	[Agent] <u>Lottery sales agent</u> accountability for lottery tickets

Proposed rule
Licensing of lottery couriers

- 5001.21 Consignment of tickets to lottery sales agents
- 5001.22 [Assignment of agent to a bank] [Reserved]
- 5001.23 [Authorization to request tickets] [Reserved]
- 5001.24 [Agent] Lottery sales agent bonus plan
- 5001.25 Deposit of lottery revenues by lottery sales agents
- 5001.26 Notification of prize winners
- 5001.27 Ticket sales
- 5001.28 Special lottery sales agents
- 5001.29 Penalty on delinquent accounts

§ 5001.1. Application.

Tickets may be sold only within New York State by [licensed] lottery sales agents. Any person may apply for a license to become a lottery sales agent by submitting a completed application form to the commission and any supplements thereto as may be required.

§ 5001.2. Eligibility.

(a) No license as a lottery sales agent shall be issued to any person in business exclusively as a lottery sales agent. Before issuing such a license, the commission shall consider such factors as:

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§ 5001.3. Minors.

No person under legal age shall be licensed as [an] a lottery sales agent.

§ 5001.4. Residency.

[Licenses] Lottery sales agent licenses shall be issued only to persons who are residents of this State or whose place of business is located in this State.

§ 5001.5. Issuance of license.

The commission shall license as lottery sales agents to sell lottery tickets only such persons as in the opinion of the commission will best serve public convenience consistent with the purposes of the acts.

§ 5001.6. Duration of license.

A lottery sales agent's license shall remain in force until suspended, revoked or terminated by the commission in accordance with the provisions of the act or those set forth in this Part. The commission may extend the initial or subsequent licensing period at the commission's discretion, or may set starting and expiration dates for new or renewed licenses. Upon reasonable notice to existing licensees, the director may require renewal of licenses, establish probation, or set other conditions upon the license. A license fee may be established and required at the discretion of the commission.

§ 5001.7. Display of license.

Every [licensed] lottery sales agent shall prominently display such lottery sales agent's license in an area visible to the general public in each place of business where lottery tickets are sold. In addition, [the] a lottery sales agent shall display an authorized lottery agent decal on a prominent front window or door of the lottery sales agent's premises so as to be readily visible to the public. [The] A lottery sales agent shall maintain and display all informational and promotional material in connection with ticket sales of each lottery game in accordance with instructions issued by the commission.

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§ 5001.10. Conditions of licensing.

Upon issuance of a license, [the] a lottery sales agent shall agree to the following conditions:

(a) The lottery sales agent shall comply with the provisions of the act, the licensing agreement, and any rules, regulations, procedures, policies and instructions promulgated or issued by the commission.

(b) The lottery sales agent shall offer tickets to the public for sale during normal business hours.

(c) The lottery sales agent shall [utilize] use, display and maintain authorized displays, notices, entry boxes and other marketing materials used in connection with ticket sales as instructed by the commission.

(d) All tickets accepted by the lottery sales agent from the commission, or from such lottery sales agent's distribution or safekeeping depository, are deemed to have been purchased by the lottery sales agent at the price established by the commission, less appropriate sales commission discounts, if any. At the discretion of the commission tickets may be released to lottery sales agents on a consignment basis and the commission may agree to accept for credit any unsold tickets; however, if unsold tickets are not returned to the authorized distribution or safekeeping depository on or before the stated deadline, the lottery sales agent is responsible to pay for them in full.

(e) The lottery sales agent shall maintain current and accurate records of all transactions in connection with ticket sales in conformity with the rules, regulations, licensing agreement, policies, procedures and instructions relating thereto, as promulgated or issued by the commission.

(f) The lottery sales agent shall redeem for cash all lottery tickets with a value of \$25 or less.

(g) The lottery sales agent shall make available to representatives of the division upon request for inspection and audit such records as the lottery sales agent may be required to maintain.

(h) The lottery sales agent's license issued under this Part may be suspended or revoked or have the renewal of such license rejected.

(i) The lottery sales agent shall hold the commission harmless from any liability that may arise as a result of conducting lottery ticket sales.

(j) A lottery sales agent is an independent contractor, and any contractual or tortious liability the lottery sales agent may incur in connection therewith shall be the sole responsibility of the lottery sales agent.

(k) The lottery sales agent's license shall be issued for a fixed period of time, and thereafter renewed on an annual basis unless such licensing period shall be extended or changed at the discretion of the commission.

(l) The lottery sales agent shall surrender to the commission upon request the license, lottery sales agent identification card, and all lottery forms and materials supplied by the commission upon the suspension, revocation, or termination of such license, including temporary suspension.

(m) Lottery sales agents and distributors are responsible for all lost, stolen, or destroyed tickets provided by the commission and will pay for such tickets at the appropriate settlement time. The commission will not reimburse lottery sales agents or distributors for such tickets. Lottery tickets are valuable and should be handled with care.

§ 5001.11. License fee.

(a) A fee for a license as [an] a lottery sales agent may be required in an amount determined by the commission and is payable at the time of licensure. The fee is intended to cover the cost of licensing and is not refundable.

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§ 5001.12. Bonding of lottery sales agents.

The commission may require a surety bond from any [licensed] lottery sales agent in such amount as [it] the commission may determine so as to avoid monetary loss to the State because of [an] a lottery sales agent's activities in the sale of tickets. The bond, if required by the commission, is a condition of becoming or continuing as [an] a lottery sales agent. A financial statement may also be required of any person applying for a lottery sales agent license. The commission may also seek additional surety or guarantee of financial security consistent with the purposes of the acts, as may be deemed appropriate.

§ 5001.13. Non-transferability of license.

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(b) If the business to which a license is issued changes hands or the ownership or type of business undergoes a substantial change, the commission must be notified immediately of such change in writing. At the commission's option the commission may

terminate or continue the license of such lottery sales agent. A substantial change in ownership shall mean a transfer of 50 percent or more of the equity of any business licensed pursuant to this Part. If the business for which a license has been issued changes such business' location, said license shall terminate as of the date of the change and an application for a new license must be filed with the commission. Every such change of business location or contemplated change of ownership shall be reported in writing to the division at least 20 days prior to any proposed change.

§ 5001.14. Access to lottery sales agent records.

A lottery sales agent shall grant access to such lottery sales agent's books and records related to lottery sales, together with any and all papers and information required for purposes of auditing, at such times as deemed appropriate by the commission in connection with the application or license as a lottery sales agent.

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§ 5001.16. Conversion to vending machines or manual sales.

Upon mutual agreement between [an] a lottery sales agent and the commission, any licensed location may be converted from a manual-type operation to a vending machine-type operation, and from a vending machine-type operation to a manual-type operation, for the sale of lottery tickets.

§ 5001.17. [Agent] Lottery sales agent inspections.

Each [licensed] lottery sales agent shall permit inspections of such lottery sales agent's premises upon request by authorized employees of the commission to determine whether said lottery sales agents are complying with the provisions of the acts, the rules, regulations and instructions of the commission, and the licensing agreement. Inspections may be made without notice during normal business hours.

§ 5001.18. Sales by gaming commission.

The commission itself may sell lottery tickets at any branch location or at any other location that [it] the commission may establish in the State.

§ 5001.19. Suspension and revocation of license.

(a) At the discretion of the commission, [the] a lottery sales agent's license may be suspended or revoked or have such license renewal rejected for any of the reasons set forth in section 1607 of the Tax Law or for any of the following reasons, or any combination thereof:

* * *

(3) failure to sell a sufficient number of lottery tickets required by the licensing agreement between the lottery sales agent and the commission, when the commission has notified the lottery sales agent of such insufficiency in writing and the lottery sales

agent fails to make satisfactory improvements, in the discretion of the commission, within the time set forth in the notice of insufficiency;

(4) violation of any the provisions of the acts, rules and regulations of the commission, the licensing agreement between the lottery sales agent and the commission or any of the conditions of licensing set forth in section 5000.10 of this Part, or failure to follow procedures, policies or instructions of the commission;

(5) failure of the lottery sales agent to display commission point-of-sale material in a manner readily available to the public;

(6) finding by the commission that the lottery sales agent's experience, character and general fitness are such that the lottery sales agent's participation as a lottery sales agent is inconsistent with public interest or convenience or for any other reason within the discretion of the commission;

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(b) [An] A lottery sales agent may establish, as an affirmative defense to a suspension or revocation based upon insufficient sales, whether under paragraph (3) of subdivision (a) of this section or otherwise, that such lottery sales agent's failure to sell a sufficient number of tickets was caused by factors outside the control of the lottery sales agent that the lottery sales agent has taken reasonable steps to mitigate, such as extreme weather, natural disaster, flood, earthquake, war, discharge of hazardous material, blackout or power interruption, civil unrest or other events or circumstances and that nevertheless, despite such mitigation, reasonably excuse such lottery sales agent's sales performance.

(c) If the commission orders the temporary suspension of a lottery sales agent's license pending any prosecution, investigation or hearing, the lottery sales agent shall permit the commission to retrieve lottery equipment, tickets and other material provided by the commission that may be in the lottery sales agent's possession. Failure to cooperate in the commission's retrieval effort shall constitute separate grounds for suspension or revocation of the lottery sales agent's license. A lottery sales agent under a temporary suspension shall continue to remit amounts owed to the commission when required during such temporary suspension.

(d) Upon termination of [an] a lottery sales agent's license for any reason, the lottery sales agent shall comply with the commission's instructions in regard to payment of remaining amounts owed by the lottery sales agent and surrender of the lottery sales agent's license, lottery equipment, tickets and other material provided by the commission. If the lottery sales agent fails to comply with such instructions, the commission may take steps to impose such penalties and exercise such enforcement powers as may be provided for by law, including referral of the debt for collection or further action. The lottery sales agent may be liable in the amount of the debt, plus any collection costs, penalties, interest and attorney fees to which the commission may be entitled.

§ 5001.20. [Agent] Lottery sales accountability for lottery tickets.

(a) The proceeds from lottery ticket sales that cannot be accounted for by the lottery sales agent on the settlement date, regardless of reason, shall be due from the lottery sales agent.

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(c) The commission reserves the right to hold prize money in escrow pending the findings of any investigation by the commission or by other legal authority, when the claimed ticket for that prize has been reported lost or stolen from a [licensed] lottery sales agent.

(d) It is the responsibility of the lottery sales agent to report any lost or stolen tickets at once both to local law enforcement officials and to the commission.

§ 5001.21. Consignment of tickets to lottery sales agents.

Upon instructions of the commission, [banks and depositories] vendors shall consign lottery tickets to lottery sales agents and shall collect tickets that the lottery sales agents have not sold. [Bank depositories] Vendors shall not deliver tickets to [an] a lottery sales agent who has failed to settle such lottery sales agent's account with respect to outstanding tickets.

§ 5001.22. [Reserved]

§ 5001.23. [Reserved]

§ 5001.24. [Agent] Lottery sales agent bonus plan.

(a) The commission may, at the commission's option, establish for any game [an] a lottery sales agent bonus plan for lottery sales agents who sell winning tickets. The bonus shall be paid only to persons authorized to sell lottery tickets as [licensed] lottery sales agents.

(b) The lottery sales agent bonus plan is that which is shown below, unless some other plan is established by the director for a particular game:

<u>Prize</u>	<u>Bonus prize</u> *
Less than \$1,000	\$0
\$1,000[.00] winning ticket	\$10[.00]
\$2,500[.00]	\$25[.00]
\$5,000[.00]	\$50[.00]
\$10,000[.00]	\$100[.00]
\$15,000[.00]	\$150[.00]

* For amounts other than those shown, bonus prize shall be equal to one percent of the prize won on the ticket except that for tickets valued at more than \$100,000 the prize will be one-half of one percent.

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Licensing of lottery couriers

\$20,000[.00]	\$200[.00]
\$25,000[.00]	\$250[.00]
\$50,000[.00]	\$500[.00]
\$1,000[.00] a week for life (a million dollars)	\$5,000[.00]

(c) The commission may establish the criteria for awarding lottery sales agent bonuses for any lottery game as well as the prizes to be awarded for that game.

§ 5001.25. Deposit of lottery revenues by lottery sales agents.

(a) Deposit of receipts. All lottery sales agents are required to deposit in a designated depository or bank all monies received by such lottery sales agents from the sale of lottery tickets, less lottery sales agent compensations, and credit, if any, for redeemed tickets along with reports of receipts and transactions on forms provided by the commission for such purpose. In preparing such forms and reports, lottery sales agents shall refer to the [vendor (agent)] manuals and other instructions made available by the commission for each lottery game.

(b) All tickets accepted by [an] a lottery sales agent from the [bank or depository] commission or the commission's vendor are deemed to have been purchased by the lottery sales agent, unless returned to the [bank or depository from which they were obtained] commission or the commission's vendor within the time specified by the commission[, or to a designated lottery official,] and the purchase price shall be paid to the commission, less the appropriate [commission discount] lottery sales agent compensation, if any. The lottery sales agent is responsible for lost, stolen[, or missing] tickets not returned, and must pay for such tickets [at the bank] as [scheduled] required by the commission.

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§ 5001.26. Notification of prize winners.

At the conclusion of each drawing that results in the selection of numbers, every lottery sales agent shall cause the winning numbers to be posted in a prominent place in full view at the lottery sales agent's business location. In addition, any other numbers for bonus awards or other prizes should be posted in compliance with instructions from the commission.

§ 5001.27. Ticket sales.

(a) [No person shall sell a ticket at a price greater than that fixed by the commission, and no person other than a licensed lottery sales agent shall sell a lottery ticket except that nothing in this section shall prevent any person from giving lottery tickets as premiums to customers, employees, or others.] Price charged. Tax Law section 1609(a) governs restrictions on the price charged for lottery tickets and who may sell lottery tickets. In addition, a courier service may charge a convenience charge to a courier customer for

services approved by the commission pursuant to Part 5014 of this subchapter. Any such fee shall be deemed to be independent of a ticket price and shall be subject to the requirements of section 5014.19 of this Chapter.

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(d) All ticket sales shall be final and no ticket return shall be accepted by [an] a lottery sales agent except as otherwise provided by the commission.

§ 5001.28. Special lottery sales agents.

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(b) Special licensed lottery sales agents shall be subject to this Part wherever applicable.

§ 5001.29. Penalty on delinquent accounts.

The commission may impose a penalty of 1½ percent monthly (18 percent per annum) on any monies due to the commission from lottery sales agents whose accounts are delinquent [over] for more than 30 days.

PART 5002

Payment of Prizes

§ 5002.1. Information furnished by winning ticket holder.

Each claimant shall fill out a [winner] prize claim form as specified in the rules of each game and surrender such claimant's winning ticket. Nothing in this section shall prohibit the commission from authorizing a courier service licensed pursuant to Part 5014 of this subchapter to provide a claimant with an electronic version of a prize claim form.

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§ 5002.5. Manner of payment.

(a) By mail. Any prize may be claimed by mailing a completed prize claim form to the commission at the address announced by the commission for such purpose.

(b) Prizes above threshold claimed in person. Any prize paid at an office of the commission, or by an agent designated by the commission to pay prizes of more than \$600 each on behalf of the commission, shall be paid by check or by any alternative method of payment determined by the commission (such as a commission-issued debit card). Any prize of more than \$600 must be claimed directly from the commission or an agent designated by the commission, pursuant to this subdivision or subdivision (a) of this section.

(c) Prizes at or below threshold claimed in person. Any prize of \$600 or less may be claimed at any lottery retailer location and the prize shall be paid in cash or by any alternative method of payment determined by the commission (such as a commission-issued debit card). [Any prize of more than \$600 must be claimed directly from the commission or an agent designated by the commission, pursuant to subdivisions (a) or (b) of this Part.] A prize of such amount resulting from a ticket issued on behalf of a courier customer to a courier service may be claimed pursuant to section 5014.14 of this chapter.

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PART 5003

Games

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§ 5003.2. Validation conditions.

In order to be deemed a valid and winning [draw game] bet ticket all of the following conditions must be met, as determined by the commission:

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(e) the ticket must have been issued by [an authorized] lottery sales agent on official paper stock of the commission or other method deemed valid by the commission;

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PART 5004

Draw Games

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§ 5004.6. Other lottery games or drawings.

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(d) The commission may also establish incentive awards for lottery sales agents and persons selling any special lottery game or promotional drawing ticket and also may, at the commission's discretion, discontinue such awards without prior notice.

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§ 5004.9. General definitions, qualifications, restrictions, validations and rules applying to Lottery Draw games.

(a) [(9)] (1) [Draw game ticket or bet] Bet ticket means the ticket generated by the computer terminal based on input received from the [player's] player, whether by play

card, quick pick option, [or] manual entry or other means approved by the commission. Bet tickets may be purchased only from [licensed] lottery sales agents as previously defined herein. The bet ticket is the only valid receipt for a bet placed. Players should, while still at the point of purchase, verify the game and number selections on the bet ticket.

[(4)] (2) *Computer terminal* means the device at the lottery sales agent location or site licensed by the commission for purchasing lottery game tickets and performing other lottery transactions.

[(3)] *Sales agent* means a person licensed by the commission to sell lottery tickets.]

[(1)] (3) *Director* means the director of the Division of Lottery, or any other person to whom such director's authority is lawfully delegated.

[(11)] (4) *Draw date* means the date designated by the commission on which the winning numbers are drawn for each game.

[(2)] (5) *Draw game* refers to any game that may from time to time be implemented on a computerized terminal system.

[(12)] (6) *Drawing* means the formal process, determined by the commission, by which the winning numbers are drawn.

[(8)] (7) *Game panel* means the area of the play card that contains a number of defined spaces from which a player may select a subset of numbers to be played for a particular drawing. Selections made by the player in the game panel are used to produce an individual wager on the bet ticket.

[(13)] (8) *Gross sales* means the dollar value of lottery tickets produced for a game draw date.

[(6)] (9) *Manual entry* means the capability of the computer terminal operator to enter a player's selections into the computer terminal in response to instruction from a player, or if a play card is incorrectly marked.

[(5)] (10) *Play card* means a card that contains a number of game panels of defined spaces used by a player to select the games the player desires to play, the number of game panels to be played and the specific subset of numbers for each game selected. The play card is the customary method of presenting a player's selections to a [licensed] lottery sales agent. However, the player's number selections may be manually entered into the computer terminal by the terminal operator.

[(7)] (11) *Quick pick* means a method in which some or all character selections are determined at random by the computer system at the time of purchase. If a player communicates some character selections orally or by play slip, any remaining character selections may be determined by quick pick.

[(10)] (12) *Validation* means the process of determining whether a bet ticket presented for prize redemption does or does not represent a winning bet.

* * *

(c) [Draw game] Bet ticket responsibility.

(1) Lottery [draw game] bet tickets are bearer instruments.

(2) The commission shall not be responsible for:

(i) lost or stolen [draw game] bet tickets;

(ii) [draw game] bet tickets claimed by a player in error for a lower prize at a [vendor] lottery sales agent;

(iii) [draw game] bet tickets that are not intact;

(iv) [draw game] bet tickets that are mutilated, altered, reconstituted, counterfeit in whole or in part, or tampered with in any manner, or mis-cut; or

(v) [draw game] bet tickets that have not been issued in an authorized manner, or are mis-registered, defective, or printed or produced in error[; or

(vi) draw game tickets from a book appearing on an omissions list submitted by such book's manufacturer].

(d) To be valid, a [draw game] bet ticket must pass all additional confidential and security validation tests of the commission.

(e) Any [draw game] bet ticket that does not conform to the requirements of this section shall be considered null and void, and may not be paid, as determined by the commission. However, the commission may, at the commission's sole discretion, replace such void ticket with an unplayed ticket from the game or an equivalent one in sales price from any other game.

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(l) [Agents will] A lottery sales agent shall sell tickets in book, page or numerical order and shall not exchange books or tickets with other lottery sales agents.

(m) [Agents are] A lottery sales agent is prohibited from playing lottery tickets using any method other than fair chance or any method that is contrary to the principle that every ticket has an equal and random chance of winning.

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PART 5006
New York Instant Lottery

Section	
5006.1	New York instant lottery
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5006.4	Definitions
5006.5	Determination of prize winners
5006.6	Ticket responsibility
5006.7	Claim period
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5006.11	Termination of the game
5006.12	Governing law
5006.13	Number and amount of prizes
5006.14	[Agent] <u>Lottery sales agent</u> conduct

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§ 5006.6. Ticket responsibility.

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(c) The commission shall not be responsible for tickets claimed by a player in error for a lower prize at [an] a lottery sales agent location.

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§ 5006.10. [Agent] Lottery sales agent compensation.

The commission shall allow a compensation rate of six percent for each ticket sold to [an] a lottery sales agent. The commission shall allow such compensation by permitting [an] a lottery sales agent to deduct such compensation rate from the face value otherwise payable by the lottery sales agent to the commission.

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§ 5006.14. [Agent] Lottery sales agent conduct.

(a) [Agents are] A lottery sales agent is prohibited from exchanging books of instant lottery tickets.

(b) [Agents are] A lottery sales agent is prohibited from playing instant lottery tickets using any method other than fair chance or any method that is contrary to the principle that every ticket has an equal and random chance of winning.

PART 5007
Multi-Jurisdictional Lottery Games

* * *

§ 5007.2. Mega Millions definitions.

(a) The following definitions shall apply to Mega Millions.

[(1)] *Agent* means the person who has been licensed and authorized by the commission to sell lottery tickets pursuant to this Subchapter.]

[(2)] (1) *Annuity option* is the manner in which the Mega Millions jackpot prize may be paid in 30 annual installments.

[(3)] (2) *Authorized claim center* means any place designated by the commission where a ticket holder or such ticket holder's representative may file a claim for a prize in accordance with instructions of the commission.

[(5)] (3) *Claimant* means any person or entity submitting a claim form within the required time period to collect a prize for any Mega Millions ticket. A claimant may be the person or entity named on a signed Mega Millions ticket, or the bearer of an unsigned Mega Millions ticket. No claimant may assert rights different from the rights acquired by the original purchaser at the time of purchase.

[(6)] (4) *Jackpot prize* means, for the Mega Millions game, the prize awarded for selecting all the numbers drawn from both fields. If more than one player from all participating lottery states has selected all the numbers drawn, the jackpot prize shall be divided among those players. Jackpot prize may also be referred to from time to time as *grand prize*. For any other game, the jackpot prize will be identified in game rules issued for such game.

[(4)] (5) *Lump sum option* means the manner in which the Mega Millions jackpot prize may be paid in a single payment.

[(7)] (6) *Mega Millions play area* is, for the on-line Mega Millions game, the areas on a Mega Millions play slip identified by an alpha character, A through E, containing two separate fields—one field of 70 and a second field of 25—both containing one- or two-digit numbers each. This is the area where the player, or computer if the player is using the quick pick option, will select five one- or two-digit numbers from the first field and will select one one- or two-digit number from the second field.

[(8)] (7) *Mega Millions play slip* means, for the Mega Millions game, a computer-readable form, printed and issued by the New York Lottery, used in purchasing a Mega Millions ticket, having up to five separate play areas. The play slip also provides for multiple drawing wagering up to 26 draws.

[(9)] (8) *Mega Millions ticket* means a game ticket, produced on official paper stock, by [an] a lottery sales agent in an authorized manner, bearing [player or computer selected] player- or computer-selected numbers [from the play area on the play slip], game name, drawing dates, amount of wager, jackpot prize payment option and validation data.

[(10)] (9) *Mega Millions winning numbers* are, for the on-line Mega Millions game, five one- or two-digit numbers, from one through 70 and one one- or two-digit number from one through 25, randomly selected at each Mega Millions drawing, which shall be used to determine winning Mega Millions plays contained on Mega Millions tickets.

[(11)] (10) *Pari-mutuel* means, for the Mega Millions game total amount of prize money allocated to pay prize claimants, at the designated prize level, divided among the number of winning Mega Millions tickets.

[(12)] (11) *Party lottery or party lotteries* means one or more of the State lotteries established and operated pursuant to the laws of any State lottery that becomes a signatory to the Mega Millions game agreement.

[(13)] (12) *Prize fund* means that portion of Mega Millions gross sales set aside for the payment of prizes.

[(14)] (13) *Purchaser(s)* means player(s) of Mega Millions who purchase tickets within New York State in accordance with Mega Millions rules and New York State governing laws and regulations.

[(15)] (14) *Quick pick* has the meaning set forth in paragraph (7) of subdivision (a) of section 5004.9 of this Subchapter.

* * *

§ 5007.3. Ticket sales.

The sale of Mega Millions tickets within New York State may be conducted only by [an] a lottery sales agent.

* * *

§ 5007.5. Play characteristics and restrictions.

* * *

(f) For the Mega Millions game, purchasers may submit a manually completed Mega Millions play slip to [an] a lottery sales agent to have issued a Mega Millions ticket. Mega Millions play slips shall be available at no cost to the purchaser and shall have no pecuniary or prize value, or constitute evidence of purchase or number selections. The use of mechanical, electronic, computer generated or any other non-manual method of marking play slips that has not been authorized by the commission is prohibited. A play

may be entered by other means only as approved by the commission. A lottery sales agent shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the commission. A lottery sales agent shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the commission.

(g) Purchasers may orally convey their selections to [an] a lottery sales agent to have issued a Mega Millions ticket. Such selections shall be [manually] entered manually into the computer terminal by the [Mega Millions] lottery sales agent.

(h) Purchasers may [utilize] use player express terminals if available for the purchase of Mega Millions tickets, and may make number selections by such methods as may be permitted by the commission's gaming system. Those methods may include, but are not limited to, inserting a completed Mega Millions play slip into the optical mark reader, manually entering the selections on the touch screen, or selecting a quick pick option.

(i) It shall be the sole responsibility of the purchaser to verify the accuracy and condition of the data printed on the Mega Millions ticket at the time of purchase. Neither the lottery sales agent nor the commission [will] shall be liable for any errors in the accuracy and condition of the data printed on the ticket occurring for any reason, after the purchaser leaves the lottery sales agent location.

* * *

§ 5007.8. Ticket responsibility.

* * *

(d) The commission shall not be responsible to the claimant for Mega Millions tickets redeemed in error by a [Mega Millions] lottery sales agent [or retailer].

* * *

§ 5007.9. Ticket validation requirements.

(a) In order to be deemed a valid, winning Mega Millions ticket, all of the following conditions must be met:

* * *

(5) the ticket must have been issued by [an authorized Mega Millions agent of the commission] a lottery sales agent in an authorized manner;

* * *

§ 5007.10. Procedures for claiming and payment of prizes.

(a) For the Mega Millions tickets purchased in New York, prizes shall be redeemed or claimed only in New York through lottery sales agents or authorized claim centers, effective upon determination of prize payouts.

* * *

§ 5007.12. Governing law.

(a) In purchasing a ticket issued for Mega Millions within New York State, the purchaser agrees to comply with and be bound by all applicable statutes, administrative rules and regulations, and procedures of New York State, and by directives and determinations of the commission. The purchaser agrees, as such purchaser's sole and exclusive remedy, that claims arising out of a ticket purchased in New York State from [an] a lottery sales agent can be pursued only against the commission and no other lottery. Litigation, if any, arising from the purchase of a Mega Millions ticket in New York State from [an] a lottery sales agent shall [only] be maintained against the commission only within the State of New York.

* * *

§ 5007.13. Powerball.

* * *

(c) *Game Description.*

(1) Powerball is a five out of 69 plus one out of 26 computerized lottery game that pays the jackpot prize, at the election of the player made in accordance with this section or by a default election made in accordance with this section, either on an annuitized pari-mutuel basis or as a lump sum payment of the total cash held for this prize pool on a pari-mutuel basis. Except as provided in this section, all other prizes are paid on a fixed lump sum basis. To play Powerball, a player may select five different numbers, from one through 69 and one additional number from one through 26. The additional number may be the same as one of the first five numbers selected by a player. A player may select a set of five numbers and one additional number by communicating the six numbers to a lottery sales agent, or by marking six numbered spaces in any one panel on a play slip and submitting the play slip to [an] a lottery sales agent or by requesting quick pick from [an] a lottery sales agent. [An] A lottery sales agent will then issue a ticket containing the selected set or sets of numbers, each of which constitutes a game play.

* * *

(3) It shall be the sole responsibility of a player to verify the accuracy and readability of the information displayed on a Powerball ticket at the time of purchase. Neither [an] a lottery sales agent nor the commission shall be liable for any errors in the accuracy

and readability of a ticket occurring for any reason, after the purchaser leaves [an] a lottery sales agent location.

(4) A play may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the commission and hand-marked by the player or by other means approved by the commission. [An] a lottery sales agent shall not permit the use of facsimiles of play slips, copies of play slips[,] or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the commission. [An] A lottery sales agent shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the commission.

* * *

(d) *Ticket Sales.* Powerball tickets shall be sold only through lottery sales agents or other means authorized by the commission.

* * *

(f) *Play Characteristics and Restrictions.*

* * *

(5) A player may submit a completed Powerball play slip to [an] a lottery sales agent to have a Powerball ticket issued. Powerball play slips shall be available at no cost to a player and shall have no pecuniary or prize value, or constitute evidence of purchase or number selections.

(6) A player may orally convey such player's selections to [an] a lottery sales agent to have a Powerball ticket issued. Such selections shall be entered into the computer terminal by [an] a lottery sales agent.

* * *

(j) *Ticket Responsibility.*

* * *

(4) The commission and/or MUSL shall not be responsible to [the] a claimant for a Powerball ticket redeemed in error by [an] a lottery sales agent [or retailer].

* * *

(k) *Ticket Validation Requirements.*

(1) In order to be deemed a valid, winning Powerball ticket, all of the following conditions must be met:

* * *

(v) the ticket must have been issued by the commission or [an authorized agent of the commission] a lottery sales agent;

* * *

(xv) no Powerball ticket purchased outside the State of New York may be presented to either the commission or [an] a lottery sales agent for payment within New York.

* * *

(l) *Procedures for claiming and payment of prizes.*

(1) For a Powerball ticket purchased in New York State, a prize shall be redeemed or claimed only in New York State through lottery sales agents or authorized customer service centers, effective upon determination of prize payouts.

* * *

§ 5007.14. Raffle Game definitions.

(a) The following definitions shall apply to a raffle game:

* * *

[(2)] *Commission* means the New York State Gaming Commission established pursuant to Article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.]

[(3)] (2) *Computer terminal* means the device at [the] a lottery sales agent location authorized by the Gaming Commission for the placing of game bets.

[(4)] (3) *Draw date* means the date determined by the commission on which the process used to randomly select the winning game numbers takes place for the game.

[(5)] (4) *Game* means a raffle game, which is a lottery game in which a player purchases a number or numbers generated by the lottery's gaming computer system.

[(6)] (5) *Gross sales* means the value of the tickets eligible for the game.

[(7)] *Lottery or State Lottery* means the New York State Division of Lottery established and operated pursuant to Article 34 of the Tax Law and Article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.]

[(8)] (6) *Manual entry* means the capability of the computer terminal operator to enter the amount of dollars wagered by a player for the game into the terminal in response to verbal or written communication by the player. There is no other method of play at the terminal for the game.

[(9)] (7) *Raffle game* means a game played at any lottery sales agent location by purchasing a ticket that will be sold for a limited sales period, in which a number of chances or plays will be offered.

[(10)] (8) *Prize pool* means those funds available from the game sales or other sources to support the payment of prizes for the game.

[(11)] (9) *Sales period* means a period of time starting from the initial sales date of the game tickets as specified by the director and ending

(i) on the date when all available numbers for such raffle game sales period have been sold, or

(ii) a date specified by the director.

[(12)] (10) *Ticket* means a raffle game ticket produced by the [Lottery] lottery and sold by a [licensed] lottery sales agent in an authorized manner containing at a minimum a unique nine-digit number constituting a single play or chance, the drawing date and validation data.

[(13)] (11) *Winning ticket* means the ticket bearing the unique numbers randomly selected in the drawing as a winning play.

* * *

(g) *Miscellaneous.*

(1) A raffle game as described in this section may be, at the discretion of the commission, a multi-state game among other participating government-authorized lotteries or a game sold only by the [Lottery] lottery. The frequency that a raffle game is conducted shall be as determined by the commission. If the raffle game is a multi-state game, the commission shall operate such game in compliance with any applicable multi-state agreement.

* * *

(5) A bet ticket for a raffle game may not be cancelled once issued by the computer terminal. The lottery sales agent, however, may receive credit for any unreadable bet ticket issued, as these tickets (although unreadable) are recorded on the computer file as valid bets. A lottery sales agent's request for credit must be postmarked before the draw date in order to receive credit for any such unreadable bet ticket.

§ 5007.15. Cash 4 Life.

(a) *Definitions.* The following definitions apply to the Cash 4 Life:

[(1)] *Agent* means the person who has been licensed and authorized by the commission to sell lottery tickets pursuant to this Subchapter.]

[(2)] (1) *Annuity option* means the manner in which the Cash 4 Life jackpot prize or second-level prize level may be paid in annual installments.

[(3)] (2) *Cash 4 Life play slip* means a computer-readable form, printed and issued by the commission, used in purchasing a Cash 4 Life ticket, having up to five separate play areas. The play slip shall also provide for multiple-drawing wagering up to a specified number of draws.

[(4)] (3) *Cash 4 Life ticket* means a game ticket, produced on official paper stock, by [an] a lottery sales agent in an authorized manner, bearing player- or computer-selected numbers [from the play area on the play slip], game name, drawing date (or dates), amount of wager and validation data.

[(5)] (4) *Claimant* means any person or entity submitting a claim form within the required time period to collect a prize for any Cash 4 Life ticket.

[(6)] (5) *Jackpot prize* means the prize awarded for selecting all the winning numbers drawn from both fields for the Cash 4 Life. If more than one player from all participating lottery states has selected all the winning numbers drawn, the jackpot prize shall be divided among those players, as set forth in subdivision (h) of this section.

[(7)] (6) *Liability limit* means a pre-established upper threshold, as determined and announced by the party lotteries before sales commence for a drawing to which such threshold applies, equal to a fixed percentage of the gross ticket sales receipts for a particular drawing (or such fixed percentage plus an additional reserve amount), according to the established procedures agreed to by the party lotteries.

[(8)] (7) *Lump sum option* means the manner in which particular Cash 4 Life prize levels may be paid in a single payment, as set forth in this section.

[(9)] (8) *Measuring life* means the period over which a jackpot or second-level annuitized prize is paid out. For each winning ticket, the measuring life shall be the natural life of the individual determined by the commission to be a valid prize winner. If

- (i) a minor under the age of 18 claims a prize;
- (ii) a legal entity other than an individual claims a prize; or
- (iii) more than one natural person claims a prize on the same ticket,

the measuring life for such prize shall be 20 years. The measuring life shall be determined at the time a jackpot or second-level prize is claimed.

[(10)] (9) *Party lotteries* mean one or more of the State lotteries established and operated pursuant to the laws of any state that becomes a signatory to the Cash 4 Life agreement.

Proposed rule
Licensing of lottery couriers

[(11)] (10) *Play area* is the area on a Cash 4 Life play slip containing two separate fields: one field of 60 one- or two-digit numbers (1 to 60 inclusive) and a separate and distinct second field of four one-digit numbers (1 to 4 inclusive) (which may be referred to as the *Cash Ball number*). This is the area from which the player, or computer, if the player is using the quick pick option, selects five numbers from the first field and one number from the second field.

[(12)] (11) *Prize pool* means that portion of Cash 4 Life gross sales set aside for the payment of prizes.

[(13)] (12) *Purchaser* means a player of Cash 4 Life who purchases a ticket within New York State in accordance with Cash 4 Life rules and New York State governing laws and regulations.

[(14)] (13) *Quick pick* has the meaning set forth in paragraph (7) of subdivision (a) of section 5004.9 of this Subchapter.

[(15)] (14) *Winning numbers* are five one- or two-digit numbers (1 to 60, inclusive) and one Cash Ball number (1 to 4, inclusive), randomly selected at each Cash 4 Life drawing, that shall be used to determine winning Cash 4 Life plays contained on Cash 4 Life tickets.

(b) *Ticket price and sales.*

* * *

(3) Cash 4 Life tickets shall be sold only through lottery sales agents or other means authorized by the commission.

* * *

(5) It shall be the sole responsibility of a player to verify the accuracy and readability of the information displayed on a Cash 4 Life ticket at the time of purchase. Neither [an] a lottery sales agent nor the commission shall be liable for any errors in the accuracy and readability of a ticket occurring for any reason, after the purchaser leaves [an] a lottery sales agent location.

* * *

(7) Cash 4 Life play slips shall be available at no cost to a player, shall have no pecuniary or prize value, shall not constitute evidence of purchase and shall not constitute evidence of a player's number selections. [An] A lottery sales agent shall not permit the use of facsimiles of play slips, copies of play slips or other materials that are not printed or approved by the commission to be inserted into a terminal's play slip reader. [An] A lottery sales agent shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the commission.

(c) *Game description.*

(1) To play Cash 4 Life, a player shall select five different numbers (from 1 to 60, inclusive) and one additional Cash Ball number (from 1 to 4, inclusive) for each play. The additional number may be the same as one of the five numbers a player selects in the first field. A player may select numbers by communicating the six numbers to a lottery sales agent; by marking six numbered spaces in any one panel on a play slip and submitting the play slip to [an] a lottery sales agent; or by requesting quick pick from [an] a lottery sales agent. The lottery sales agent shall then issue a ticket containing the selected set or sets of numbers, each of which constitutes a game play.

* * *

§ 5007.16. Monopoly™ Millionaires' Club™.

(a) *Definitions.* The following definitions apply to the MONOPOLY Millionaires' Club:

[(1)] *Agent* means a person who has been licensed and authorized by the commission to sell lottery tickets pursuant to this Subchapter.]

[(2)] (1) *Annuity option* means the manner in which the MONOPOLY Millionaires' Club top prize may be paid in annual installments.

[(3)] (2) *Claimant* means any person or entity submitting a claim form within the required time period to collect a prize for any MONOPOLY Millionaires' Club ticket.

[(4)] (3) *Lump-sum option* means the manner in which MONOPOLY Millionaires' Club top prize may be paid in a single payment as set forth in this section.

[(5)] (4) *Millionaires' Club prize* means a single payment prize (prize level 11) with a value of \$1,000,000 drawn independently from the other MONOPOLY Millionaires' Club prizes (prize levels 1-10).

[(6)] (5) *MONOPOLY Millionaires' Club play slip* means a computer-readable form, printed and issued by the commission, used to mark a player's numbered selection when purchasing a MONOPOLY Millionaires' Club ticket, having up to four separate play areas.

[(7)] (6) *MONOPOLY Millionaires' Club ticket* means a game ticket, produced on official paper stock, by [an] a lottery sales agent in an authorized manner, bearing player- or computer-selected numbers, game name, drawing date, amount of wager and validation data. Each such ticket shall bear a unique non-repeating transactional number associated with that play.

[(8)] (7) *Pari-mutuel* means, for this section, the total amount of prize money allocated to pay prize claimants, at the designated prize level, divided among the number of winning MONOPOLY Millionaires' Club ticket.

[(9)] (8) *Party lotteries* mean one or more of the state lotteries established and operated pursuant to the laws of any state that are part of the national premium game product group that offers the MONOPOLY Millionaires' Club lottery game.

[(10)] (9) A *play* is one entry into a MONOPOLY Millionaires' Club drawing.

[(11)] (10) *Play area* is the area on a MONOPOLY Millionaires' Club play slip containing one field of 52 one- or two-digit numbers (1 to 52, inclusive). This is the area from which the player selects five numbers from the first field of 52 if the player is not using the quick pick option and allowing the computer system to select up to five numbers at random.

[(12)] (11) *Prize pool* means that portion of MONOPOLY Millionaires' Club gross sales set aside for the payment of prizes.

[(13)] (12) *Purchaser* means a player of MONOPOLY Millionaires' Club who purchases a ticket within New York State in accordance with MONOPOLY Millionaires' Club rules and New York State governing laws and regulations.

[(14)] (13) *Quick pick* has the meaning set forth in paragraph (7) of subdivision (a) of section 5004.9 of this Subchapter. Quick pick is a player option in the MONOPOLY Millionaires' Club game for selection of up to five number selections ranging from one through 52, but the number ranging from one through 28, representing a MONOPOLY property, must be selected by quick pick.

[(15)] (14) *Top prize* means the game prize awarded when a player's selections matches all five winning numbers from the field of 52 and the property number drawn from the field of 28 numbered MONOPOLY properties for the MONOPOLY Millionaires' Club. If more than one player has selected all the winning numbers drawn, the top prize shall be divided equally among those players.

[(16)] (15) *Set prize or low-tier prizes* (prize levels 2-10) means, except as otherwise specified in this section, all prizes (other than the top prize and Millionaires' Club prizes) that are to be paid in a single payment as established by this section for each prize level.

[(17)] (16) *Winning numbers* are five one- or two-digit numbers (1 to 52, inclusive) and one number (1 to 28, inclusive), randomly selected at each MONOPOLY Millionaires' Club drawing, that shall be used to determine winning MONOPOLY Millionaires' Club plays contained on MONOPOLY Millionaires' Club tickets.

(b) *Ticket price and sales.*

* * *

(3) MONOPOLY Millionaires' Club tickets shall be sold only through lottery sales agents or other means authorized by the commission.

* * *

(5) It shall be the sole responsibility of a player to verify the accuracy and readability of the information displayed on a MONOPOLY Millionaires' Club ticket at the time of purchase. Neither [an] a lottery sales agent nor the commission shall be liable for any errors in the accuracy and readability of a ticket occurring for any reason, after the purchaser leaves [an] a lottery sales agent location.

* * *

(7) MONOPOLY Millionaires' Club play slips shall be available at no cost to a player, shall have no pecuniary or prize value, shall not constitute evidence of purchase and shall not constitute evidence of a player's number selections. [An] A lottery sales agent shall not permit the use of facsimiles of play slips, copies of play slips or other materials that are not printed or approved by the commission to be inserted into a terminal's play slip reader. [An] A lottery sales agent shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the commission.

(c) *Game description.*

(1) Primary drawing. To play MONOPOLY Millionaire's Club, a player shall select five different numbers (from 1 to 52, inclusive); the terminal or selling system shall always quick pick one additional number in the range from one through 28, to comprise the second value in the player's selection for each play. The additional number may be the same as one of the five numbers a player selects in the first field. The second number shall be represented on the player's ticket both as a number and as the associated MONOPOLY game board property. A player may select numbers by:

- (i) communicating the five numbers to a lottery sales agent;
- (ii) marking five numbered spaces in any one panel on a play slip and submitting the play slip to [an] a lottery sales agent; or
- (iii) requesting quick pick from [an] a lottery sales agent.

The lottery sales agent shall then issue a ticket or tickets containing the selected set or sets of numbers, each of which constitutes a game play.

* * *

PART 5008

LOTTO

* * *

§ 5008.5. Miscellaneous.

* * *

(e) LOTTO bet tickets may not be canceled once issued by the computer terminal. However, the lottery sales agent may receive credit for any unreadable bet tickets issued, as these tickets (although unreadable) are recorded on the computer file as valid bets.

(f) If [an] a lottery sales agent applies for credit for an unreadable bet ticket and it is determined that such ticket would have qualified for a prize, the commission may make a proportionate reduction in the number of shares into which the prize money for that prize category is divided, thereby increasing the value of the prize available for each qualifying game panel.

* * *

§ 5008.12. Ticket sales for variations of the LOTTO game.

* * *

(e) A bet ticket for any variation of the LOTTO game may not be canceled once issued by the computer terminal. However, the lottery sales agent may receive credit for any unreadable bet ticket issued, as these tickets (although unreadable) are recorded on the computer file as valid bets.

* * *

PART 5009

New York's Numbers

* * *

§ 5009.2. Game Description.

* * *

(e) To place a bet, a purchaser communicates the desired bet data (day, amount, bet type and bet number selections) to [an] a lottery sales agent, who will issue a bet ticket. If desired, a purchaser may use the quick pick option for deciding bet number selections. When the quick pick option is used, the bet will be entered by computer in the next scheduled drawing as a straight bet in the amount of 50 cents and the numbers to be played will be randomly selected by computer. A purchaser using the quick pick option may specify such purchaser's own choice of drawing date(s), bet type or bet amount. The lottery sales agent enters the bet into a secure computer system via a computer terminal. Upon acceptance of and payment for the ticket issued by the lottery sales agent, the transaction shall become binding and final.

* * *

(h) *Lucky Sum*. Lucky Sum is a feature of New York's Numbers game. Lucky sum shall determine winners from bet tickets by correctly matching the sum of the player's number

selection against the sum of the winning numbers drawn by the commission for that drawing.

(1) To place a bet, a purchaser must communicate to a lottery sales agent:

- (i) the desired game bet data [to an agent], pursuant to subdivision (e) of this section; and
- (ii) [communicate to the agent that] such purchaser's desire to add a lucky sum wager to the normal wager[, who will issue a bet ticket]. Such bet ticket will reflect the sum of the numbers played by the purchaser on that wager as the additional lucky sum wager.

* * *

PART 5010

Win-4

* * *

§ 5010.2. Game description.

* * *

(e) To place a bet, a purchaser communicates the desired bet data (day, amount, bet type and bet number selections) to a [game] lottery sales agent, who will issue a bet ticket. If desired, a purchaser may use the quick pick option for deciding bet number selections. When the quick pick option is used, the bet will be entered by computer in the next scheduled drawing as a straight bet in the amount of 50 cents and the numbers to be played will be randomly selected by computer. A purchaser using the quick pick option may specify such purchaser's own choice of drawing date (s), bet type or bet number. The lottery sales agent enters the bet into a secure computer system via a computer terminal. Upon acceptance of and payment for the ticket issued by the lottery sales agent, the transaction shall become binding and final.

* * *

(g) *Lucky Sum*. Lucky sum is a feature of the Win-4 game. Lucky sum shall determine winners from bet tickets by correctly matching the sum of the player's number selection against the sum of the winning numbers drawn by the lottery for that drawing.

(1) Lucky sum wagers shall not be placed with pairs or Close Enough wagers.

(2) To place a bet, a purchaser must communicate to a lottery sales agent:

- (i) the desired game bet data [to an agent], pursuant to subdivision (e) of this section; and

(ii) [communicate to the agent that] such purchaser's desire to add a lucky sum wager to the normal wager[, who will issue a bet ticket]. Such bet ticket will reflect the sum of the numbers played by the purchaser on that wager as the additional lucky sum wager.

* * *

PART 5011

Pick-10

* * *

§ 5011.5. Miscellaneous.

* * *

(f) Commission rules do not allow for the payment of prizes for previously redeemed or cancelled tickets. Accordingly, neither the commission nor the contractors shall be responsible for bet tickets inadvertently returned to a player following redemption or cancellation by [an] a lottery sales agent. In such cases, the computer file will be the sole method for determining whether the ticket has been previously redeemed or cancelled.

* * *

PART 5012

Take Five

§ 5012.1. Definitions.

The definitions [below] set forth in this section apply to the Take Five game [herein] described in this Part.

(a) *Take Five* means a game played by placing five-digit number bets at lottery sales agent locations.

* * *

PART 5013

Quick Draw

§ 5013.1. Definitions.

The definitions below apply to the Quick Draw game herein described:

(a) *Quick Draw* means the Quick Draw game played at lottery sales agent locations with television monitor and controller.

* * *

(d) *Computer terminal with television monitor and controller* means the device at the lottery sales agent location authorized by the commission for the placing of Quick Draw bets.

* * *

§ 5013.2. Payment of prizes; chances of winning.

* * *

(c) Valid winning tickets valued at \$600 or less and presented for payment may be presented to any lottery sales agent for payment. Quick Draw tickets may be purchased only at a Quick Draw agent location.

* * *

§ 5013.3. Ticket sales.

* * *

(e) Quick Draw tickets shall be sold only on premises satisfying the following:

(1) If the premises are not used for the sale of alcoholic beverages for consumption on the premises, the lottery sales agent must have certified in writing that the premises comprise an area greater than 2,500 square feet.

* * *

Part 5014 of title 9 of NYCRR would be added to read as follows:

PART 5014
Courier Services

<u>Section</u>	
<u>5014.1</u>	<u>License requirement</u>
<u>5014.2</u>	<u>Courier license application and evaluation</u>
<u>5014.3</u>	<u>Conditions and requirements of licensure</u>
<u>5014.4</u>	<u>Display of license</u>
<u>5014.5</u>	<u>Disclosure of games offered</u>
<u>5014.6</u>	<u>Courier customer agreements</u>
<u>5014.7</u>	<u>Requirements for network</u>
<u>5014.8</u>	<u>Prevention of use by prohibited persons</u>
<u>5014.9</u>	<u>Independent third-party testing</u>
<u>5014.10</u>	<u>Courier customer accounts</u>
<u>5014.11</u>	<u>Ticket sale occurrence</u>
<u>5014.12</u>	<u>Courier service fulfillment</u>
<u>5014.13</u>	<u>Ticket ownership</u>
<u>5014.14</u>	<u>Notification of and payment of prizewinners</u>
<u>5014.15</u>	<u>Audit and financial controls</u>
<u>5014.16</u>	<u>Internal Controls</u>
<u>5014.17</u>	<u>Advertising and marketing</u>
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<u>5014.19</u>	<u>Fees</u>
<u>5014.20</u>	<u>License suspension or revocation</u>

§ 5014.1. License requirement.

No person shall carry on a business in which such person acts as agent for another person in purchasing a lottery ticket, unless such person is duly licensed as courier service pursuant to this subchapter.

§ 5014.2. Courier license application and evaluation.

(a) *Application.* An applicant for a courier service license shall file an application in a form provided by the commission. An applicant shall have an ongoing duty to supplement such application as may be necessary to maintain updated information and accuracy. In addition to other requirements the commission may establish, such application shall describe how the audit and financial controls, technical standards and internal controls proposed for applicant's network will comply with the requirements of this subchapter.

(b) *Evaluation of application.* In evaluating an application for a courier service license, the commission shall consider such factors as:

- (1) financial responsibility and security of the business or activity in which such person is engaged;

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(2) sufficiency of existing lottery sales agent and courier service licenses to serve the public convenience;

(3) whether the proposed network is predominantly frequented by persons under the age of 18 years;

(4) volume of expected sales;

(5) conviction of any offense as defined in the Penal Law;

(6) veracity and completeness of information supplied on the application form or any supplement thereto;

(7) applicant's indebtedness, if any, to State or local government;

(8) business experience operating a network;

(9) reputation of the applicant;

(10) whether the audit and financial controls, technical standards, internal controls, proposed for applicant's network comply with the requirements of this Part; and

(11) whether the application submitted contains a business plan demonstrating that compliance with all conditions of a courier service license is achievable.

(c) *Temporary licenses.* The commission may issue a temporary courier service license to an applicant on a provisional basis pending completion of an initial application review process. As a condition to the issuance of a temporary service license, the applicant shall waive any right to a hearing or to challenge any commission decision in regard to a temporary courier service license. Any such temporary courier service license may be issued only if:

(1) the applicant has filed a complete application with the commission;

(2) the completed application, on the face of such application, discloses no grounds from which the commission readily may ascertain that there are reasonable grounds to deny the application; and

(3) the commission receives and reviews a fingerprint report from the New York State Division of Criminal Justice Services and Federal Bureau of Investigation that does not indicate any grounds to withhold a temporary approval.

(d) *Cooperation required.* An applicant for a courier service license shall cooperate fully with the commission in the course of the application process. Failure to cooperate with the commission shall be a violation of this section and shall be in itself sufficient grounds for denial of such license application.

(e) Commission reservation of rights. Nothing in this subchapter prohibits the commission itself from engaging in the sale of lottery tickets through a network the commission operates or that is operated on the commission's behalf.

§ 5014.3. Conditions and requirements of licensure.

(a) Conditions. A courier service shall, as a condition of licensure:

(1) display prominently on its platform a warning of the risk of being defrauded by lottery scams and information on playing responsibly, which information shall be substantially similar to the information displayed on the New York Lottery website or such other information approved by the Commission;

(2) maintain a courier customer self-exclusion list and provide a mechanism for courier customers to register through the network to exclude themselves from using the network. Such list shall include any person who appears on a statewide exclusion list maintained by the commission. A courier service shall ensure to the satisfaction of the commission that any courier customer placed on the self-exclusion list is prevented from requesting tickets through the network;

(3) ensure the network includes the following features:

(i) a daily courier customer request limit of an amount approved by the commission, which may provide that prize amounts of \$600 or less awarded to a courier customer and credited to the courier customer's account may be excluded from the daily request limit;

(ii) the ability for a courier customer to set a lower personal daily request limit; and

(iii) a waiting period, as determined by the commission, before a courier customer can raise a previously set personal daily request limit;

(4) maintain a courier customer and ticket management system that includes a secure database of all tickets requested through the network;

(5) maintain at a separate physical location a secure backup database;

(6) not use trademarks or other marks owned or controlled by the Commission or any multi-state lottery consortium except with the express approval of the Commission;

(7) offer for delivery only draw games, each as approved by the commission for delivery by such licensee; and

(8) provide courier customer support, for purposes of responding to courier customer inquiries and disputes, in a manner approved by the commission.

(b) Approval of lottery games offered. No courier service may offer for sale or delivery any lottery game unless the commission has approved in writing the offering of such game by such licensee. The commission may consider, without limitation, technical requirements and multistate game requirements in determining whether to grant such approval. Any commission approval may establish a date before which the licensee may not offer the delivery of such lottery game tickets.

(c) Compliance audits. At the sole expense of the courier service, the network shall be audited and certified to be compliant with this Part at least annually by an independent party approved by the commission.

(d) Indemnification, release and hold harmless. As a condition to the issuance and acceptance of a courier service license, such licensee agrees to:

(1) indemnify and hold harmless the State, the commission and any of the employees of the State or the commission from any and all claims, damages, claims for damages, causes of action or suits that may arise or occur directly or indirectly as a result of

(i) any act or omission of such licensee that affects the State, the commission and any of the employees of the State or the commission; and

(ii) any purchase of courier services through the courier service's network or any operation carried on, under and pursuant to a courier service;

(2) release the State, the commission and any of the employees of the State or the commission from any and all claims, damages, claims for damages, causes of action or suits that shall accrue to the licensee, such licensee's employees, representative or agents that may arise or occur directly or indirectly as a result of any operation carried on, under or pursuant to such license; and

(3) defend, at such licensee's own expense, any and all causes of action or suits against the State that may be brought by any party, including any courier customer, that may arise or occur directly or indirectly out of any act or omission of such licensee or operation carried on pursuant to or in accordance with such license, the placement of requests for courier services through such licensee's network or the generation of, or failure to generate, lottery tickets to complete ticket purchases related to such requests for courier services.

(e) Insurance. Each courier service shall obtain insurance, which may include cyber liability insurance, errors and omissions insurance and such other insurance coverage as the commission may require, with limits and coverage requirements and minimum carrier ratings satisfactory to the commission.

(f) Independent third-party testing. As a condition to the issuance and acceptance of a courier license, a licensee shall implement, prior to offering a network, independent third-party testing required by the commission as provided in section 5014.9 of this Part.

§ 5014.4. Display of license.

Each courier service shall make available on such licensee's website and platform a true copy of the license issued by the commission pursuant to this subchapter.

§ 5014.5. Disclosure of games offered.

Each courier service shall disclose to the commission the lottery games, each of which the commission has considered and approved consistent with subdivision (b) of section 5014.3 of this Part, that such courier service intends to offer for sale. Each courier service shall notify the commission of any proposed changes to such list of lottery games already approved for delivery by such courier service, pursuant to subdivision (b) of section 5014.3 of this Part, no later than 30 days prior to the effective date of such change.

§ 5014.6. Courier customer agreements.

By creating an account using the network of a courier service to place a request for courier services, a courier customer agrees

(a) to be bound by the commission's regulations;

(b) to release and hold harmless the courier service, the State and the commission from any liability related to a request for courier services to purchase tickets that is not completed before the drawing cutoff and never results in the generation of the tickets requested; and

(c) that, in the event a dispute occurs as to whether a ticket generated to complete a ticket purchase request in connection with a request for courier services placed through a network would have been a winning ticket had the ticket purchase occurred and no prize is paid, the commission may, at the commission's option, replace the ticket with a ticket equal in value to the price paid for the ticket that is the subject of the dispute, which remedy shall be the sole and exclusive remedy of the claimant against the commission.

§ 5014.7. Requirements for network.

(a) *Location of courier customers within the State.* A network shall employ a method of restricting requests for courier services to only those made by courier customers physically located in the State of New York at the time of purchase.

(b) *Prohibited sales areas.* A network shall employ a method of restricting requests for courier services made from any area within the State of New York that the commission designates as a prohibited sales area.

(c) *Geolocation.* A network shall employ a method of providing a courier customer with the location of the nearest lottery sales agents using GPS technology. In the event a courier customer attempts to request courier services through the network of a courier service in the period between the halt of requests via the network but prior to the drawing

cutoff, such method shall be capable of directing the courier customer to the nearest lottery sales agent.

(d) *Courier service location.* A courier service shall receive and process in a location in New York requests from courier customers for courier services. Ticket processing shall occur in New York.

(e) *Play slips.* A courier service may employ a method or means to print play slips or facsimiles thereof, only after approval by the commission pursuant to these regulations. No such approval shall be granted by the commission unless such method or means has been tested, at the licensee's expense, and verified by an independent third-party testing facility to the satisfaction of the commission that such play slips perform at least as accurately as the commission's official play slips.

(f) *Ticket confirmation to the courier customer.* The network shall employ a mechanism to provide a user with the following:

(1) immediately following a request for courier services or issuance of a ticket pursuant to a lottery promotion, an email confirmation of the purchase or procurement of the ticket including the relevant game, applicable draw data and player's name;

(2) immediately following ticket processing, an email confirmation of the ticket processing including the serial number of the ticket and the relevant game, applicable data and player's name;

(3) an image of the front and back of an issued ticket in its entirety, which image shall contain a watermark of the ticket. Such mechanism shall ensure that the image is available within the time frame required for ticket processing as set forth in subdivision (a) of section 5014.12 of this Part and only for the purchaser of the ticket to view through the network, and is not accessible by any other user of the network

(g) *Record of courier customer purchases.* Each courier service shall provide to the commission, in an electronic format acceptable to the commission, the following data in regard to each drawing for which such courier service provides a ticket:

(1) lottery game;

(2) drawing date and time;

(3) full name of the courier customer as set forth in such customer's account;

(4) customer account number;

(5) electronic mail address of the courier customer;

(6) date the ticket was issued;

(7) lottery transaction identification number for the purchase transaction;

(8) location of the purchase; and

(9) time of the purchase.

Such data shall be submitted to the commission no later than 15 minutes before the drawing to which such data relates. The provisions of such data to the commission does not constitute ticket processing and shall not be sufficient evidence of a purchased ticket. Ticket processing must occur pursuant to the requirements of section 5014.12 of this Part in order to generate a ticket that may be submitted for a prize claim.

(h) *Incident notice.* A licensee shall report immediately all significant incidents related to the operation of such licensee's platform, either personally or by telephone, within one hour of the discovery of the incident, followed by a letter addressed to the lottery director of operations within 24 hours of the incident. At a minimum, the licensee shall provide a written report for each of the following types of events:

(1) platform outages;

(2) major communications failures;

(3) significant operator errors;

(4) out of balance conditions;

(5) emergency software or hardware changes;

(6) security violations;

(7) requests where purchase occurred as prescribed per regulations but either lottery or player purchase notification did not occur prior to a drawing;

(8) other conditions as defined by a memorandum of understanding;

(9) any situation which may cause the general public to become alarmed and/or which may damage the integrity or public image of the commission.

§ 5014.8. Prevention of use by prohibited persons.

(a) *Participation prohibited.* A courier service shall prevent the following persons from opening an account or placing a request for courier services through such licensee's network:

(1) persons under the age of 18;

(2) employees, officers, directors or direct or indirect owners of such licensee;

(3) any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of any employee, officer, director or direct or indirect owner of such licensee; and

(4) any person identified on a restricted list the Commission provides.

(b) Procedures to prevent prohibited play. A courier service shall submit for commission approval procedures to prevent prohibited players from placing a request for courier services through such licensee's network. A courier service shall implement any changes to such procedures as the commission may direct at any time.

(1) Such plan shall include the following, in regard to prevention of play by a minor:

(i) specification of parental controls procedures to allow parents and guardians to exclude persons under the age of 18 from placing a request for courier services through such licensee's network. The licensee shall explain what information is made available about the specific steps a parent or guardian may take to implement parental controls, including the toll-free number that a licensee shall provide for individuals seeking help in establishing such parental controls;

(ii) detailed explanation of the steps taken to prevent persons under the age of 18 from placing a request for courier services through such licensee's network. The licensee shall explain what types of native or third-party age verification procedures are implemented to verify that each person registering for an account with such licensee is not under the age of 18;

(iii) procedures used to identify and deactivate accounts created or used by persons under the age of 18 and to exclude such persons from all paid activity offered through such licensee's network;

(iv) verification that any account balance attributable to a person under the age of 18 shall be refunded, less any prizes already awarded, within no more than two business days of discovery that such account is attributable to such person. The licensee also shall explain how deposits will be refunded; and

(v) procedures to ensure that persons under the age of 18 do not receive promotional materials that relate to a licensee's network.

(2) Such plan shall include, in regard to verification of geolocation capabilities, procedures to ensure the network's ability to prevent requests for courier services by players not physically present in the state of New York at the time of such request.

(c) Required terms of use. A courier service shall specify in the terms of use applicable to such licensee's network that each category of individuals identified in this section is prohibited from placing requests for courier services through such licensee's network.

(d) Operator liability for violations. A courier service shall be strictly liable for permitting any prohibited courier customer, as set forth in subdivision (a) of this section, to use such licensee's network. The commission shall consider, however, before imposing any penalty or sanction upon a licensee for a violation of this section, other than a mandatory penalty set forth in subdivision (e) of this section, any circumstances that such licensee presents in writing to the commission as mitigating factors for the commission's consideration, including, without limitation, good-faith reliance on false or misleading information provided by the prohibited person and good-faith compliance with appropriate internal controls designed to prevent play by a prohibited person.

(e) Mandatory sanctions for allowing play by minors. The commission shall penalize a courier service found to have allowed a minor to use such licensee's network as follows:

(1) for a first violation, a fine of \$5,000;

(2) for a second violation within one year of a violation, a fine of \$20,000;

(3) for a third violation within one year of a violation, a fine of \$25,000; and

(4) for a fourth violation or subsequent violation within one year of a violation, a fine of \$25,000 and such further action as the commission may deem appropriate, which may include, without limitation, the suspension or revocation of license.

§ 5014.9. Independent third-party testing.

(a) Testing required. Prior to engaging in courier operations, each licensed courier service shall submit such interactive systems, equipment and/or related components to an independent testing laboratory approved by the commission to conduct such category of testing, at the licensee's expense.

(b) Topics for testing. An independent testing laboratory shall use technical standards, as approved in writing by the commission, for the testing, certification and/or verification of the following topics:

(1) player account registration;

(2) player account controls;

(3) control program;

(4) client software;

(5) gaming disable/enable;

(6) shutdown and recovery;

(7) malfunction;

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- (8) geolocation;
- (9) advertising;
- (10) player loyalty programs;
- (11) reporting;
- (12) player interface;
- (13) game recall;
- (14) information security policy;
- (15) administrative controls;
- (16) technical controls;
- (17) physical and environmental controls; and
- (18) any other function or feature as required by the commission.

(c) *Independence of tester.* An independent testing laboratory shall adhere to the requirements for independence set forth in sections 5318.4 through 5318.6 of this title as if a courier service or any of the vendors of a courier service were a gaming facility licensee.

(d) *Waivers.* A courier service may submit a written request to the commission for a waiver for one or more of the requirements in this section. Any such request shall:

- (1) include supporting documentation demonstrating how the courier service system, equipment or associated equipment for which the waiver has been requested will still meet operational integrity requirements; and
- (2) be approved in writing by the commission.

§ 5014.10. Courier customer accounts.

(a) *Establishment of account.* Prior to placing a request for courier services through a network, a courier customer shall establish an account with the licensee operating such network.

(b) *Limitation on number of accounts.* A courier service shall establish controls to ensure that no courier customer is able to establish more than one courier customer account with such courier service. Each such account shall be non-transferable and unique to the courier customer who established the account.

(c) *Funding of accounts.* A courier customer account may be funded through the use of a courier customer's credit or debit card; promotional or other credit issued by the licensee, or such other method as the commission may approve.

(d) *Trust account for courier customer funds.* Each courier service shall establish and maintain a trust account or trust accounts in national or State chartered banking institutions with balances sufficient to pay all money deposited by or on behalf of courier customers for the purchase of tickets, including all courier customer prizes. All prizes collected on behalf of courier customers shall be placed promptly in such trust account or accounts. Monies may be withdrawn from such trust account or accounts for no purpose other than to transfer a courier customer's funds to such courier customer, purchase courier services through the network as requested by such courier customer or as otherwise may be provided by the Abandoned Property Law. A courier service shall make available within five business days funds a courier customer requests to withdraw from such courier customer's account. A courier service shall make available to the commission any documents the commission requests in order to monitor compliance with this section.

(e) *Approval required to sell or provide courier customer data.* No courier service may sell or provide to another person or entity courier customer information or data on purchasers of courier services.

(f) *Abandoned property.* Each courier service shall remit all funds in abandoned customer accounts of courier customers as may be required by Abandoned Property Law section 1315. Unclaimed and abandoned prize money is governed by Tax Law section 1614.

§ 5014.11. Ticket sale occurrence.

(a) *Receipt is not a ticket.* No courier customer request for courier service and no receipt or acknowledgment of any such request constitutes evidence of a validly issued lottery ticket. A ticket, in order to be a validly issued ticket, shall be generated by a lottery terminal authorized by the commission. A ticket is not deemed validly issued when a request for purchase is made of a courier service, when such a request is acknowledged or when a courier customer makes a payment to a courier service.

(b) *Required disclosures to courier customers.*

(1) A courier service shall disclose prominently on such licensee's network the text of subdivision (a) of this section.

(2) A courier service shall disclose prominently on such licensee's network a warning to customers to take care to ensure the safekeeping of lottery tickets and not to risk claim complications by disseminating images of purchased tickets.

§ 5014.12. Courier service fulfillment.

(a) Time requirements.

(1) Completion of ticket processing. For each request for courier services through a network placed during normal business hours, a courier service shall complete ticket processing by the sooner of 30 minutes before the relevant drawing or within 24 hours of the placement of the request.

(2) Cutoff for accepting requests. A courier service shall cease accepting requests for courier services no more than two hours and no less than a time period prior to the drawing cutoff, as specified by the commission. A platform shall provide a message to all courier customers who attempt to place requests after the drawing cutoff but prior to the drawing, informing such courier customers that the ticket purchase associated with the request will be fulfilled for the next available drawing, unless such courier customer chooses to cancel the request.

(b) Required cancellation. A network shall cancel a request for courier services automatically, notify the courier customer and refund any payment, including any courier customer fee, in the event ticket processing is not complete prior to the drawing cutoff.

(c) Purchase of multi-drawing lottery tickets. A courier service may offer to purchase on behalf of a courier customer multi-draw tickets only to the extent that such tickets would be permitted to be purchased by a lottery customer directly from a lottery sales agent.

(d) Ticket processing. Each courier service shall accomplish all ticket processing requirements for each ticket issued on behalf of a courier customer. Each ticket purchased or obtained pursuant to a lottery promotion by a courier service on behalf of a courier customer shall represent the unique, individualized transaction of the courier customer on whose behalf the ticket was issued.

(e) Storage of tickets. Each courier service shall store each physical ticket purchased on behalf of a courier customer securely in a safe or vault with a minimum fire rating of Class 150-1 Hour issued by Underwriter Laboratories Inc., or such equivalent rating approved by the Commission. The premises housing such safe or vault shall be protected by a burglary alarm system with 24-hour central station monitoring.

(f) Retention requirements. Each courier service shall retain each ticket issued for a courier customer until at least 90 days have passed from the expiration of the applicable period in which a prize claim validly may be made to the commission in regard to such ticket.

§ 5014.13. Ticket ownership.

A courier service that purchases a lottery ticket on instruction from a courier customer holds such ticket in trust for such courier customer and acquires no ownership interest in such ticket. Notwithstanding such lack of ownership, a courier service may destroy a

lottery ticket so long as such courier service complies with the retention requirements set forth in subdivision (f) of section 5014.12 of this chapter.

§ 5014.14. Notification of and payment of prizewinners.

(a) Notification. A licensee shall notify a courier customer on whose behalf such licensee has purchased a winning ticket of the amount of the prize within one hour of the commission's publication of the winning numbers and prize amounts. Such notification shall be made electronically through the network, electronic mail or other method approved by the commission. If the prize is more than \$600, the licensee shall also notify the commission promptly of the identity of the prizewinner, the prize amount, the type of game, the date of the drawing and, for a draw game conducted more than once per day, the time of the drawing.

(b) Prizes at or below threshold. For a prize of \$600 or less, a courier service shall validate the winning ticket and redeem the prize on behalf of the courier customer. Such prize amount shall be disbursed to the player by crediting the courier customer's account, direct deposit to the courier customer's bank account, redeemed for cash or by other means approved by the Commission.

(c) Prizes above threshold.

(1) For a prize of more than \$600, a courier service shall validate the winning ticket, attach the claim receipt and deliver the physical winning ticket to the courier customer.

(2) A courier service shall provide electronically a courier customer who is a prizewinner with a digitally completed claim form, tax withholding form and any other documentation required to redeem such prize.

(3) A courier service shall provide the commission with all information the commission may request in regard to a prize of more than \$600.

(4) In all respects, payment of such prize shall be in accordance with Part 5002 of this subchapter.

(d) Printing prizewinner name on ticket. Within a reasonable time after notifying a courier customer of winning a prize of more than \$600, a courier service shall print the prizewinner's full name, as set forth in such prizewinner's account, on the back of the ticket.

§ 5014.15. Audit and financial controls.

(a) Financial statements.

(1) A courier service shall provide annually to the commission, no later than 120 days following the end of such licensee's fiscal year, financial statements audited in accordance with generally accepted auditing standards, unless the commission, in

writing, waives such requirement. The commission may require additional financial information in a format the commission prescribes. The preparation of annual or other financial statements shall be at the sole expense of the licensee.

(2) In addition to the licensee's audited financial statements, each courier service shall submit a copy of the management letter prepared by the independent certified public accountant that lists any internal control or operational weaknesses noted during the financial statement audit and recommendations for improvement. The licensee shall prepare a response to the issues outlined in the management letter that describes any corrective actions taken or planned to be taken and include a copy of this response with its submission to the commission.

(3) If a courier service or any of its affiliates is publicly held, such licensee or affiliate shall make available and provide, to the commission, written notice of any report, including, without limitation, forms S-1, 8-K, 10-Q, 10-K, proxy or information statements, and all registration statements required to be filed by such licensee or affiliates with the United States Securities and Exchange Commission or other domestic or foreign securities regulatory agency, at the time of filing with such agency.

(4) The commission has the authority to conduct, or to have conducted at a licensee's expense, an audit or review of any of such licensee's financial controls and records.

(b) *Anti-money laundering.* A courier service shall submit to the commission by April 15th of each year an anti-money laundering compliance finding statement on a form issued by the commission and duly executed by the licensee's designated anti-money laundering compliance officer. A courier service shall implement anti-money laundering procedures that shall, at a minimum:

(1) establish a system of internal policies, procedures and controls to assess anti-money-laundering-related risks present within its business, considering, among other things, play volume and character, range of financial services offered, characteristics of certain games, contestant behaviors and contestant characteristics;

(2) designate an anti-money laundering compliance officer and file the name of such officer with the commission, updating such filing as may be necessary to maintain a current and accurate record at the commission;

(3) conduct an internal and/or external independent audit to test for compliance and provide copies to the commission;

(4) train appropriate employees in reportable currency transactions and identifying unusual or suspicious transactions;

(5) assign an individual or group of individuals to be responsible for day-to-day compliance; and

(6) employ the use of automated programs to aid in assuring compliance when automated processing systems are in use.

§ 5014.16. Internal Controls.

Each courier service shall submit to the commission for approval a written description of its initial system of internal controls prior to the start of operations. Such system of internal controls shall demonstrate to the satisfaction of the commission that such courier service has adequate controls in place to address data security, responsiveness to cybersecurity events to mitigate any negative events, recovery from cybersecurity events and restoration of normal operations and services, risk assessment and mitigation, training, access controls and identity management, systems operations and availability concerns, courier customer data privacy, incident response, disaster recovery, document retention and any other control issue the commission may identify.

§ 5014.17. Advertising and marketing.

(a) *Promotions in general.* A network shall offer any promotion, discount or other marketing feature authorized by the commission and offered by lottery sales agents licensed in accordance with Part 5001 of this subchapter. In addition, a courier service may offer to courier customers, at such licensee's own expense, any promotion, discount or other marketing feature not inconsistent with this subchapter. The commission may order a licensee to cease any promotion that the commission deems to be not in the best interests of the lottery program, in the discretion of the commission. Each licensee shall provide to each courier customer each promotional benefit to which such courier customer is entitled and shall in no case retain for such licensee's benefit any promotional benefit intended for a lottery player.

(b) *Promotions at lottery sales agents.* A network shall be capable of promoting lottery games that may be available only at lottery sales agent locations, including advertising new instant games, as the commission may direct.

(c) *Commission website.* A network shall provide links to lottery web pages as the commission may direct from time to time.

(d) *Approval of announcements.* No courier service may make any announcement of a prizewinner, whether live or through any media, without the prior written approval of the Commission.

§ 5014.18. Courier customer complaints.

Each courier service shall maintain for a period of two years a record of each courier customer complaint, the inquiry or investigation undertaken by the licensee, action taken by the licensee to resolve the complaint and the final disposition of the complaint. Such records shall contain the original or copies of the complaint, all written communications between the licensee and the complainant, all documents or telephone recordings

created in connection with a complaint and any documentation provided to the courier customer by the licensee. Such courier customer complaint records shall include:

- (a) the name and address of the complainant;
- (b) the purpose of the complaint;
- (c) the date the complaint was received by the courier service;
- (d) the complaint denial whenever a complaint is denied; and
- (e) any additional information used by the courier service in determining how to resolve the complaint.

The courier service shall also maintain a permanent record summarizing the number and nature of consumer complaints and the resolution or outcome of such complaints.

§ 5014.19. Fees.

(a) *Service charges.* The commission may grant approval to a courier service to charge courier customers a reasonable service charge per request for courier services, and not per ticket requested to be purchased on the customer's behalf, or other charge for service associated with use of a network and fulfillment of a request for services.

(b) *Other charges prohibited.* No courier service is permitted to charge any fee other than the service charge described in subdivision (a) of this section. Prohibited fees include, without limitation, any fee relating to validation of a winning ticket, payment of a prize or a withdrawal from a courier customer's account.

(c) *Service charges not part of ticket price.* Any charge assessed or collected in accordance with this section shall not be deemed to be part of the lottery ticket price.

(d) *Refunds for tickets requested but not generated.* Any fee charged for a transaction in which requested tickets were never generated, for whatever reason, shall be refunded.

§ 5014.20. License suspension and revocation.

(a) *Grounds.* A courier service license may be suspended or revoked:

(1) for any of the grounds set forth in Tax Law section 1607 or section 5001.19 of this subchapter, with a courier service being considered a lottery sales agent for purposes of applying section 5001.19 of this subchapter;

(2) a violation of any of the conditions and requirements of licensure set forth in section 5014.3 of this Part; or

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(3) if the commission determines that there are an excessive number of courier customer complaints about such licensee, with due disregard being given to complaints that are vexatious or wholly without merit.

(b) Review. A courier service whose license has been suspended or revoked may seek review or hearing on such action according to the procedures set forth in section 5000.6 of this section, as if such licensee were a lottery sales agent.