

## GLC RULES & REGULATIONS MANUAL

### GLC RULES – COIN OPERATED AMUSEMENT MACHINES

#### RU 13.3 LOTTERY TICKETS AS COIN OPERATED AMUSEMENT MACHINE PRIZES

##### RU 13.3.1 PURPOSE

This Rule RU 13.3 shall apply to and govern the awarding of Lottery Tickets as Coin Operated Amusement Machine (“COAM”) Prizes pursuant to the O.C.G.A. §50-27-1, *et seq.*, being the Georgia Lottery for Education Act (the “Act”), and O.C.G.A. §16-12-35, both of which were amended in the 2013 Legislative Session of the Georgia General Assembly in enacted House Bill 487. Any person who violates applicable law in the awarding of Lottery Tickets as COAM Prizes shall be subject to applicable sanctions, including but not limited to fines, suspensions, loss of licenses and criminal penalties, as appropriate. This Rule RU 13.3 contains specific rules, regulations, procedures, instructions and directives which apply to lottery tickets from the Georgia Lottery Corporation offered as COAM prizes. The GLC will, from time to time, amend these Rules and adopt new Rules and Regulations that pertain to lottery tickets as COAM prizes. In the event of a conflict between this Rule RU 13.3 and the Act, the Act will govern.

##### RU 13.3.2 DEFINITIONS

Activated Pack	The status of a pack of instant tickets which indicates to the GLC that tickets are being sold from that pack.
Canceled Ticket	A ticket voided through the on-line game system by the selling retailer.
Claim Center	A Georgia Lottery location designated by the CEO to pay claims for all prizes up to \$499,999.99.
Claim Form	The printed form authorized by the GLC that a player shall complete and submit to the GLC along with a winning ticket to be eligible to collect a prize.
Claimant	A player who has submitted a valid claim for payment within the required time frame.
COAM	Coin Operated Amusement Machine. Every machine of any kind or character used by the public to provide amusement or entertainment whose operation requires the payment of or the insertion of a coin, bill, other money, token, ticket, or similar object and the result of whose

operation depends in whole or in part upon the skill of the player, whether or not it affords an award to a successful player pursuant to subsections (b) through (g) of Code Section 16-12-35, and which can be legally shipped interstate according to federal law.

COAM Location	A place of business that operates a bona fide coin operated amusement machine for commercial use by the public.
COAM/GLC Location	A place of business that operates a bona fide coin operated amusement machine for commercial use by the public and is also a lottery retailer.
GLC	Georgia Lottery Corporation.
Instant Game	Any instant ticket lottery game, offered for sale to the public that is played by revealing a hidden play area from a ticket to display the play symbols.
Invalid Tickets	An invalid ticket is defined as either an online ticket which has been cancelled, is expired or rendered useless or an instant ticket from a game that has ended, or the ticket has been declared missing, stolen, damaged or any other status that renders the ticket useless.
Lottery Retailer	As defined in the Act, a legal entity which sells lottery tickets on behalf of the GLC pursuant to a contract.
Lottery Tickets	Refers to a lottery ticket evidencing participation in an instant game or tickets produced by on-line lottery terminals and players match their numbers to those produced during regularly scheduled drawings.
Master License	The certificate which every owner of a bona fide coin operated amusement machine must purchase and display in the owner's or operator's place of business. The machine is to be located for commercial use by the public for play in order to legally operate the machine in the state.
Master Licensee	The holder of Master License and owner of bona fide coin operated amusement machines.
Operator	Any person , individual, firm, company, association, corporation, or other business entity that exhibits, displays, or permits to be exhibited or displayed, in a place of business other than his own, any bona fide coin operated amusement machines in this state.

Owner	Any person, individual, firm company, association, corporation, or other business entity owning any bona fide coin operated amusement machine in this state.
Share	As defined in the Act, any valid tangible or intangible evidence of participation in a lottery game, including tickets and card transactions.

### **RU 13.3.3 GENERAL RULES**

- (1) The GLC shall establish and maintain a program which permits COAM owners or operators, COAM/Lottery Retailers and Master Licensee owners to acquire lottery tickets which are to be utilized as prizes for COAMs.
- (2) Lottery draw-game tickets shall not be permitted as COAM prizes at any location which is not licensed GLC Lottery Retailer.
- (3) Each Master Licensee may apply to become a Lottery Retailer to order and sell lottery tickets as may be authorized by the GLC, at its Master License location(s) listed in the Lottery Retailer Contract, for further distribution to its affiliated COAM Locations for use as COAM prizes by those COAM Locations as authorized by the GLC.
- (4) Master Licensees may submit a Lottery Retailer application through the Lottery Retailer Contracts Department for being a Lottery Retailer. Master Licensee applicants will adhere to the same application requirements as other Lottery Retailers.

### **RU 13.3.4 ACQUISITION OF LOTTERY TICKETS**

- (1) Each location owner or operator of a business with one or more bona fide licensed COAMs, who is not a Lottery Retailer and who seeks to use lottery tickets or shares as prizes for bona fide COAMs, may purchase Lottery Tickets at any Lottery Retailer location, GLC District Office, GLC Kiosks, or any of their designated Master Licensees.
- (2) A Lottery Retailer who is also an owner or operator of one or more bona fide licensed COAM locations may purchase and pay for lottery tickets at their own Lottery Retailer Location and offer those tickets or shares as prizes to customers who play and win lawful coin operated amusement games or devices found at that same location.
- (3) Master Licensees shall confirm receipt of all packs of instant tickets delivered, at the time of delivery, by contacting Retailer Services or Retailer Sales. ***Failure to confirm tickets upon receipt could result in appropriate sanctions up to and including contract termination.*** Master Licensees shall accept only complete ticket orders assigned to them and will not be allowed to accept a part of the ticket order delivered to them, unless otherwise permitted by uniform criteria approved by the CEO.

**RU 13.3.5 DISTRIBUTION OF LOTTERY TICKETS**

- (1) A Master Licensee owner or a Lottery Retailer may not sell lottery tickets, which are to be utilized as prizes for COAMs, to a COAM for more than face value of the ticket(s).
- (2) Each Lottery Retailer location owner or operator of a business who is also an owner or operator of one or more bona fide licensed COAM may supply lottery tickets or shares as COAM prizes from their existing lottery ticket inventory.
- (3) A COAM location owner or operator, that is not a GLC Lottery Retailer, is prohibited from selling lottery tickets.
- (4) A COAM location owner or operator is permitted to only distribute purchased lottery tickets to other COAM locations which are fully or partially owned by the same COAM location owner(s).
- (5) Invalid tickets or shares as prizes shall not be knowingly distributed to players by COAM locations. Invalid tickets consist of the following:
  - (a) Instant tickets from games which have officially ended
  - (b) Fully or partially expired online tickets
  - (c) Cancelled online tickets
  - (d) Instant tickets in any status other than an Active or Settled status
- (6) COAM locations are encouraged to report any Lottery Retailer or Master Licensee selling invalid lottery tickets or selling lottery tickets greater than face value.
- (7) The GLC is not required to accept the return of lottery tickets from COAM locations. All sales made to COAM locations are final.
- (8) No person under the age of 18 may ever be eligible to receive Lottery Tickets(s) or Shares as prizes for COAMs. The COAM Location shall establish such safeguards as are necessary to ensure that no lottery tickets are provided to minors.
- (9) No Lottery Tickets may be offered or awarded as prizes for COAMs which are classified as 'Class A machines' under the Georgia Code, or which are primarily designed for use by persons under the age of 18, as determined by the GLC.
- (10) Although the GLC actively promotes the sale of its Lottery Tickets to benefit education in Georgia, the GLC does not endorse any products or services promoted by other commercial ventures. Accordingly, unless otherwise authorized in writing by the GLC, the GLC

requires that Retailers refrain from using the GLC's logo and copyrighted terms in the course of their business promotions generally and as described herein.

### **RU 13.3.6 PAYMENT FOR LOTTERY TICKETS**

- (1) Each Master Licensee shall have a fiduciary duty and responsibility to preserve and account for all instant tickets accepted from the GLC or its distributor, as well as cash proceeds from the sale of any lottery products to a COAM owner or operator, subject only to exceptions, clarifications or modifications as may be adopted from time to time, as appropriate, in accordance with uniform criteria approved by the CEO.
- (2) Master Licensee owners, or their designee, are required to notify the Lottery Retailer Services Department once instant packs of tickets have been purchased by and distributed to COAM locations in order to have the packs Activated for use as COAM prizes.
- (3) Any instant tickets not properly accounted for by the Master Licensee upon termination of the Retailer Contract, upon demand by the GLC, or at the End of Game date for the corresponding instant game, regardless of the reason, shall be the responsibility of the Master Licensee, subject only to exceptions, clarifications or modifications as may be adopted in accordance with uniform criteria approved by the CEO.
- (4) As a general rule, a Pack of Instant Tickets will settle (i.e. become a Settled Pack) the next calendar day after the pack was activated (i.e. became an Activated Pack) and will be included in the Retailer invoice for that accounting week.
- (5) Each Lottery Retailer location owner or location operator of a business who is also an owner or operator of one or more bona fide licensed COAM(s) may distribute their own lottery tickets or shares as COAM prizes, and shall be financially responsible to the GLC in accordance with their Lottery Retailer Contract.

### **RU 13.3.7 VALIDATION OF LOTTERY TICKETS**

- (1) Validations of instant and online tickets shall follow current prize validation rules and regulations.
- (2) The Georgia Lottery Corporation (GLC) requires the redemption of winning lottery tickets, from COAM locations, only at Lottery Retailer locations or the GLC itself.
- (3) COAM Locations are prohibited from redeeming, in exchange for cash, lottery tickets or shares awarded as COAM prizes.

- (4) COAM Locations are prohibited from purchasing winning lottery tickets from customers at a discounted price and redeeming those same lottery tickets at other retailer locations for the full prize amount.
- (5) COAM Locations are prohibited from imposing additional purchases or requirements on COAM players as a condition of awarding lottery tickets as COAM prizes.
- (6) Operators, Owners, Master Licensees, Location Owners, and Location Operators shall be exclusively responsible to COAM players for the consequences of any and all use of lottery tickets as COAM Prizes, and shall be subject to further regulations and orders of the GLC from time to time. In particular, without limitation, if a player is awarded as a COAM prize an invalid lottery ticket or previously paid lottery ticket from a COAM Location, the player's exclusive remedy will be to hold the COAM Location responsible, and no remedy will be available from the GLC.

### **RU 13.3.8 END OF GAME INSTANT TICKETS**

- (1) At the announced End of Game for each respective Instant Game, the GLC Sales Representative will be directed to contact all Master Licensees contracted as a GLC instant only retailer in order to have the locations properly account for and return for credit the unsold instant tickets from such instant games. Every reasonable effort shall be made to assure the return of all unsold instant tickets from each discontinuing instant game on or before the corresponding end of game date. Instant tickets not returned will be charged to the Master Licensee.
- (2) When the End of Game date for an individual Instant Game or series of Instant Games has been established, the GLC Legal Department shall prepare and publish, beginning on or before the End of Game date, a legal notice announcing the names of the Instant Games which are ending, the End of Game date for each such Instant Game, and the last date upon which prizes for each such instant Game may be redeemed or claimed.
- (3) Each COAM/GLC Location also will receive notice directly from the GLC of the announced End of Game, and shall follow the standard End of Game procedures to properly account for and return for credit the unsold instant tickets from such instant games, all as set forth in the GLC rules and regulations applicable to contracted GLC Retailer Business Locations.
- (4) Each COAM Location which is not a COAM/GLC Location shall be responsible for ceasing the sale and distribution of GLC tickets as COAM prizes on or before the End of Game date for each respective Instant Game. Unless the COAM Location purchased such tickets from a Master Licensee contracted as a GLC instant only retailer and followed the above RU 13.3.8(1) for the return of tickets through the Master Licensee, no GLC Ticket unsold at the end of game may be returned for credit, nor shall it be used thereafter as a COAM Prize. Such tickets unsold at the end of game shall be the property of the COAM Location.

Accordingly, each COAM location shall have the responsibility to monitor the GLC's End of Game announcements, which may be accessed through the GLC website to obtain a listing of those instant games which are ending and to obtain direction for handling end of game issues.

**RU 13.3.9 INSTANT TICKET HANDLING BY MASTER LICENSEES**

- (1) Continued lack of accountability, responsibility, or misfeasance by a Master Licensee in handling instant tickets shall result in appropriate sanctions in accordance with uniform criteria approved by the CEO.

**RU 13.3.10 CONSEQUENCES FOR VIOLATIONS**

- (1) COAM owners, COAM/GLC Location owners and Master Licensee owners who fail to comply with all the rules and regulations set forth for lottery tickets for COAM prizes may be subject to sanctions which may include suspension or termination of COAM licenses or Lottery Retailer privileges.
- (2) Compliance with this Rule shall be enforced through oversight, inspection, disciplinary and corrective actions.