

Minutes of the Lottery Advisory Commission
September 24, 2014

Attendance

A meeting of the Lottery Advisory Commission (Commission) was held from 10:02 a.m. – 11:07 a.m., on Wednesday, September 24, 2014. Representing the Commission were Representative Thomas Beadle and Mr. Russ Hanson; Mr. Mike Rud (Chairman) and Representative Lois Delmore participated by telephone. Senator Nicole Poolman was absent. Representing the North Dakota Lottery (Lottery) were Mr. Randy Miller, director, Mr. Ryan Koppy, sales and marketing manager, Ms. Julie Thompson, security officer, Ms. Missy Reich, administrative staff officer, Mr. Mark Rauhauser, customer service specialist, Mr. Matt Anderson, account/budget Specialist, and Ms. Sonja Walder, administrative assistant. Also, in attendance was Ms. Kim Mallory, MDI account manager.

Selection of a Chairperson

Commissioner Hanson made a motion to nominate Commissioner Rud to serve as chairman for a one-year term. Commissioner Delmore seconded the motion. With no other nominations, Commissioner Rud was elected chairman. The motion passed 4-0.

Approval of Minutes

Commissioner Delmore made a motion to approve the draft minutes of the June 24, 2014 meeting. Commissioner Beadle seconded the motion. The motion passed 4-0.

Final Approval of the Proposed Administrative Rule Changes/Additions to General Rules, Retailer, Conduct and Play, 2by2 Game and North Dakota Lottery Players Club

Mr. Miller provided an overview of the final proposed administrative rule changes/additions to General Rules, Retailer, Conduct and Play, 2by2 Game and North Dakota Lottery Players Club. The only comment was a notification from Mr. Koppy regarding a change to the language in the Players Club Points for Drawings subsection 7 of 10-16-10-04 (Additional conditions). The word "cash" should be added and merchandise deleted as only cash winners are subject to debt set-off rules.

CHAPTER 10-16-01
GENERAL RULES

10-16-01-01. Definitions. As used in this article:

1. "Applicant's agent" means a general manager, sole proprietor, partner of a partnership or, for a corporation, an officer or director who is primarily responsible for financial affairs or a shareholder who owns ten percent or more of the common stock, of a business that is applying for or renewing a license. A general manager is a person who regularly is onsite and primarily responsible and accountable for managing and controlling the day-to-day operations of the business.

2. "Cash voucher" means a voucher generated by the lottery's player activated terminal that can be validated for cash at the retailer's lottery terminal.
3. "Draw" means the formal process of randomly selecting winning numbers, letters, or symbols that determine the number of winning plays for each prize level of a game.
4. "Game" means an on-line game authorized by the lottery.
5. "Game group" means a group of lotteries that have joined together to offer a game on a multi-state basis according to the terms of the MUSL and group's rules.
6. "Grand prize" means the top prize that can be won in a game.
7. "Group play" means two or more individuals sharing a purchase made.
8. "Lottery" means the North Dakota lottery.
9. "Multi-state lottery" means a lottery game that spans the individual borders of a state, jurisdiction, province, district, commonwealth, territory, or country.
10. "MUSL" means the multi-state lottery association.
11. "North Dakota Lottery Players Club" means a program that players can join to earn exclusive benefits and rewards.
12. "Online gaming system" means a computer system designed to control, monitor, communicate with a terminal, and record play transactions and accounting data.
13. "Play" means the numbers, letters, or symbols that are on a ticket or properly and validly registered subscription play to be played by a player in a draw, excluding a lottery promotion.
14. "Play area" means the area of a play slip that contains one or more sets of numbered squares to be marked by a player for a game. Each set contains a certain number of numbers, letters, or symbols that correspond to the game.
15. "Play slip" means a card used in marking a player's selections of numbers, letters, or symbols and containing one or more play areas for a game.
16. "Player-Activated terminal" means a device authorized by the lottery and operated by a player to function in an on-line, interactive mode with the lottery's computer system to receive and process lottery transactions including the purchase and issuance of a ticket, the validation of a ticket,

and the issuance of a cash voucher.

17. "Points for Drawings™" means a program where players can enter drawings by using points received from the submission of valid tickets.
18. "Points for Prizes®" means a rewards program where players can earn points by becoming registered members and submitting valid tickets.
19. "Quick pick" means a random selection of numbers, letters, or symbols by a computer system that are printed on a ticket or properly and validly registered subscription play and played by a player for a draw in a game.
20. "Retailer fraud" means an owner or employee of a licensed retailer who knowingly and intentionally:
 - a. Fails to properly validate a player's winning ticket;
 - b. Fails to pay the players the proper prize amount on a winning ticket;
 - c. Fails to provide the player the proper exchange ticket on a winning multi-draw ticket; or
 - d. Performs any other act that causes financial harm to a player in violation of the lottery law or rules.
21. "Set prize" means all prizes, except the grand prize for a game that are to be paid by a single cash payment and, except as provided by rule, will be equal to the prize amount established by the MUSL game group for the prize level of the game.
22. "Subscription" means a purchase of a draw game play for drawings up to one year.
23. "Terminal" means a device authorized by the lottery and operated by a retailer or the lottery to function in an on-line, interactive mode with the lottery's computer system to issue a ticket and enter, receive, and issuance of a report.
24. "Ticket holder" means a person who has signed a ticket or possesses an unsigned ticket.
25. "Validation" means the process of determining whether a ticket presented for a prize is a winning ticket.
26. "Winning account" means the account to which subscription winnings are deposited and from which player withdrawals are made.
27. "Winning numbers" means the numbers, letters, or symbols randomly

selected in a draw to determine a winning play contained on a ticket or properly and validly registered subscription play or randomly selected in a lottery promotion to determine a winning prize stated on a ticket or coupon.

History: Effective February 1, 2004; amended effective April 1, 2006; July 1, 2008; July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

CHAPTER 10-16-02 RETAILER

10-16-02-06. Duties. A retailer shall:

1. Comply with the lottery law, rules, promotional rules, and terms of a license agreement prescribed by the lottery;
2. Display a lottery license in an area visible, but not accessible, to the public where a ticket is sold and redeemed. A retailer shall prominently display signage and promotional and point-of-sale items provided by the lottery. A retailer may advertise and use, display, or make available other appropriate promotional and point-of-sale items. On request of the lottery, a retailer shall discontinue an advertisement or promotion that the lottery determines is in noncompliance with subsections 2 and 3 of section 10-16-01-02;
3. Display a problem gambling helpline telephone number;
4. Provide a secure operating space for a terminal at a location approved by the lottery or its online gaming system vendor. A retailer may not move the terminal to a different location at a site without written authorization from the lottery. If the retailer desires to have the terminal relocated at the site, only a qualified representative of the lottery's online gaming system vendor may relocate the terminal;
5. Provide dedicated alternating current to a duplex electrical receptacle for lottery equipment, including a terminal. Only lottery equipment may be on the circuit. A retailer shall pay the installation cost of the receptacle and monthly costs of electricity to operate the lottery equipment. The lottery shall provide the retailer with a schematic of the required amperage, voltage, and wiring of the receptacle;
6. As requested by the lottery, have an employee attend a training session sponsored by the lottery, review training material, complete a terminal-based tutorial, or notify the lottery if a new employee needs training on operating a terminal;
7. Exercise care in operating a terminal and immediately notify the lottery's online gaming system vendor of a terminal malfunction, including the issuance of an invalid ticket, inability to sell or redeem a ticket, and non-

issuance of a ticket. Except to clear a paper jam, the retailer may not perform mechanical or electrical maintenance on the terminal. Unless approved by the lottery, a retailer may not attach or adhere any stickers, decals, or advertisements on a terminal;

8. Replace ticket stock and clear a paper jam as necessary in a terminal;
9. Monitor the supply of game brochures, point-of-sale items, ticket stock and play slips and notify the lottery or its online gaming system vendor when an item is in short supply;
10. Actively promote and sell a ticket and redeem a winning ticket during the retailer's core business hours on the days that the retailer is open and when a terminal is operating. If the retailer's core business hours are earlier or later, or both, than the hours that the terminal is operating, the retailer shall post the hours during which a person may redeem a winning ticket;
11. Prohibit a person under age eighteen from buying a ticket or redeeming a winning ticket;
12. Not extend credit to a player or accept a credit card from a player for the purchase of a ticket or accept a food stamp or food coupon as consideration for a ticket. A player shall pay for a ticket when the ticket is bought from a retailer. If a retailer delivers a ticket to a player's residence, the player shall prepay or pay for the ticket upon delivery. A retailer may not loan money to or accept a postdated check from a player;
13. Maintain a level of ticket sales set by the lottery based on a minimum sales program;
14. Be financially responsible and personally liable to the lottery for money derived from the sale of a ticket, less money related to a sales commission and money paid on a redeemed winning ticket. The retailer shall allow money from the sale of a ticket that is deposited by the retailer in a bank account to be transferred to the lottery by electronic funds transfer on a weekly basis or other period prescribed by the lottery;
15. Store ticket stock, supplies, terminal, and related equipment in a safe place to prevent loss, theft, or damage;
16. Prominently post the winning numbers for a draw and estimated grand prize of the next draw of a game where a ticket is sold as soon as reasonably possible after the draw for the game;
17. Redeem a winning ticket and may pay a prize of up to five hundred ninety-nine dollars in cash or by business check, regardless of which retailer sold the ticket. The retailer may not charge a fee for redeeming a

ticket and may not refuse to redeem a winning ticket sold by another retailer;

18. File a claim for credit for a printed defective ticket as prescribed by the lottery;
19. Permit an employee or agent of the lottery who has first shown proper identification to the retailer to review the retailer's accounting records and inspect, maintain, replace, or remove lottery equipment, supplies, ticket stock, or a record or recorded video from the site without prior notice during the retailer's normal hours of operation;
20. Notify the lottery in writing thirty days before there is a change of the bank account maintained for electronic funds transfer;
21. Make it convenient for the public to buy and redeem a ticket. A retailer may sell a ticket through a drive-up window;
22. Have a copy of the lottery law and rules at the site available near the terminal for review by any person;
23. Incur the loss from theft of a ticket or gift certificate;
24. Defend, indemnify, and hold harmless the lottery and state of North Dakota from any claim of any nature, including all costs, expenses, and attorney's fees, that may result from or arise out of an agreement with the lottery, except for a claim that results from or arises out of the state's sole negligence;
25. Upon revocation, relinquishment, or nonrenewal of a license, immediately return all lottery-related equipment and supplies, including unused ticket stock. The retailer is liable for money still owed the lottery; and
26. Maintain complete and accurate records and retain them for one year related to the sale and redemption of a lottery ticket. Records must include weekly terminal-issued reports of electronic funds transfer's transactions.

History: Effective February 1, 2004; amended effective April 1, 2006; April 1, 2008; July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-08, 53-12.1-13

10-16-02-07. Sales commission and bonus.

1. The lottery shall credit a retailer's account for:
 - a. A sales commission of five percent of the retail price of a ticket

sold or otherwise issued by the retailer;

- b. A sales commission of five percent of the amount of a subscription sale that is transacted through the North Dakota Lottery Players Club when a player chooses a specific retailer. The retailer must be currently licensed when the subscription is purchased; and
- c. A sales bonus for selling a ticket with a winning play, for a game as stated below. However, the retailer must be currently licensed when a draw is conducted that results in the winning play of a ticket. If the winning play for POWERBALL® has the Power Play option, or the winning play for MEGA MILLIONS® has the Megaplier® option, or the winning play for HOT LOTTO® has the Triple Sizzler option, the retailer's account must also be credited for an additional bonus as stated below:

<u>Prize</u>	<u>Bonus</u>	<u>Additional Bonus</u>
POWERBALL®		
Grand prize	\$50,000	Additional \$50,000 with Power Play
\$1,000,000	\$5,000	Additional \$5,000 with Power Play
\$10,000	\$500	Additional \$500 with Power Play
MEGA MILLIONS®		
Grand prize	\$50,000	Additional \$50,000 with Megaplier®
\$1,000,000	\$5,000	Additional \$5,000 with Megaplier®
\$5,000	\$250	Additional \$250 with Megaplier®
HOT LOTTO®		
Grand prize	\$5,000	Additional \$5,000 with Triple Sizzler
\$30,000	\$750	Additional \$750 with Triple Sizzler
\$3,000	\$150	Additional \$150 with Triple Sizzler
WILD CARD 2®		
Grand prize	\$2,000	
\$6,000	\$250	

2BY2®

Grand prize

\$22,000	\$500
\$44,000*	\$1,000

*Tuesday draw double grand prize winning play on a qualifying multi-draw ticket.

2. The lottery may credit a retailer’s account for a fixed or graduated sales commission or bonus for a special promotion, including Power Play, Megaplier®, and Triple Sizzler that the lottery conducts for a certain period of time based on parameters set by the lottery.

History: Effective February 1, 2004; amended effective January 1, 2006; January 3, 2008; January 31, 2010; January 15, 2012; October 19, 2013; July 6, 2014.

General Authority: NDCC, 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-13

CHAPTER 10-16-03 CONDUCT AND PLAY

10-16-03-05. Sale or gift of a ticket.

1. Only a retailer may sell a ticket and only at the site listed on a license. The sales price of a ticket is exempt from sales tax. Except as authorized by the lottery or for a lottery promotion, or delivery of a ticket by a retailer, a complete sales transaction between the retailer and a player must occur at a terminal or a player-activated terminal, including the exchange of money, exchange of a play slip if the player uses it, and exchange of the ticket. The retailer shall accept cash and a lottery gift certificate and may, at its option, accept a check or debit card from a player. The retailer may not extend credit to a player or accept a food stamp or food coupon as consideration for a ticket. A player shall pay a ticket when the ticket is bought from a retailer. A retailer may not loan money to a player or accept a postdated check from the player. A retailer is responsible for a check that is not collectible for any reason. This subsection does not prevent a person who may lawfully buy a ticket from giving a gift of the ticket to another person, or prevent a business or organization from purchasing a ticket and providing it as a gift or prize to a person, except to a person under age eighteen or an ineligible player according to section 10-16-03-02.
2. A person may buy a ticket on behalf of another person or group of people, provided that the person provides the ticket without charging a procurement fee and the other person is not, or the group of people does not include, a person under age eighteen or an ineligible player according to section 10-16-03-02.

3. A player shall place a play through a retailer who acts as an agent for the player in entering the play. The player shall place a play by using and hand-marking a play slip provided by the retailer or requesting the retailer to place a quick pick. The retailer may assist and train a player how to complete a play slip. It is the sole responsibility of the player to verify the accuracy of a game play and other data printed on a ticket. The retailer may not use a copy of a play slip or other material in a terminal's play slip reader or permit any device to be connected to a terminal to enter a play.
4. A retailer shall use a terminal to issue a ticket containing the selected sets of numbers, letters, or symbols each set of which is a play. A retailer's sale of a ticket is final. A player may not void or cancel a ticket by returning the ticket to the retailer and the retailer may not buy back a ticket from a player. If data printed on a ticket is incorrect, a ticket is printed in error, an employee, volunteer, or agent of a retailer steals a ticket from the retailer, or if any other issued ticket can be used to claim a prize, the retailer cannot void or cancel the ticket or return the ticket to the lottery for credit. If the retailer cannot sell the ticket, the retailer owns the ticket and may redeem a winning ticket. However, the lottery may credit a retailer's account for a ticket that is illegible, mutilated, or otherwise defective as it was printed and that because of its physical condition cannot be sold. A retailer shall comply with a policy of the lottery related to criteria for sending a claim for credit of a defective ticket to the lottery. The retailer may not send a defective ticket to the lottery until after the draw for the game for which the ticket was issued.
5. A retailer shall sell a ticket only for the standard price of the ticket. However, a retailer may do a promotion for a period not to exceed ninety consecutive days in any six-month period in which a retailer offers a ticket for sale through a discount provided that the retailer accounts for the standard price of the ticket to the lottery. A discount includes, for example, selling six tickets for the price of five tickets, selling two tickets for the price of one ticket, and selling a ticket for one-half price.

A retailer may buy a ticket for the standard price of the ticket and offer it, at no charge, to a person. A recipient of a ticket in a promotion may not be under age eighteen or an ineligible player according to section 10-16-03-02. A retailer may conduct other promotions, including:

- a. Second chance drawings of winning or non-winning tickets or other entry forms provided that a person may not be required to purchase anything to participate in the drawing;
- b. Giving away a ticket with the purchase of a product or service;
- c. Giving away or discounting a product or service with the sale of ticket or return of a number of non-winning tickets; and
- d. With the purchase of a ticket, a person may spin a wheel, for example, to select a free prize, product, or service.

6. A person who buys or accepts a ticket, attempts to redeem a ticket for a prize, or otherwise participates in a draw agrees to comply with and abide by the lottery law, rules, procedures, policy, MUSL or game group rule or game rule, and decision of the lottery.
7. A person who buys or accepts a ticket, attempts to redeem a ticket for a prize, or otherwise participates in a draw agrees to accept the decision of the lottery regarding the validity of the ticket, and any prize payment determinations relating to that ticket, and to release the state, lottery, MUSL, game group, and their officers, employees, agents, representatives, and contractors from any liability regarding that ticket or payment of that prize and are not responsible or liable for:
 - a. A lost or stolen ticket or incorrectly read play slip; or
 - b. Paying a prize to a damaged, destroyed, erroneous, illegible, or mutilated ticket.

History: Effective February 1, 2004; amended effective November 8, 2005; July 1, 2008; July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-07, 53-12.1-08, 53-12.1-13, 57-39.2-04

10-16-03-07. Validation of a ticket or cash voucher.

1. A retailer shall use a terminal to validate a ticket or cash voucher before the retailer may pay a prize on the ticket or cash voucher. A retailer that pays a player a prize without first validating the ticket or cash voucher assumes the financial risk that the ticket is not an actual winning ticket, the ticket was previously redeemed or that the cash voucher was previously redeemed. The lottery may not reimburse a retailer for a prize paid in error by the retailer. A ticket that does not pass validation is invalid and ineligible for a prize. A cash voucher that does not pass validation is invalid for cashing. Except as provided by subsection 18 of section 10-16-03-08, an original ticket is the only proof of a game play and submitting a winning ticket to the retailer or lottery is the only method of claiming a prize. A play slip, or copy of a winning ticket, or copy of a cash voucher has no monetary or prize value and is not evidence of a ticket bought or of numbers selected for a draw. A ticket must have been bought from a North Dakota retailer and meet all of these validation requirements:
 - a. A retailer must have issued the ticket in an authorized manner;
 - b. The play, including the combination of numbers, letters, or symbols selected by a player or quick picked, evidenced by the ticket, must reach and be accepted and recorded by the lottery's online gaming system before the cutoff time for a draw. The draw for a game is held on the days determined by the game group. Even if a player intends for a retailer to enter the player's play before the cutoff time for the present draw, the

play is only eligible for the draw that is printed on the ticket;

- c. The ticket or cash voucher must not have been previously paid or voided by the lottery;
 - d. The ticket or cash voucher must not have been stolen, or be counterfeit, altered, mutilated, reconstructed, unreadable, illegible, irregular, partly blank, incomplete, defective, or an exact duplicate of another winning ticket. The game group, MUSL, and lottery are not responsible for a ticket that is altered in any manner;
 - e. A ticket or cash voucher is void unless the ticket is printed on a paper stock roll that was validly issued to and used by the retailer that sold the ticket;
 - f. The ticket or cash voucher validation number must be legible, intact, presented in its entirety, and correspond, based on the lottery's computer validation file, exactly to the date and selected numbers printed on the apparent winning ticket that was sold at a specific site;
 - g. The ticket or cash voucher may not be marked in any way, except by a player to place a signature on the back side of the ticket to claim a prize or by a retailer to deface or void the ticket after it was redeemed, with the intent to commit fraud;
 - h. If the total prize value of all plays of a winning ticket is five thousand dollars or more, the ticket must pass a confidential security check by the lottery;
 - i. Upon request by the lottery, a claimant of an apparent winning ticket shall disclose to the lottery the name of the retailer from whom the claimant bought the ticket, date of purchase, and approximate time; and
 - j. A validation requirement adopted by the MUSL or game group.
2. After a retailer validates a winning ticket or cash voucher, the retailer shall, if sufficient funds are available, pay the player the prize value. However, a retailer shall redeem a winning ticket or cash voucher that has a prize value of fifty dollars or less. A retailer shall return the winning ticket or cash voucher and the player copy of the terminal receipt to the player and retain the retailer copy of the terminal receipt for recordkeeping purposes. After a retailer validates a non-winning ticket, the retailer shall return the non-winning ticket and player copy of the terminal receipt to the player. The player may discard a redeemed winning or non-winning ticket and player copy of the terminal receipt.
3. The lottery shall credit a retailer's account for a prize actually paid by the retailer on a validated redeemed winning ticket or cash voucher.

4. The lottery's determination on a contested validation is final.

History: Effective February 1, 2004; amended effective April 1, 2006; April 1, 2008; July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-08, 53-12.1-09, 53-12.1-13

10-16-03-08.1. Subscription.

1. A player shall purchase a subscription only from, and the financial transaction for that subscription must be only with, the lottery through the North Dakota Lottery Players ClubSM website and payment processor. A player may use automated clearinghouse, debit card, or authorized credit card to pay for a subscription.
2. A person must be at least eighteen years of age.
3. A person must provide the following information when registering as a player, or a member of a group, for the lottery subscription service:
 - a. Name;
 - b. Address;
 - c. Date of Birth;
 - d. Telephone number;
 - e. Valid email address; and,
 - f. Last four digits of their Social Security Number.
4. A person, whether individually or as a member of a group, must have a North Dakota mailing address and must pass all verification processes used by the lottery during the player's registration process.
5. A player may purchase one or more subscriptions for one or more games. Each subscription is limited to one play for a draw for one game. A player may purchase a subscription for up to fifty-two weeks. A subscription is not refundable or cancelable by a player unless the game group makes a matrix change to the game at which time, the subscription would be canceled by the lottery and funds used to purchase the subscription would be refunded to the player's winning account through the lottery's subscription service, based on the number of draws actually held under the former game matrix in relation to the total number of draws purchased.
6. To be valid, a subscription play must be properly and validly registered with the lottery on its subscriber data base at its central computer site which meets the requirements established by the product group and

MUSL security and integrity committee. All data on a subscriber is confidential.

7. The owner of a subscription play is the person whose name is validly and properly registered with the lottery. However, the lottery may split a prize among two or more persons who are registered members of a group play.
8. After the lottery properly and validly registers a subscription play, the lottery shall send a confirmation email to the subscriber. The confirmation email is the player's evidence of an actual play in a draw and there is no actual ticket. The confirmation email must include:
 - a. Name of game. For the game of POWERBALL® indication of whether the play has the Power Play option. For the game of MEGA MILLIONS®, indication of whether the play has the Megaplier® option. For the game of Hot Lotto®, indication whether the play has the Triple Sizzler option;
 - b. Number of and starting and ending dates of the draws;
 - c. Numbers, letters or symbols of the play;
 - d. The subscriber is responsible for ensuring that all subscriber information and game play numbers, letters, or symbols are correct; and
 - e. Explanation of how a prize will be awarded
9. Except as provided by subsection 10, a subscription play is valid for only the date range of draws specified in the confirmation email. The effective date of a new subscription play will be valid for the present draw in the game, if it is purchased by 8:58 p.m. C.T.
10. If the value of a prize on a winning POWERBALL®, Hot LOTTO®, WILDCARD 2®, MEGA MILLIONS® or 2BY2® subscription play for draw is:
 - a. Less than six hundred dollars, the lottery shall automatically deposit the funds into the player's winning account;
 - b. Equal to or more than six hundred dollars, the lottery shall contact the player by email and phone to arrange payment of the prize, less withholding of income tax required by federal or state law and any debt setoff according to North Dakota Century Code section 53-12.1-12.
11. If the owner of a subscription changes the owner's name, the owner shall provide the lottery with a notarized letter of the change. If the

owner of a subscription dies, the lawful representative of the owner's estate shall provide the lottery with a notarized statement of the death and the lottery shall change the ownership of the subscription to "The Estate of" the owner.

History: Effective November 8, 2005; amended effective January 3, 2008; November 1, 2008; July 1, 2010; October 19, 2013; July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-01, 53-12.1-02, 53-12.1-03, 53-12.1-08, 53-12.1-13

**CHAPTER 10-16-07
2BY2® GAME**

10-16-07-02. Expected prize pool percentage and odds. Except as provided by subsection 3 of section 10-16-07-03 or by section 10-16-07-04, the grand prize is twenty-two thousand dollars. All prizes awarded must be paid as set cash prizes or free ticket prizes with the following expected prize payout percentages:

Overall odds of winning a prize on a one dollar play are 1:3.59.

*Reflects the odds of winning and a combined distribution probability of winning plays, based on the total number of possible combinations.

History: Effective November 8, 2005; amended effective February 22, 2008; July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

<u>Matches Per Play</u>	<u>Prize</u>	<u>Prize Pool Percentage Allocated to Prize</u>	<u>Odds</u>
2 red + 2 white	Grand prize	41.18%	1:105,625
2 red + 1 white	\$100	8.99%	1:1100
1 red + 2 white	\$100	8.99%	(3 Matches)
2 red + 0 white	\$3	1.55%	1:37
0 red + 2 white	\$3	1.55%	(2 Matches)
1 red + 1 white	\$3	12.94%	
1 red + 0 white	Free ticket	12.40%	1:4
0 red + 1 white	Free ticket	12.40%	(1 Match)

10-16-07-04. Tuesday draw double prize feature. If a player purchases a subscription for 7 draws, in increments of 7, or a multi-draw ticket of one or more plays for 7, 14, 21, 28, 35, or 42 consecutive draws, the value of the player's prize, including the grand prize, that is won on a Tuesday draw automatically doubles in value.

History: Effective February 22, 2008; amended effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1.13

**CHAPTER 10-16-09
NORTH DAKOTA LOTTERY
PLAYERS CLUBSM
POINTS FOR PRIZES[®]**

10-16-09-01	General
10-16-09-02	Eligibility for Points
10-16-09-03	Registration
10-16-09-04	Points for Prizes [®] Points
10-16-09-05	Submitting Tickets
10-16-09-06	Points for Prizes [®] Store
10-16-09-07	Item Selection
10-16-09-08	Additional Conditions

10-16-09-01. General.

1. The North Dakota Lottery (NDL) and its designated agents Scientific Games International, Inc. (SGI) and MDI Entertainment, LLC (MDI), a subsidiary of SGI, will operate the Points for Prizes[®] program.
2. Points for Prizes[®] is a rewards program that is part of the NDL's North Dakota Lottery Players ClubSM. Players can earn points by becoming registered members of the program and submitting valid tickets at club.lottery.nd.gov. Players can redeem their points for items at the Points for Prizes[®] store at store.lottery.nd.gov.
3. The Points for Prizes[®] program is void where prohibited by law.
4. The NDL reserves the right to change Points for Prizes[®] in any way and at any time or to terminate Points for Prizes[®] entirely upon reasonable and appropriate public notice.
5. By submitting a ticket to earn Points for Prizes[®] points, an entrant agrees to and is bound by the Points for Prizes[®] rules, the North Dakota Lottery Players ClubSM terms of service, all other applicable NDL rules and laws, and the laws of the State of North Dakota.
6. The NDL may use, without limitation, an entrant's name, hometown, likeness, and/or voice in any promotions, research, marketing, publications, or other advertising media including, but not limited to, NDL websites, without compensation or additional release.
7. The NDL reserves the right to use the names, addresses, and telephone numbers of all entrants for research and marketing purposes.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-02. Eligibility for points.

1. A terminal ticket or player-activated terminal ticket eligible for points is any ticket that includes a 25 digit alpha-numeric draw game code printed

on the ticket.

2. Any subscription purchase will automatically receive points after confirmation of purchase. No entry code is generated nor is entry of any code required. Players will receive notification of points earned for a subscription purchase.
3. Exchange tickets will not print an entry code. Entry codes are only printed once on the original ticket.
4. North Dakota Lottery Players ClubSM members must be at least eighteen (18) years old and have a valid U.S. address in order to register as a member of the North Dakota Lottery Players ClubSM and participate in Points for Prizes[®].
5. Players will be limited to earn up to 750 points per week as part of the NDL's North Dakota Lottery Players ClubSM. A week is defined as Sunday at midnight until the following Saturday at 11:59:59 p.m. C.T. NDL reserves the right to change, without notice, the limit on the amount of points that can be earned weekly.
6. The NDL reserves the right to discontinue eligibility of any game(s).
7. Entries for Points for Prizes[®] may also automatically receive entry into other promotions.
8. Once the 750 points per week maximum is reached, players will still be eligible to enter tickets for second chance drawings or any additional ticket entry eligible promotion. These tickets will not earn points.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-03. Registration.

1. To access Points for Prizes[®], a player must first register to become a North Dakota Lottery Players ClubSM member and establish a North Dakota Lottery Players ClubSM account at club.lottery.nd.gov.
2. Once registered, a player will be able to log in to submit entries or participate in other North Dakota Lottery Players ClubSM programs that may be provided from time to time.
3. Registration to be a member of the North Dakota Lottery Players ClubSM requires the player to provide their birth date, email address, password, last four digits of Social Security number, and contact information.

4. Failure to fully provide required information will cause a player's request to register to be rejected.
5. The NDL, SGI, and MDI assume no responsibility for incorrect information provided by a player on the registration form. After completing the registration, a player is responsible for updating account information as needed by logging in and going to their account page.
6. A player may have no more than one (1) account. A player is not permitted to create additional accounts in the event that their email or other relevant information changes. The player may log in with their existing account credentials and make any desired changes at any time.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-04. Points for Prizes® points.

1. Players earn Points for Prizes® points for eligible subscription purchases (after purchase confirmation) or for terminal tickets or player-activated terminal tickets entered through the North Dakota Lottery Players ClubSM at club.lottery.nd.gov.
2. Points are non-monetary numerical values assigned to eligible tickets.
3. Points for Prizes® provide points for each eligible ticket or subscription purchase. Cash shall not be awarded in lieu of points awarded or rewards items.
4. Each eligible ticket or subscription purchase has a point value based on a range of values assigned by the NDL. The NDL reserves the right to change the point value assigned.
5. The point value, associated with each valid ticket or subscription purchase, will be revealed to the player and applied to their account at club.lottery.nd.gov upon successful submission of each eligible ticket or after purchase confirmation of subscriptions.
6. Points are not transferable. Point balances from more than one (1) account may not be combined.
7. Points shall be valid for use only within the NDL's Points for Prizes® program or Points for DrawingsTM program.
8. The NDL may credit a player's account at its sole discretion.
9. Points may expire. The NDL reserves the right to establish, modify or delete a rule regarding the expiration of points at its own discretion at any time.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-05 Submitting tickets.

1. To submit a ticket, a player must first log in to club.lottery.nd.gov using their unique North Dakota Lottery Players ClubSM account information.
 - a. Once logged in, a player submits an entry according to the instructions on the "Ticket Entry" (Rewards) page of the website. Required entry information for a terminal ticket or player-activated terminal ticket is the 25 digit alpha-numeric draw game code printed on the ticket. Subscribers will receive notification of points received for their purchase.
 - b. To prevent fraudulent submissions, after ten (10) consecutive attempts to submit tickets that are not recognized as eligible tickets, a player will be unable to submit tickets for 24 hours.
 - c. Unless a player has a need to retain their ticket(s) (example: remaining draws or prize claim for winning ticket), players are encouraged to properly dispose of the ticket after submission.
2. A list of previously submitted tickets is available within a player's account and can be found within the "My History" page.
3. An eligible ticket may be submitted one (1) time only. The system will reject a ticket that has been previously submitted.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-06 Points for Prizes® store.

1. Points may be redeemed for items listed at store.lottery.nd.gov in the Points for Prizes® store. Points may also be used to purchase Points for Drawings™ entries.
2. Points required for redemptions vary. The number of points required to be redeemed for a particular item shall be determined by the NDL and be posted at store.lottery.nd.gov. The NDL may, in its sole discretion, change the points required for redemption of any item at any time.
3. The NDL may, in its sole discretion, discontinue offering an item at any time.
4. If an item is not readily available for any reason, the NDL reserves the right, in its sole discretion, to substitute another item of similar value, or credit a player's account at its sole discretion.

5. Prizes are non-transferable and non-refundable unless otherwise authorized by the NDL.
6. The awarding of all prizes is subject to eligibility verification.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-07 Item selection.

1. A player may use some or all points for items offered in the Points for Prizes® store.
2. A player must first log in to their North Dakota Lottery Players ClubSM account at club.lottery.nd.gov.
3. To redeem points, a player must select the item or items, designate the quantity of each item requested, and select the appropriate button to submit the order.
4. It is the responsibility of the player to ensure that the appropriate item and quantity are selected.
5. Once the order has been submitted, points will be deducted from the player's North Dakota Lottery Players ClubSM account.
6. Orders cannot be changed, canceled, or returned once placed.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-09-08 Additional conditions.

1. The NDL does not warrant or guarantee product quality or availability of products.
2. The NDL is not responsible for any prizes lost, damaged, or stolen during shipment, pick-up, or use.
3. The NDL is not responsible for any damages, injury or loss of life resulting from any item awarded.
4. Players are responsible for any applicable taxes.
5. Players are solely responsible for maintaining and keeping account information current or accurate. The NDL assumes no responsibility or liability whatsoever for technical or computer malfunctions or for the player's failure to keep account information current.

6. By participating in the North Dakota Lottery Players ClubSM, each player and their heirs, legal representatives, and assignees agree to indemnify, defend, release, and discharge the NDL, SGI, MDI, the State of North Dakota, their employees, officers, and directors, from and against any loss, claim, damage, suit, or injury arising out of or relating to the North Dakota Lottery Players ClubSM, products or any action taken pursuant to these rules.
7. No one under 18 years of age and no one otherwise prohibited by North Dakota Century Code 53-12.1-08 from playing NDL games is eligible to participate in the Points for Prizes[®] program.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

**CHAPTER 10-16-10
NORTH DAKOTA LOTTERY
PLAYERS CLUBSM
POINTS FOR DRAWINGSTM**

Section

10-16-10-01	General
10-16-10-02	Eligibility
10-16-10-03	Submitting Entries into Points for Drawings TM
10-16-10-04	Additional Conditions

10-16-10-01. General.

1. The North Dakota Lottery (NDL) and its designated agents Scientific Games International, Inc. (SGI) and MDI Entertainment, LLC (MDI), a subsidiary of SGI, will operate the Points for DrawingsTM program.
2. Points for DrawingsTM is part of the Points for Prizes[®] program that is part of the NDL's North Dakota Lottery Players ClubSM. Players can enter drawings by using some or all points received from submission of eligible tickets or subscription purchases at club.lottery.nd.gov.
3. Drawing entries may be submitted at store.lottery.nd.gov.
4. The Points for DrawingsTM program is void where prohibited by law.
5. The NDL reserves the right to change Points for DrawingsTM in any way and at any time or to terminate Points for DrawingsTM entirely upon reasonable and appropriate public notice.
6. By submitting an entry into Points for DrawingsTM, an entrant agrees to and is bound by the Points for DrawingsTM rules, the Points for Prizes[®] rules, the North Dakota Lottery Players ClubSM terms of use, all other applicable NDL rules and laws, and the laws of the State of North Dakota.
7. The NDL may use, without limitation, an entrant's name, hometown,

likeness, and/or voice in any promotions, research, marketing, publications, or other advertising media including, but not limited to, ND websites, without compensation or additional release.

8. The NDL reserves the right to use the names, addresses, and telephone numbers of all entrants for research and marketing purposes.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-10-02. Eligibility.

1. Only points accumulated within the Points for Prizes® program in the player's North Dakota Lottery Players ClubSM account may be used to enter any Points for DrawingsTM drawing.
2. Entrants must have a valid U.S. address in order to register and participate.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-10-03. Submitting entries into Points for DrawingsTM.

1. A detailed description of each Points for DrawingsTM drawing will be located on the NDL's North Dakota Lottery Players ClubSM website and will include a description of the prize, entry dates, drawing date, rules and regulations and the number of points necessary for entry into the drawing.
2. The number of points needed for entry into each Points for DrawingsTM drawing may vary by drawing.
3. To submit an entry, a player must first log in to club.lottery.nd.gov using their North Dakota Lottery Players ClubSM account information.
4. Following log-in, players may submit entries by visiting the Points for Prizes® store and select the desired Point for DrawingsTM drawing. Players enter the number of entries desired; select "Update Quantity" followed by "Submit Entries".
5. It is the responsibility of the player to ensure that the appropriate Points for DrawingsTM drawing and number of entries are selected.
6. Once the selected number of entries has been submitted, points from the player's North Dakota Lottery Players ClubSM Points for Prizes® account will be deducted.
7. Unless otherwise specified in the rules and regulations for a specific Points for DrawingsTM, entries are created only for the drawing for which points were

used by the player. Drawing entries are eligible for one (1) Points for Drawings™ drawing only.

8. A player may submit as many entries as allowed by their North Dakota Lottery Players ClubSM account balance, but the player may only win once per Points for Drawings™ drawing.
9. Once an entry into the Points for Drawings™ drawing is submitted it cannot be changed, canceled or returned. Once an entry is submitted, points will not be refunded.
10. Entries submitted after the Points for Drawings™ drawing deadline for a given drawing will not be accepted.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-10-04 Additional conditions.

1. The NDL does not warrant or guarantee product quality or availability of products.
2. The NDL is not responsible for any prizes lost, damaged, or stolen during shipment, pick-up, or use.
3. The NDL is not responsible for any damages, injury or loss of life resulting from any item awarded.
4. The NDL is not responsible for the electronic miss-delivery, late delivery, or failure to receive entry information entered electronically, risk of loss remains with the entrant regardless of the cause of the transmission failure.
5. If required, a player will receive a W-2G form for prizes (either cash or merchandise).
6. The prize winner is responsible for all applicable state and federal taxes.
7. Winners' cash prizes are subject to debt setoff of certain governmental debts. Unless otherwise noted on the North Dakota Lottery Players ClubSM website, if a winner fails to satisfy an outstanding debt within thirty (30) days of notification of the debt, the NDL may, at its sole discretion, disqualify the winner, and the next alternate will become the winner.
8. Players are solely responsible for maintaining and keeping account information current or accurate. The NDL assumes no responsibility or liability whatsoever for technical or computer malfunctions or for the player's failure to keep account information current.
9. By accepting the prize, each winner, their heirs, legal representatives, and assignees agree to indemnify and hold harmless, defend, release, and

discharge the NDL, SGI, MDI, the State of North Dakota, their employees, officers, and directors, from and against any loss, claim, damage, suit, or injury arising out of or relating to the acceptance of the prize.

10. The NDL is not responsible for any rules, regulations or restrictions imposed by its promotional partners. The NDL is not responsible for and has no obligation regarding the condition, quality, defects, or other attributes of the prizes awarded during a promotion and expressly disclaims all warranties, expressed or implied, including, but not limited to, all implied warranties of merchantability and fitness for particular purpose.
11. The NDL reserves the right, in its sole discretion, to modify, suspend, postpone or cancel, with or without notice, any portion of this promotion at any time and for any reason including the award of any prize with the approval of the NDL's director or his/her designee.
12. In the event that interpretation of these rules is necessary, the decision of the NDL's director or designee, after legal consultation with the assistant attorney general (if necessary), will be final.
13. No one under 18 years of age and no one otherwise prohibited by North Dakota Century Code 53-12.1-08 from playing NDL games is eligible to participate in this promotion or win any prize.

History: Effective July 6, 2014.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

Commissioner Beadle made a motion to acknowledge that the Commission considered the comments on the proposed rules and recommended to approve the proposed rules as revised to correct the Players Club Points for Drawings subsection 7 of 10-16-10-04 (Additional conditions). Commissioner Hanson seconded the motion. The motion passed 4-0. The recommendation will be presented to Attorney General Stenehjem for final approval.

Approval of the Draft Administrative Rules for the Monopoly Millionaires' Club Game and Miscellaneous Rule Changes

Mr. Miller provided an overview of the draft administrative rules for the Monopoly Millionaires' Club game and miscellaneous rule changes.

CHAPTER 10-16-11
MONOPOLY™ MILLIONAIRES' CLUB™
GAME

Section

10-16-11-01

Game Description

10-16-11-02

Expected Prize Pool Percentages and Odds

10-16-11-03

Prize Pool and Payment

10-16-11-04

Millionaires' Club Prize

10-16-11-05

MONOPOLY™ Millionaires' Club™ Television Game Show

10-16-11-01. Game description. To play MONOPOLY Millionaires' Club, a player selects five different numbers, between one and fifty-two, and one additional number (property number) between one and twenty-eight. The additional number may be the same as one of the first five numbers selected. The second number shall be represented on the player's ticket both as a number and as the associated MONOPOLY game board property. The price of a play is five dollars. A Top Prize is paid, at the election of a winning player or by a default election made according to these rules, either on an annuitized pari-mutuel basis or as a cash lump sum payment of the total cash held for the prize pool on a pari-mutuel basis. A set prize (cash prize of one hundred thousand dollars or less) is paid on a single-payment cash basis. Draws are held once a week on Friday.

History: Effective February 1, 2015

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-11-02. Expected prize pool percentages and odds. The Top Prize shall begin at fifteen million dollars and if not won shall continue to increase until the Top Prize reaches twenty-five million dollars and shall remain at that until the Top Prize is won. The Top Prize is paid on a pari-mutuel basis. Except as provided by rule, a set prize must be paid according to these matches per play and prize amounts with these expected prize payout percentages:

<u>MATCH</u>	<u>PRIZE</u>	<u>GAME ODDS*</u>
<u>Match 5 of 5 + Property Number</u>	<u>Top Prize</u>	<u>1:72,770,880</u>
<u>Match 5 of 5</u>	<u>\$100,000</u>	<u>1:2,695,218</u>
<u>Match 4 of 5 + Property Number</u>	<u>\$20,000</u>	<u>1:309,663</u>
<u>Match 4 of 5</u>	<u>\$500</u>	<u>1:11,469</u>
<u>Match 3 of 5 + Property Number</u>	<u>\$250</u>	<u>1:6,732</u>
<u>Match 2 of 5 + Property Number</u>	<u>\$25</u>	<u>1:449</u>
<u>Match 3 of 5</u>	<u>\$20</u>	<u>1:249</u>
<u>Match 1 of 5 + Property Number</u>	<u>\$10</u>	<u>1:82</u>
<u>Match Property Number</u>	<u>\$7</u>	<u>1:47</u>
<u>Match 2 of 5</u>	<u>\$5</u>	<u>1:17</u>
<u>Match Millionaires' Club Number (only applicable if Top Prize is won)</u>	<u>\$1,000,000</u>	<u>Varies with Sales</u>

Overall odds of winning a prize on a five dollar play are 1:10.00.

*Reflects the odds of winning and probable distribution of winning tickets in and among each prize tier, based on the total number of possible combinations.

History: Effective February 1, 2015.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-11-03. Prize pool and payment.

1. The prize pool for all prize categories must consist of fifty percent of each draw period's sales after the prize pool accounts and prize reserve accounts are funded.

2. The prize money allocated to the Top Prize pool must be divided equally by the number of plays that win the Top Prize. If the Top Prize and Millionaires' Club prizes are not won in a draw, subject to any restrictions by the game group, the prize money allocated for the Top Prize and Millionaires' Club prizes must roll over and be added to the Top Prize and Millionaires' Club prize pool for the next draw.
3. If there are multiple Top Prize winning plays during a draw, each player selecting the annuitized option prize, then a winning play's share of the guaranteed annuitized Top Prize must be determined by dividing the guaranteed annuitized Top Prize by the number of winning plays.
4. A Top Prize must be paid, at the election of the winning player made within sixty days after the player becomes entitled to the prize, with either a per winning player annuity or cash payment. If the payment election is not made by the player within sixty days after the player becomes entitled to the prize, then the prize must be paid as an annuity prize. An election for an annuity payment made by a player may be changed to a cash payment at the election of the player until the expiration of sixty days after the player becomes entitled to the prize. Otherwise, the payment election is final. A player who elects a cash payment must be paid the share in a single cash payment. A player who elects an annuitized prize must be paid annually in thirty graduated payments with the initial payment being made in cash, followed by twenty-nine payments (increasing each year) by a rate determined by the game group funded by the annuity. Annual payments after the initial payment must be made by the lottery on the anniversary date or if this date falls on a non-business day, then the first business day following the anniversary date of the draw of the Top Prize winning numbers.
5. The lottery may not pay a Top Prize, Millionaires' Club Prize or set prize until after it receives authorization from the MUSL. The lottery may pay the prize before it receives the funds from the MUSL.
6. The set prize pool must be carried forward to a subsequent draw if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

History: Effective February 1, 2015.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-11-04. Millionaires' Club Prize.

1. The Millionaire's Club Prize is a single-payment cash prize with a value of one million dollars drawn independently from the other MONOPOLY Millionaires' Club prizes.

2. The number of Millionaires' Club prizes to be drawn will be determined using a process announced by the game group.
3. Each play shall have a unique non-repeating transactional number associated with that play to be used in determining Millionaires' Club Prize winners, if a Millionaires' Club Prize drawing is held.
4. A secondary drawing to determine Millionaires' Club Prize winners only occurs when a Top Prize is won in a Millionaires' Club drawing.
5. The amount of Millionaires' Club Prize monies awarded in a Millionaires' Club Prize drawing shall be determined by the amount of monies available in the Top Prize and Millionaires' Club Prize pool, less amounts needed to fund the Top Prize, rounded down to the nearest one million dollars, but shall in no event be less than ten Millionaires' Club prizes, and shall increase at a minimum of two Millionaires' Club prizes between drawings until the Top Prize is won.
6. A given play may win in the MONOPOLY Millionaires' Club drawing, the Millionaires' Club Prize drawing if any; or both drawings. If a ticket is a winner under both drawings, the prize shall be the sum of both the Top Prize or set prize and the Millionaires' Club Prize.
7. Any monies not paid for Millionaires' Club prizes in the Top Prize and Millionaires' Club Prize pool following a drawing shall roll over and be added to the Top Prize and Millionaires' Club Prize pool for the following drawing.

History: Effective February 1, 2015.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

10-16-11-05 MONOPOLY™ Millionaires' Club™ Television Game Show.

1. The game group may decide to add a television game show to the MONOPOLY Millionaires' Club game.
2. The MONOPOLY Millionaires' Club television game show will be produced at times and places approved by the game group for broadcast at times approved by the game group.
3. Contests played on the television game show shall be approved by the game group.
4. Unless otherwise indicated, a player may become eligible for the television game show studio audience member selection by registering a MONOPOLY Millionaires' Club ticket(s) with one or more qualifying properties.

5. Every player holding MONOPOLY Millionaires' Club ticket(s) qualifying to participate in the studio audience selection process who is selected to participate as a member of a studio audience for an episode of the television game show, and who is actually present in the studio audience, shall be eligible to be selected from the audience to participate as an on-stage participant in a game(s) to be conducted on the television game show. Guests of players who are not proxied by the player to appear as on-stage participants in the place of the player are not eligible to be selected as an on-stage game participant. Any alteration of the basic design of the television game show may be approved by the game group.
6. Unless otherwise indicated, to register a MONOPOLY Millionaires' Club ticket for participation in the selection of studio audience members, a player must visit the lottery's website designated for such purpose.

The player must register and open an account by:

- a. Providing his or her name;
- b. Certifying that he or she is 18 years of age or older; and
- c. Providing any other identifying information the selling lottery requires.

The player must enter the web code assigned to the MONOPOLY Millionaires' Club ticket, which will result in the registration in the player's account of a MONOPOLY game board property, as indicated on the MONOPOLY Millionaires' Club ticket.

7. As shown in the following table, for each MONOPOLY game board property registered in a player's account together with the additional MONOPOLY game board property or properties needed to make up a complete property group, the player will be awarded a number of entries into a drawing from which studio audience members will be selected.

<u>MONOPOLY Property Groups</u>	<u>No. of Entries Awarded</u>
<u>Mediterranean Avenue & Baltic Avenue</u>	<u>2</u>
<u>Oriental Avenue & Vermont Avenue & Connecticut Avenue</u>	<u>4</u>
<u>St. Charles Place & States Avenue & Virginia Avenue</u>	<u>6</u>
<u>St. James Place & Tennessee Avenue & New York Avenue</u>	<u>8</u>

<u>Kentucky Avenue & Indiana Avenue & Illinois Avenue</u>	<u>10</u>
<u>Atlantic Avenue & Ventnor Avenue & Marvin Gardens</u>	<u>12</u>
<u>Pacific Avenue & North Carolina Avenue & Pennsylvania Avenue</u>	<u>15</u>
<u>Park Place & Boardwalk</u>	<u>20</u>
<u>Reading RR & Pennsylvania RR & B&O RR & Short Line RR</u>	<u>16</u>
<u>Electric Company & Water Works</u>	<u>10</u>

8. Each lottery shall, from time to time as specified by the game group, conduct a drawing from among those MONOPOLY Millionaires' Club registered account holders whose accounts have accumulated enough MONOPOLY game board properties to have a sufficient number of entries to participate in such drawing. From each such drawing, each lottery shall select a minimum of three account holders, each of whom shall be awarded: the trip prize; the right to participate in the studio audience during the production of such show; and the right to participate in a selection process to be chosen as an on-stage participant on the television game show for the award of prizes to the winners of such game elements. The trip prize and any game show prizes are subject to taxes and debt setoff.

9. The following requirements shall apply to each television game show studio audience:

a. The game group shall determine the number of studio audience members for each studio audience selection procedure;

b. The registered account holder selected to participate as a studio audience member for the television game show shall not have the right to transfer such selection to another person, except that the lottery, in its sole discretion, may permit the selected registered account holder to appoint another person reasonably acceptable to the lottery to participate as a studio audience member in place of the selected registered account holder, but in such a case the trip prize, together with any prize(s) awarded as a result of participation in the studio audience or in a game element on the television game show shall be deemed to be received by the selected account holder.

The registered account holder selected to participate as a studio audience member for the television game show may refuse the award of non-cash portions of the trip prize and also refuse to appoint a person to appear as a studio audience member in their place, in which case the lottery or the lottery's representative may appoint a proxy to appear in the studio audience with a chance to win prizes to be paid to the registered account holder (subject to taxes and debt setoff).

In the event the registered account holder that accepted the trip prize is unable to appear on the television game show due to unforeseen circumstances, the lottery or the lottery's representative may appoint a proxy to appear in the studio audience with a chance to win prizes to be paid to the registered account holder (subject to taxes and debt set off); if any portion of the trip prize is booked and paid for by the lottery or the lottery's representative, the registered account holder will be subject to taxes on the value of the trip prize whether the registered account holder actually takes the trip or not).

In the event the registered account holder refuses the award of the trip prize and also declines the opportunity to win prizes on the television game show, the lottery may, in its sole discretion, award the trip prize and/or the television game show participation prize(s) to another randomly selected registered account holder.

The registered account holder selected to participate as a studio audience member for the television game show shall not have the right to decline the payment of expenses for the trip prize in exchange for a sum of money equivalent to the value of such expenses, (there is no "cash option" to the trip prize).

History: Effective February 1, 2015

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

CHAPTER 10-16-01 GENERAL RULES

10-16-01-01. Definitions. As used in this article:

1. "Applicant's agent" means a general manager, sole proprietor, partner of a partnership or, for a corporation, an officer or director who is primarily responsible for financial affairs or a shareholder who owns ten percent of more of the common stock, of a business that is applying for or renewing a license. A general manager is a person who regularly is onsite and primarily responsible and accountable for managing and controlling the day-to-day operations of the business.
2. "Cash voucher" means a voucher generated by the lottery's player activated terminal that can be validated for cash at the retailer's lottery terminal.
3. "Draw" means the formal process of randomly selecting winning numbers, letters, or symbols that determine the number of winning plays for each prize level of a game.

4. "Game" means an on-line game authorized by the lottery.
5. "Game group" means a group of lotteries that have joined together to offer a game on a multi-state basis according to the terms of the MUSL and group's rules.
6. "Grand prize" means the top prize that can be won in a game.
7. "Group play" means two or more individuals sharing a purchase made.
8. "Lottery" means the North Dakota lottery.
9. "Multi-state lottery" means a lottery game that spans the individual borders of a state, jurisdiction, province, district, commonwealth, territory, or country.
10. "MUSL" means the multi-state lottery association.
11. "North Dakota Lottery Players Club" means a program that players can join to earn exclusive benefits and rewards.
12. "Online gaming system" means a computer system designed to control, monitor, communicate with a terminal, and record play transactions and accounting data.
13. "Play" means the numbers, letters, or symbols that are on a ticket or properly and validly registered subscription play to be played by a player in a draw, excluding a lottery promotion.
14. "Play area" means the area of a play slip that contains one or more sets of numbered squares to be marked by a player for a game. Each set contains a certain number of numbers, letters, or symbols that correspond to the game.
15. "Play slip" means a card used in marking a player's selections of numbers, letters, or symbols and containing one or more play areas for a game.
16. "Player-Activated terminal" means a device authorized by the lottery and operated by a player to function in an on-line, interactive mode with the lottery's computer system to receive and process lottery transactions including the purchase and issuance of a ticket, the validation of a ticket, and the issuance of a cash voucher.
17. "Points for Drawings™" means a program where players can enter drawings by using points received from the submission of valid tickets.
18. "Points for Prizes®" means a rewards program where players can earn points by becoming registered members and submitting valid tickets.
19. "Quick pick" means a random selection of numbers, letters, or symbols by a

computer system that are printed on a ticket or properly and validly registered subscription play and played by a player for a draw in a game.

20. "Retailer fraud" means an owner or employee of a licensed retailer who knowingly and intentionally:
- a. Fails to properly validate a player's winning ticket;
 - b. Fails to pay the players the proper prize amount on a winning ticket;
 - c. Fails to provide the player the proper exchange ticket on a winning multi-draw ticket; or
 - d. Performs any other act that causes financial harm to a player in violation of the lottery law or rules.
21. "Set prize" means all prizes, except the grand prize for a game that are to be paid by a single cash payment and, except as provided by rule, will be equal to the prize amount established by the MUSL game group for the prize level of the game.
22. "Subscription" means a purchase of a draw game play for drawings up to one year.
23. "Terminal" means a device authorized by the lottery and operated by a retailer or the lottery to function in an on-line, interactive mode with the lottery's computer system to issue a ticket and enter, receive, and issuance of a report.
24. "Ticket holder" means a person who has signed a ticket or possesses an unsigned ticket.
25. "Trip prize" means the transportation, meals and lodging expenses for the registered account holder and a guest to travel to and return from the place approved by the game group for the production of the television game show.
- ~~25-26.~~ "Validation" means the process of determining whether a ticket presented for a prize is a winning ticket.
- ~~26-27.~~ "Winning account" means the account to which subscription winnings are deposited and from which player withdrawals are made.
- ~~27-28.~~ "Winning numbers" means the numbers, letters, or symbols randomly selected in a draw to determine a winning play contained on a ticket or properly and validly registered subscription play or randomly selected in a lottery promotion to determine a winning prize stated on ticket or coupon.

History: Effective February 1, 2004; amended effective April 1, 2006; July 1, 2008; July 6, 2014; February 1, 2015.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-13

**CHAPTER 10-16-02
RETAILER**

10-16-02-07. Sales commission and bonus.

1. The lottery shall credit a retailer's account for:

- a. A sales commission of five percent of the retail price of a ticket sold or otherwise issued by the retailer;
- b. A sales commission of five percent of the amount of a subscription sale that is transacted through the North Dakota Lottery Players Club when a player chooses a specific retailer. The retailer must be currently licensed when the subscription is purchased; and
- c. A sales bonus for selling a ticket with a winning play, for a game as stated below. However, the retailer must be currently licensed when a draw is conducted that results in the winning play of a ticket. If the winning play for POWERBALL® has the Power Play option, or the winning play for MEGA MILLIONS® has the Megaplier® option or the winning play for HOT LOTTO® has the Triple Sizzler option, the retailer's account must also be credited for an additional bonus as stated below:

<u>Prize</u>	<u>Bonus</u>	<u>Additional Bonus</u>
POWERBALL®		
Grand prize	\$50,000	Additional \$50,000 with Power Play
\$1,000,000	\$5,000	Additional \$5,000 with Power Play
\$10,000	\$500	Additional \$500 with Power Play
MEGA MILLIONS®		
Grand prize	\$50,000	Additional \$50,000 with Megaplier®
\$1,000,000	\$5,000	Additional \$5,000 with Megaplier®
\$5,000	\$250	Additional \$250 with Megaplier®
HOT LOTTO®		
Grand prize	\$5,000	Additional \$5,000 with Triple

\$30,000	Sizzler
	\$750 Additional \$750 with Triple Sizzler
\$3,000	\$150 Additional \$150 with Triple Sizzler

MONOPOLY®

<u>Top prize</u>	<u>\$50,000</u>
<u>\$1,000,000</u>	<u>\$5,000</u>
<u>\$100,000</u>	<u>\$2,000</u>
<u>\$20,000</u>	<u>\$500</u>
WILD CARD 2®	\$2,000
Grand prize	\$250
\$6,000	
2BY2®	
Grand prize	\$500
\$22,000	\$1,000
\$44,000*	

*Tuesday draw double grand prize winning play on a qualifying multi-draw ticket.

- The lottery may credit a retailer's account for a fixed or graduated sales commission or bonus for a special promotion, including Power Play, Megaplier®, and Triple Sizzler, that the lottery conducts for a certain period of time based on parameters set by the lottery.

History: Effective February 1, 2004; amended effective January 1, 2006; January 3, 2008; January 31, 2010; January 15, 2012; October 19, 2013; July 6, 2014.; February 1, 2015

General Authority: NDCC, 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-13

**CHAPTER 10-16-03
CONDUCT AND PLAY**

10-16-03-01. Games authorized. The lottery may conduct online games of POWERBALL®, MEGA MILLIONS®, MONOPOLY® MILLIONAIRES' CLUB, HOT LOTTO®, WILD CARD 2®, and 2BY2®.

History: Effective February 1, 2004; amended effective November 8, 2005; July 1, 2008; January 31, 2010-; February 1, 2015.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-13

10-16-03-08. Claim of a prize. A prize for a validated winning ticket must be claimed as follows:

1. No prize may be awarded nor is the lottery liable for a ticket not submitted for validation or for an announcement or dissemination by the lottery or any other person of an incorrect number, letter, or symbol drawn.
2. A ticket bought or used to claim a prize in violation of federal or state law, or bought in violation of the lottery law or rules, is void and may not be used to claim a prize.
3. A ticket for a prize must be actually received or, if mailed, postmarked, within one hundred eighty days after the date of a draw for the game for which the ticket was issued. If the final day of the claim period is a Saturday, Sunday, or state holiday, the claim period is extended to the next business day. An unclaimed prize is forfeited and retained by the lottery. However, if the grand prize for the game of POWERBALL®, MEGA MILLIONS®, MONOPOLY® MILLIONAIRES' CLUB, HOT LOTTO®, or WILD CARD 2® is unclaimed, the MUSL shall administer the grand prize money.
4. A person who owns or redeems a winning ticket:
 - a. Agrees to be bound by the lottery law, rules, procedure, policy, validation requirements, dispute resolution, and game group game rules related to the game for which the ticket was issued; and
 - b. Agrees that the state, lottery, the MUSL, game group, and their officers, employees, agents, representatives, and contractor are discharged from any liability upon payment of a prize on a ticket.
5. The owner of a winning ticket may win only one prize per play for the winning numbers, letters, or symbols drawn and is entitled only to the prize won by those numbers in the highest matching prize category.
6. A retailer may redeem a ticket only at the business address listed on the license. The retailer may pay a prize in cash or by business check, certified or cashier's check, money order, or combination of methods.
7. A person may redeem a winning ticket for a prize only during the normal business hours of a retailer provided that the lottery's online computer system is operating and a ticket may be validated. If the retailer is normally open for business before or after the hours when the lottery's on-line computer system operates, the retailer shall post the hours at the site when a person may redeem a ticket.
8. To claim a prize for an apparent winning ticket of less than six hundred dollars, a player may:
 - a. Present the ticket to a retailer, regardless of which retailer sold the ticket; or
 - b. Complete the back side of the ticket by entering the person's full name and address and signing the ticket, and present or mail the ticket to the lottery's

office.

9. If a ticket has a prize value of less than six hundred dollars, is owned by one person, and is presented to a retailer, the retailer may redeem the ticket and pay the prize to the person who physically possesses an unsigned ticket or to the person whose signature is shown on the ticket. If a person desires to redeem a winning ticket that is signed, the retailer shall request evidential proof of identity from the player before the retailer may validate or pay the prize. If the player does not provide proof of identity, the retailer may not validate the ticket or pay the player a prize and shall return the ticket to the player. For an unsigned ticket or a signed ticket in which the ticket holder is the identified owner, the retailer shall validate the ticket and, for a winning ticket, pay the prize to the player. If the retailer is unable to validate a ticket, the retailer shall provide the ticket holder with a prize claim form and instruct the ticket holder how to file a claim with the lottery.

10. If an apparent winning ticket has a total prize value of all plays of six hundred dollars or more and one person signed or claims ownership of the ticket, a retailer may not redeem the ticket and shall provide the ticket holder with a prize claim form and instruct the ticket holder how to file a claim with the lottery. The ticket holder shall complete and sign the form and back side of the ticket and present or mail the form and ticket to the lottery. For a validated winning ticket, the lottery shall present or mail a check to the player for the amount of the prize, less withholding of income tax required by federal or state law and any debt setoff according to section 10-16-01-03, unless the payment is delayed according to section 10-16-03-12. The lottery shall pay the prize to the person whose name is on the ticket, notwithstanding the name on the claim form. For a nonwinning ticket, the lottery shall deny the claim, notify the claimant, and return the ticket.

11. If more than one person signed or claims ownership of an apparent winning ticket, the retailer shall provide the claimant with a prize claim form and instruct the claimant how to file a claim with the lottery, as follows:
 - a. Each person who claims part ownership of the ticket must complete and sign the prize claim form and designate the person's percentage of ownership and, if subdivision d applies, the one authorized payee;
 - b. At least one of the people who claim ownership must sign the ticket and that signature must be on the prize claim form;
 - c. The prize claim form and ticket must be presented or mailed to the lottery;
 - d. For a validated ticket, if the amount of the prize allocated to each claimant is six hundred dollars or more, the lottery shall present or mail a separate prize check to each claimant. The lottery shall present or mail a check to each claimant for the amount of each player's prize, less withholding of income tax required by federal or state law and any

debt setoff according to section 10-16-01-03, unless the payment is delayed according to section 10-16-03-12. If the prize allocated to each claimant is less than six hundred dollars, at the claimant's request, the lottery shall issue s single prize check to the person designated and authorized on the prize claim form to receive payment of the prize on behalf of all the claimants or present or mail a check to each claimant for the amount of each player's prize; and

- e. Notwithstanding subdivision d, if the claimants desire to designate one person in whose name the entire claim may be made and list the persons to whom the winnings are taxable, the claimants may file, along with a prize claim form, internal revenue service form 5754 (state by person(s) receiving gambling winnings) with the lottery.
12. The lottery shall pay a prize to a player within a reasonable time after the player's winning ticket is validated by the lottery.
13. Except as provided by rule, if two or more plays win the grand prize, the prize money must be divided equally among the players whose tickets won. Except as provided by rule, for a set prize, each player wins the set amount of a prize regardless of whether two or more players have winning tickets for the prize.
14. The lottery is not liable for a ticket not delivered to the correct address of the lottery or a delay in delivery of a ticket or damage to a ticket while being delivered to the lottery.
15. A player who redeems a winning ticket is solely responsible for any federal or state income tax liability related to the prize.
16. A person's right to a prize is assignable and payment of a prize may be made to a person pursuant to an appropriate judicial order.
17. A prize may not be payable to a trust until after the lottery conducts a debt setoff on the beneficiaries of the trust.
18. If a player redeems an original multi-draw ticket before the ticket's last draw and a retailer returns the original ticket, rather than an issued exchange ticket, to the player, the lottery may not pay another prize on the original ticket until after the exchange ticket expires and has not been redeemed.
19. A winning ticket with a total prize value of all plays of six hundred dollars or more may not be paid to a person who is identified as being in the United States illegally.

History: Effective February 1, 2004; amended effective April 1, 2006; April 1, 2008; January 31, 2010; January 1, 2011; October 19, 2013-, February 1, 2015.

General Authority: NDCC 53-12.1-13

Law Implemented: NDCC 53-12.1-02, 53-12.1-03, 53-12.1-08, 53-12.1-09, 53-12.1-13

Commissioner Beadle requested language be added to the Monopoly Millionaires' Club game rules to clarify that a player's completed property group entry is valid for only one game show studio audience drawing and not included in future drawings, and any partial property group entries will remain in the player's account until they become a complete property group entry.

Commissioner Delmore made a motion to approve the draft administrative rules for the Monopoly Millionaires' Club Game and the miscellaneous rule changes to General Rules, Retailer, and Conduct and Play, including adding the Monopoly Millionaires' Club Game as a sixth lottery game and subject to the clarification of the Monopoly property group entry as requested by Commissioner Beadle. Commissioner Beadle seconded the motion. The motion passed 4-0. The recommendation will be presented to Attorney General Stenejem for approval prior to moving forward with the rule adoption process.

Marketing Activity and Short-Term Marketing Plans

Mr. Kopyy provided an overview of marketing activity and short-term marketing plans. The third flight of the rebranding campaign launched on September 2, 2014. The rebranding message is "When you win, what you do is up to you, IMAGINE THE POSSIBILITIES!" The total budget for the third flight is \$60,000 including radio and TV ads, Pandora, Facebook, and Twitter.

The North Dakota Lottery Players Club launched on July 6, 2014. The North Dakota Lottery Players Club is a free, exclusive club that gives players, who sign up for the club, members-only benefits including Points for Prizes, Points for Drawings, second chance drawings, automated subscription service, and free FunPlay games. As of September 21, 2014 there were 3,646 North Dakota Lottery Players Club members.

The Cash Dash promotion ran from August 3 through August 30, 2014. This year a second chance drawing was conducted in conjunction with the Cash dash promotion. Players could enter their Cash Dash tickets on the North Dakota Lottery Players Club website for a chance to win 1 of 10 \$1,000 second chance prizes. Total sales increased 12.77% compared to comparable jackpot sales. Players won \$33,795 in instant prizes and \$10,000 in second chance drawing prizes. Advertising expenses for the promotion (point-of-sale materials, production costs, radio, TV, Facebook, and Pandora) were \$80,000.

The 2by2 7-draw promotion begins November 2 and runs through November 29, 2014. The qualifying purchase is a single play, 7-draw 2by2 ticket for \$7. With the qualifying purchase, players are eligible to instantly win a free 7-draw 2by2 ticket or \$500. Winners are chosen at random. Players can enter their 2by2 7-draw ticket on the North Dakota Lottery Players Club website for a chance to win 1 of 20 \$500 second chance prizes. The budget for promotional costs (point-of-sale items, production costs, radio, Facebook and Pandora) is \$30,000. The budget for prize expense is \$20,000 in instant prizes and \$10,000 in second chance drawing prizes.

A quarterly Points for Drawings prize of five \$20,000 point packages will run from October 13 through December 8, 2014.

The Lottery is in the process of developing an ad campaign for the automated subscription service. The budget for promotional costs is \$30,000.

The Lottery plans to launch the new Monopoly Millionaires' Club game on February 1, 2015. The budget for promotional costs is \$80,000.

Online System Conversion Update

Ms. Thompson provided an update on the online system conversion. The online system conversion for the Lottery is completed and the transition is now moving towards the support development group. Except for some minor issues, the process went well.

Retailer Equipment Update

Mr. Rauhauser provided an update on retailer equipment. 430 retailers have received the new Wave terminal and accompanying equipment. 20 more retailers will receive the new Wave terminal and accompanying equipment by the spring of 2015.

49 retailers have received the new Play Central Terminals (PCT's). It is too early to determine if the PCT's have increased total sales; however it seems as if there is an upward trend in sales. Mr. Rauhauser will provide the Commission with a final list of the retailers receiving the PCT's.

Subscription Update

Ms. Reich provided an update on the Lottery subscription service. Since the launch of the North Dakota Lottery Players Club, the number of subscribers is 488 with a purchase amount of \$73,484. Overall, the subscription service is going well.

Omnibus Items

Mr. Miller informed the Commission that the Powerball Group is considering a game change to Powerball in the second quarter of 2015.

Mr. Miller informed the Commission that Representative Thomas Beadle and Senator Nicole Poolman were appointed to serve a three year term on the Lottery Advisory Commission effective July 1, 2014.

Mr. Miller informed the Commission of a new Lottery employee. Mr. Mathias Anderson, accounting budget specialist III began working on September 15, 2014.

Mr. Kopyy and Mr. Miller will be attending the North American Association of State and Provincial Lotteries annual conference in Atlantic City, NJ next week.

Adjournment

Commissioner Hanson made a motion to adjourn. Commissioner Beadle seconded the motion. The motion passed 4-0. The meeting adjourned at 11:07 a.m.