Nebraska Lottery Regulations
Title 370

Effective Date: January 22, 2014

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REG-101-DEFINITIONS

101.01 The following definitions shall be used for the Lottery Regulations, unless the context clearly requires otherwise.

101.02 Act shall mean the State Lottery Act.

101.03 Advertising shall mean the budgeted process by which specific messages are placed with
commercial media organizations. Such message placement includes, but is not necessarily limited to, billboards, radio, or television.

101.04 Applicant shall mean the person applying for a contract from the Division. Applicant includes all partners, corporate officers, shareholders owning ten percent (10%) or more, and the governing officers of political subdivisions or other organizations making an application.

101.05 Bid or proposal security shall mean security to ensure that the vendor will honor the terms of its bid or proposal or that the vendor will negotiate a contract in good faith.

101.06 Computer quick pick, computer-pick, or quick pick shall mean the random selection of numbers by the computer system which appear on a ticket and are played by a player in the game

101.07 Department shall mean the Department of Revenue.

101.08 Director shall mean the Director of the Lottery Division.

101.09 Dishonesty shall mean a crime involving fraud, or deceit. It includes, but is not limited to, embezzlement, misappropriation or misapplication of funds, fraud, forgery, false swearing, perjury, theft by deception, theft of services, or obtaining money under false pretenses.

101.10 Dispensing or vending device shall mean any device that dispenses instant tickets directly to a participant and shall include all coin or currency operated devices.

101.11 Display unit shall mean a device able to securely store, display, and provide access to full packs of instant tickets to Lottery Game Retailers.

101.12 Division shall mean the Lottery Division of the Department of Revenue.

101.13 Drawing in a lottery game shall mean any formal process based on chance and authorized by the Director of selecting winners, prizes, winning numbers, characters, symbols and / or the number of winners for each prize level of the game. A drawing may consist of initial, preliminary, or sub-drawings leading to a final drawing.

101. 14 Finance & Audit Committee shall mean the committee established by the Multi-State Lottery Association Agreement.

101.15 Frivolous litigation shall mean any litigation that is dismissed for lack of prosecution, a demurrer is sustained, or a summary judgment is granted to the defendant.

101.16 Game play areas or play areas shall mean that area of the play slip which contains sets of numbered squares to be marked by the player.

101.17 Incentives shall mean a mechanism by which to reward or reinforce participation by players or lottery game retailers in a lottery effort or program. Incentives may include lottery merchandise offered as promotional prizes to players, and as door prizes to lottery game retailers.

101.18 In-kind Contributions by Media Outlets shall mean value-added opportunities for exposure for the lottery and its beneficiaries such as broadcast air time and event tickets provided by media outlets for use as retailer incentives or as contest prizes for players.

101.19 Key personnel or key employee shall include any executive, employee or agent whose position affects or could affect the fairness, security, honesty or integrity of the operations of the Nebraska Lottery.

101.20 Litigation security shall mean security to discourage unwarranted or frivolous litigation by any vendor.

101.21 Lottery Contractor shall mean a Lottery Vendor with whom the Division has contracted for the purpose of providing goods or services for the Nebraska Lottery.

101.22 Lottery game shall mean any variation of the following types of games;

101.22A An instant-win game in which disposable tickets contain certain preprinted winners which are determined by rubbing or scraping an area or areas on the tickets to match numbers, letters, symbols, or configurations, or any combination thereof, as provided by the rules of the game. An instant-win game may also provide for preliminary and grand prize drawings conducted pursuant to the rules of the game. An instant-win game shall not include the use of any pickle card as defined in section 9-315, Nebraska Revised Statutes. Instant-win games are commonly referred to by the Lottery Division as "scratch ticket" games;

101.22B An on-line lottery game in which Lottery Game Retailer terminals are hooked up to a central computer via a telecommunications system through which:

101.22B(1) A player selects a specified group of numbers or symbols out of a predetermined range of numbers or symbols and purchases a ticket bearing the player selected numbers or symbols for eligibility in a drawing regularly scheduled in accordance with game rules; or

101.22B(2) A player purchases a ticket bearing randomly selected numbers for eligibility in a drawing regularly scheduled in accordance with game rules;

101.22B(3) On-line lottery games are commonly referred to by the Lottery Division as "lotto games"; and

101.22C Lottery game shall not be construed to mean any video lottery game.

101.23 Lottery Game Retailer shall mean a person or entity who contracts with or seeks to contract with the Division to sell tickets in lottery games to the public.

101.24 Lottery Vendor shall mean any person who submits a bid, proposal, or offer as a part of a major procurement or ITB.

101.25 Major procurement shall mean any procurement or contract for the purchase or lease of goods or services unique to or used primarily for the operation of the Nebraska Lottery in excess of twenty-five thousand dollars ($25,000) for the printing of tickets used in any lottery game, security services, consulting services, advertising services, any goods or services involving the receiving or recording of number selections in any lottery game, or any goods or services involving the determination of winners in any lottery game. Major procurement shall include production of instant-win tickets, procurement of on-line gaming systems and drawing equipment, or retaining the services of a consultant who will have access to any goods or services involving the receiving or recording of number selections or determination of winners in any lottery game.

101.26 Marketing shall mean the process of integrating messages and efforts associated with lottery products and beneficiaries in various mediums, including press releases, printed material, broadcast media, internet, and live events.

101.27 Moral turpitude shall mean any crime contrary to justice, honesty, or good morals. It shall include, but is not limited to, dishonesty, abuse of a person, or possessing illegal drugs with intent to deliver or sell.

101.28 MUSL shall mean the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the party lotteries.

101.29 MUSL Board shall mean the governing body of the MUSL which is comprised of the chief executive officer of each party lottery.

101.30 MUSL Product Group, MUSL POWERBALL® Product Group, or Product Group shall mean a group of lotteries which has joined together to offer an on-line product pursuant to the terms of the Multi-State Lottery Agreement and the Product Group's own rules.

101.31 Natural person shall mean a living human being and shall not include legal or fictional entities or constructs such as, but not limited to, limited liability companies, limited liability partnerships, trusts, corporations, partnerships, associations or voluntary organizations. As used in these regulations, the words define the term of a prize and are not a limitation on the entities eligible to play lottery games.

101.32 NEBRASKA PICK 5® play or bet shall mean the five (5) numbers that appear on a ticket as a single lettered selection and are to be played by a player in the game.

101.33 NEBRASKA PICK 5® set prize shall mean a prize that is advertised to be paid by a single cash payment or as a free NEBRASKA PICK 5® ticket.

101.34 NEBRASKA PICK 5® ticket shall mean a ticket produced by an on-line terminal which meets the specifications defined in these regulations.

101.35 On-line terminal shall mean a device that functions in an on-line, interactive mode with the Nebraska Lottery's computer system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports.

101.36 Party lottery or member lottery shall mean a state lottery or lottery of a political subdivision or entity which has joined the MUSL and a MUSL Product Group. Unless otherwise indicated, party lottery or member lottery does not include licensee lotteries.

101.37 Performance bond shall mean a bond to guarantee the faithful performance of the Lottery Vendor or Lottery Contractor for the duration of the contract.

101.38 Person with a substantial interest shall mean any sole proprietor, partner in a partnership, officer of a corporation, shareholder owning in the aggregate ten percent (10%) or more of the stock in a corporation, member of a limited liability company, or governing officer of an organization or other entity.

101.39 Play slip or bet slip shall mean a card used in marking a player's game plays and containing one or more game play areas.

101.40 Player Express Terminals are devices used in conjunction with on-line terminals and are operated by selected on-line retailers. Player Express Terminals face players in retailer checkout lanes and require player and retailer interaction in the purchase of on-line tickets.

101.41 POWERBALL® play or bet shall mean the six (6) numbers, the first five(5) from a field of fifty-nine (59) numbers and the last one (1) from a field of thirty-five (35) numbers, that appear on a ticket as a single lettered selection and are to be played by a player in the game.

101.42 Powerball Power Play shall mean an option on a Powerball play or bet in which the player has the opportunity to increase their potential set prize winning(s).

101.43 Powerball Power Play ticket shall mean a Powerball ticket on which the Powerball Power Play was selected and otherwise meets the requirements in these regulations.

101.44 POWERBALL® set prize shall mean all other prizes except the Grand Prize that are advertised to be paid by a single cash payment and, except in instances outlined in these regulations, will be equal to the prize amount established by the MUSL POWERBALL® Product Group for the prize level.

101.45 POWERBALL® ticket shall mean a ticket produced by an on-line terminal which meets the specifications defined in these regulations.

101.46 Promotions shall mean contests, events, or other mechanisms by which existing players are rewarded by offering something of additional value beyond a lottery game prize, or a second chance to win something of additional value in return for making a qualifying purchase.

101.47 Product Group Rules means the rules promulgated by a Product Group for a particular online cross-jurisdictional lottery game offered by the Product Group member lotteries, including any subsequent amendments thereto, which, among other topics, describe game play, prize pools, expected prize payout percentages, probabilities of winning, the method of prize payments, ticket

validations, ticket responsibility, and ineligible players.

101.48 Public Relations shall mean the process of identifying various and complementary audiences including the public, players, retailers, and beneficiaries, and providing them with information of interest and receiving valuable feedback in return. Public relations includes sponsoring events with co-promoters.

101.49 Ticket or lottery ticket shall mean any tangible evidence authorized by the Division to prove participation in a lottery game.

101.50 Winning NEBRASKA PICK 5® numbers shall mean the five (5) numbers, randomly selected at each official drawing conducted by the Division which shall be used to determine winning plays contained on a game ticket.

101.51 Winning POWERBALL® numbers shall mean the six (6) numbers, the first five (5) from a field of fifty-nine(59) numbers and the last one (1) from a field of thirty-five (35) numbers, randomly selected at each official drawing conducted by the Product Group, which shall be used to determine winning plays contained on a game ticket.

101.52 Powerball game rules or rules of the Powerball game means the set of rules adopted by the MUSL POWERBALL® Product Group.

101.53 Licensee lottery shall mean a state lottery of or regulated by government unite, political subdivision or entity thereof which is not a party lottery but has agreed to comply with all applicable MUSL and Product Group requirements and has been authorized by the MUSL and by the Powerball Product Group to sell the Powerball game.

(Neb. Rev. Stat. Sections 9-801, 9-803, 9-819, and 9-823)

REG-201 SCOPE AND APPLICATION

201.01 These regulations govern the practice and procedure before the Nebraska Department of Revenue or the Division of the Nebraska Department of Revenue arising from and as required by the State Lottery Act, and constitute a separate practice and procedure system from that governing other revenue and gaming laws administered by the Nebraska Department of Revenue.
(Sections 9-819, and 9-823, R.S.Supp., 1993, May 28, 1993.)

REG-202 GENERAL PROVISIONS

202.01 **Representation.** Representation before the State Tax Commissioner is governed by the applicable statutes and decisions of the Nebraska Supreme Court. These rules shall not, however, prohibit anyone from representing themselves or transacting his or her own affairs.

202.01A **Power of Attorney.** Any person appearing on behalf of a Lottery Game Retailer, Lottery Vendor, or Lottery Contractor, or any other person, as his or her duly authorized representative with regard to matters pertaining to the Act must have on file with the Division, a Power of Attorney. Once a Power of Attorney has been given for a hearing, the State Tax Commissioner will presume that it is valid until notice of its revocation is filed with the Division.

202.02 **Notice.** All notices required under these practice and procedure regulations, other than notices scheduling informal conferences, shall be mailed certified mail, return receipt requested, to the last known address of the party, his or her representative, or served personally.

202.03 **Filing Date.** A petition, other than a petition regarding a procurement action, is considered filed with the State Tax Commissioner on the date that it is received by the State Tax Commissioner, or if delivered by United States mail after the due date, the petition is considered filed with the State Tax Commissioner on the date of the postmark of the United States Post Office stamped on the envelope. Postmarks made by other than the United States Post Office will not be accepted as conclusive evidence of the filing date of any petition received after the due date.

202.03A When the last date for filing falls on a Saturday, Sunday, or an approved federal or state holiday, the filing will be considered timely if received on the next succeeding day which is not a Saturday, Sunday, or an approved federal or state holiday.

202.03B Petitions received by facsimile will not be accepted.

202.04 **Filing date for procurement actions.** Any petition regarding a procurement action must be filed within seventy-two (72) hours of the release of the Request for Proposal or the Invitation to Bid, or twenty-four hours prior to the submission date and time, whichever is earlier, or within seventy-two (72) hours of receipt of a notice of a rejection of a bid or proposal or notice of a contract award. For a petition on a procurement action, the petition must be physically received by the State Tax Commissioner within the appropriate time period.

202.04A A postmark date will not be sufficient to make a petition timely if the petition is not physically received by the appropriate time.

202.04B Petitions received by facsimile will not be accepted.

202.05 The period fixed by statute or regulation within which to file a petition cannot be extended. If a petition is not filed within the statutory or regulatory period, it will not be considered by the State Tax Commissioner, but will be returned certified mail, return receipt requested.
(Sections 9-819, and 9-823, R.S.Supp, 1993. August 19, 1993.)

REG-203 COMMENCEMENT OF PROCEEDINGS

203.01 These rules shall be followed by any person filing a petition under the State Lottery Act with the State Tax Commissioner. A petition may be filed to request a declaratory ruling or the promulgation, amendment, or repeal of any regulation, ruling, or form published by the Division. A petition may also be filed on procurement actions, such as to request a modification of a Request of Proposal or Invitation to Bid, or to seek a review of a rejection of a bid or proposal or review of a contract award.

203.02 **Petition content.** The following information shall be supplied by the petitioner when filing a request with the State Tax Commissioner. The petition shall:

203.02A Identify the petitioner;

203.02B Set forth sufficient facts so as to identify the item under consideration;

203.02C Set forth sufficient reason for believing the item under consideration should be promulgated, reviewed, amended, or repealed so as to acquaint the State Tax Commissioner with the exact basis thereof;

203.02D Demand the relief the petitioner is seeking. If filed for the promulgation or amendment of a published item, a copy of the petitioner's proposed language must be included;

203.02E Be in writing; and

203.02F Be signed by the petitioner or a person authorized by the petitioner.

203.03 **Request for oral hearing.** All petitions filed, except petitions regarding procurement actions, shall be presumed to be a request for an oral hearing.

203.03A A petition regarding a procurement action shall not be presumed to be a request for an oral hearing. The State Tax Commissioner shall grant a petitioner, or his or her authorized representative, an opportunity for an oral hearing if the petitioner so requests in the written petition.

203.03B If the petitioner for a petition regarding a procurement action wants the District Court Rules of Evidence to be used in a hearing, the petitioner shall include the request in the written petition.

203.04 **Amendment of petition.** A petitioner may, at any time before or during the hearing, amend the petition. The request to prepare or the receipt of an amended petition shall be considered good cause for a continuance and the hearing officer, on his or her own motion or on the motion of any of the parties, may continue the hearing.
(Sections 9-819, and 9-823, R.S.Supp, 1993. August 19, 1993.)

REG-204 PROCEEDINGS INITIATED BY THE LOTTERY DIVISION

204.01 The Division may deny an application for a Lottery Game Retailer's Contract, suspend or terminate such contract, or impose an administrative fine against a Lottery Game Retailer pursuant to the provisions of the Act.

204.02 Violations of the Act and any rule or regulation promulgated pursuant to that Act and breach of any provisions of the contract, if applicable, shall constitute grounds to deny a Lottery Game Retailer's application, or suspend or terminate such contract or to levy an administrative fine against the Lottery Game Retailer.

204.03 **Notice of intended denial, suspension or termination.** The Division shall give notice to the applicant or contractor of its intention to take administrative action. Notice shall be given by certified mail, return receipt requested, and shall:

204.03A Identify the party and action to be taken;

204.03B Set forth each ground justifying the action to be taken in a manner sufficient to acquaint the party with the basis thereof;

204.03C Be in writing;

204.03D Inform the party that a written petition may be filed with the State Tax Commissioner on or before the tenth (10) day following the mailing date of the Division's notice of its intended administrative action, requesting a redetermination of such intended action through an administrative hearing.

204.04 **Administrative fines.** The Division may institute proceedings to levy administrative fines against a Lottery Game Retailer for violations of the Act or regulations promulgated under the Act. Such proceedings shall be held in accordance with the provisions for notice and the conduct of administrative hearings contained in these practice and procedure regulations.

204.04A Administrative fines imposed by the State Tax Commissioner may be up to one thousand dollars ($1,000) per violation. Each violation on the part of the Lottery Game Retailer may be the subject of a fine. In imposing such administrative fines, the State Tax Commissioner shall take the following factor into account;

204.04A(1) The severity of the violation; and

204.04A(2) The financial gain derived by the Lottery Game Retailer as a result of the violation.

204.04B Any administrative fines imposed under the Act and these regulations shall be subject to all collection measures available to the Nebraska Department of Revenue on behalf of the State of Nebraska.

204.05 **Denial of Application.** The Division may institute proceedings to deny an application pursuant to Lottery Regulations 401, 402 and 403.

204.06 **Suspension or termination of contract.** The Division may institute proceedings to suspend or terminate a Lottery Game Retailer contract or addendum thereto in accordance with Reg 405.

204.07 **Final if not protested.** If the party does not file a written protest with the State Tax Commissioner on or before the tenth (10) day following the mailing date of the Division's notice to the party of its intent to initiate an administrative action, the Division's intended action shall be considered final.

204.08 **Notice of hearing.** Upon receipt of a petition requesting a redetermination of the Division's intended administrative action, the Division shall give notice of hearing by certified mail, return receipt requested, to the petitioner identifying the time, date, and place for hearing.

204.09 **Petition contents.** These rules shall be followed when filing a request for redetermination of the Division's intended administrative action.

204.09A Identify the petitioner;

204.09B Identify the contract the Division has indicated an intent to deny, terminate, or levy an administrative fine;

204.09C Set forth all reasons for believing that the matter under consideration should be redetermined, with facts sufficient to acquaint the Tax Commissioner of the exact basis thereof;

204.09D Demand the release or action the petitioner is seeking;

204.09E Be in writing, and

204.09F Be signed by the petitioner or a person authorized by the petitioner.

204.10 **Filing Date.** Petitioner must file a written request for redetermination of the Division's intended administrative action with the Tax Commissioner on or before the tenth (10) day following the mailing date of the Division's notice to the applicant of its intent to take administrative action.
(Sections 9-819, 9-823, and 9-832, R.S.Supp., 1993, May 31, 1994.)

REG-205 PREHEARING PROCEDURE

205.01 **Informal Conference.** Any party may request that an informal conference be held for the purpose of resolving issues of fact, attempting to resolve the matter in whole or in part without a formal hearing, or otherwise assisting in the preparation of a formal hearing.

205.02 **Stipulation.** It is expected that before a formal hearing, all parties will stipulate to evidence to the fullest extent possible so that a complete or qualified agreement can be reached regarding material facts that are not or should not fairly be in dispute.
(Sections 9-819, and 9-823, R.S.Supp, 1993. May 28, 1993.)

REG-206 PROCEDURE FOR PROCEEDINGS BEFORE THE TAX COMMISSIONER

206.01 **Schedule of Hearings.** The time and place of any hearings shall be set by the Tax Commissioner or his or her authorized representative after proceedings have commenced. The hearing shall be scheduled as soon as practical. Hearings on contract suspensions, terminations and administrative penalties will be held within thirty (30) days of receipt of petition for redetermination. Written notice of the time, date, and place of any hearing shall be given at least ten (10) days prior to the date of hearing unless notice is waived by the parties.

206.02 **Motions.**

206.02A **General Form and Procedure.** Motions may be filed with the Tax Commissioner by any party or upon the Tax Commissioner's own motion as soon as either party becomes aware of the facts requiring the motion. The motion must state specifically the facts as to why it is necessary. If the motion is made orally, the Tax Commissioner may request that it be reduced to writing and filed with the Department. To avoid a hearing on a motion, it is advisable to secure the consent of the opposing party prior to filing a motion. If consent of the opposing party to a motion is not obtained, a hearing on the motion may be scheduled and the parties notified. The burden will be on the party filing the motion to show good cause why the motion should be granted. Notice will be given to all parties of the ruling of the Hearing Officer on the motion.

206.02B **Types of Motions.** Types of motions which may be made by either party include, but are not limited to:

206.02B(1) Motion for Dismissal, which may be made on the following grounds for:

206.02B(1)(a) Lack of jurisdiction, including, but not limited to, whether the petitioner is the proper party in the proceeding, or whether the petition was filed within the statutory time limit;

206.02B(1)(b) Failure of a party to state a cause of action; or

206.02B(1)(c) Failure of a party to comply with these practice and procedure regulations.

206.02B(2) Motion for default judgement may be filed and may be sustained whenever the party having the burden of proof fails to appear at a hearing;

206.02B(3) Motion for consolidation may be made when substantially similar issues affect different parties.

206.03 **Oath.** All testimony presented before the Hearing Officer shall be given under oath which the Hearing Officer will have the authority to administer.

206.04 **Production of Evidence and Testimony.** The Hearing Officer may issue subpoenas, as permitted by law, compelling the attendance of witnesses, in the production of records, papers, books, accounts, and documents, and cause the taking of depositions in accordance with the District Court Rules.

206.04A **Subpoena.** When a subpoena is desired to effectuate discovery or to compel testimony at a hearing, the proper parties shall indicate to the Hearing Officer the name of the case, and the names and last-known addresses of the witnesses to be called. If evidence other than oral testimony is required, each item to be produced must be adequately described. When properly prepared, the subpoena will be returned to the requesting party for service. Service may be made either by mailing a copy thereof by certified mail, return receipt requested, no less than six (6) days before the hearing date of the cause which the witnesses are required to attend or personally, by any person not interested in the action.

206.05 **Admissibility of Evidence.**

206.05A **Evidence having probative value.** The Hearing Officer may admit evidence which possesses probative value commonly accepted among reasonably prudent men or women in the conduct of their own affairs. Incompetent, irrelevant, immaterial, and unduly repetitious evidence may be excluded. A party may request that the Nebraska Rules of Evidence in use by the District Courts be used at hearing in accordance with Reg-206.09B.

206.05B **Copies as Evidence.** A copy of any book, record, paper, or document may be offered directly in evidence in lieu of their original where the original is unavailable or where there is no objection and where the original is admitted into evidence, a copy may be substituted later for the original or such part thereof as may be material or relevant upon leave granted in the discretion of the Hearing Officer.

206.06 **Exhibits.**

206.06A **Identification of Exhibits.** Exhibits entered into evidence shall be numbered in the order in which they are received.

206.06B **Disposition of Exhibits.** After a Findings and Order has become final, either party desiring the return, at his or her own expense, of any exhibit belonging to him or her shall make application in writing to the Hearing Officer within thirty (30) days suggesting a practical manner of delivery; otherwise, exhibits may be disposed of as the Hearing Officer deems advisable.

206.07 **Official Notice of Evidence.** The Hearing Officer may take notice of judicially recognizable facts and of general, technical, or scientific facts within the specialized knowledge of the Tax Commissioner's office. Parties to a proceeding shall be notified either before or during the hearing of the facts so noticed and shall be afforded an opportunity to contest such facts.

206.08 **Evidence outside the Record.** Except as provided by these practice and procedure regulations, the Hearing Officer will not consider factual information or evidence in the determination of any proceeding unless the same shall have been offered and made a part of the record in the proceeding.

206.09 **Presentation of Evidentiary Testimony.**

206.09A **Presentation.** At any hearing, every party thereto shall have the right to present evidence and testimony of witnesses and to cross-examine any witness who testifies on behalf of an adverse party. Opportunity shall be afforded every party to present evidence and testimony as rebuttal to evidence presented by another party, except that repetitious evidence shall be excluded.

206.09B **Rules of Evidence.** Any party may request that the proceeding be bound by the Rules of Evidence applicable in a District Court in Nebraska. Such party shall file with the Hearing Officer, at least three (3) days prior to the date of the scheduled hearing, a written request that the hearing be so conducted. A request for the application of District Court Rules of Evidence shall be in writing and include an agreement by the requesting party that he or she shall pay the cost incurred by the request if a final decision is rendered against the requesting party.

206.09B(1) All costs of a formal hearing, except as set out below, shall be paid by the party or parties against whom a final decision is rendered. The party requesting the District Court Rules of Evidence may procure at his or her own cost and on his or her own initiative the court reporting services for the hearing.

206.10 **Conduct of hearing.** Hearings shall be conducted by a Hearing Officer who, among other things, will open the proceedings, take appearances, administer oaths, and subpoena witnesses; hear the evidence and rule on the motions and objections; interrogate witnesses; and close the proceedings. If the party is not represented by anyone qualified to make an appearance, the Hearing Officer shall explain to the party the rules of practice and procedure, and shall generally conduct a hearing in a less formal manner than that used when a party has a representative qualified to appear. It should be the purpose of the Hearing Officer to assist any party who appears without such a representative to the extent necessary to allow him or her to fairly present his or her evidence, testimony, and arguments on the issues.

206.11 **Arguments as to Law.** The parties should be prepared to make oral arguments as to the law at the conclusion of a hearing. A written memorandum of law may be filed at the time of the hearing at the discretion of any party or at a time subsequent to the hearing if the Hearing Officer so directs.

206.12 **Records.** A party may request and obtain a certified copy of the record of the hearing. Charges for preparing the certified copy of the record shall be paid by the party requesting it. Testimony in any hearing may be taken by tape-recording. The official record will consist of exhibits and transcriptions of said recording.
(Sections 9-819, 9-823, and 9-832, R.S.Supp., 1995, August 29, 1996.)

REG-207 DETERMINATION BY THE TAX COMMISSIONER AND APPEALS

207.01 Notification of the Findings and Order of the Tax Commissioner under all proceedings shall be served upon the petitioner. Notice shall be in writing and shall state the findings of fact and conclusions of law reached by the Tax Commissioner. The findings of fact shall consist of a concise statement of the conclusions upon each contested issue of fact. The petitioner may initiate an appeal after service is made of the Tax Commissioner's decision or Findings and Order. Service of such decision and notice shall be by certified mail, return receipt requested, and service upon party will be considered to have been completed as of the date of deposit in the United States Post Office.

207.02 **Appeal.** An aggrieved party seeking review of an order or decision of the Tax Commissioner shall file an appeal with the District Court of Lancaster County within thirty (30) days after the date of such order or decision. Such proceeding shall be considered a contested case pursuant to the Administrative Procedure Act.
(Sections 9-819, 9-820, 9-821, and 9-823, R.S.Supp., 1993. May 28, 1993.)

REG-208 LOTTERY RULES AND REGULATIONS

208.01 **General.** These rules shall apply to the promulgation, amendment, and repeal of any rules and regulations issued pursuant to the Act. Such rules and regulations shall be exempt from the Administrative Procedure Act.

208.02 Before the promulgation, amendment, or repeal of any regulation pursuant to the Act may occur, a public hearing shall be held by the Tax Commissioner or his or her designated representative.

208.02A Notice of the hearing shall be given at least twenty (20) days in advance in a newspaper of general circulation in the state.

208.02B The Tax Commissioner shall approve, approve as modified, or disapprove the proposed regulation, amendment, or repeal of such regulation within ten (10) days of the hearing.

208.03 Certified copies of the regulations, for informational purposes only, shall be submitted to the Attorney General and Secretary of State.

208.04 Copies of regulations in force shall be made available to persons upon request.

208.05 Rules and procedures, including game and promotion rules and procedures, may be promulgated, adopted, amended, and repealed by the Lottery Director after it has been determined by the Director that such rule or procedure promulgation, adoption, amendment or repeal is in the best interests of the Nebraska Lottery. Game and promotion rules and procedures do not require public hearing prior to adoption.

208.06 Rules and procedures which do not relate to security procedures of the Nebraska Lottery shall be made available to persons upon request. (Sections 9-819, and 9-823, R.S.Supp., 1995, August 29, 1996.).

REG-301 GENERAL

301.01 **Purchasing in general.** The Division may purchase, lease, lease-purchase or enter into lottery procurement contracts for goods or services necessary for effectuating the purposes of the Act.

301.02 Lottery procurement contracts entered into by the Division are not subject to the provisions of Nebraska law regarding the purchase of goods or services.

301.03 The Division may purchase, lease or enter into a contract for goods or services expected to cost in aggregate ten thousand dollars ($10,000) or less in any manner deemed appropriate by the Director.

301.04 It is the policy of the Division to contribute to the establishment, preservation and strengthening of businesses owned by women and minorities to encourage their participation in state procurement activities. The Division encourages these firms to compete and encourages nonminority firms to provide for the participation of businesses owned by women and minorities through partnerships, joint ventures, subcontracts, and other contractual opportunities.

301.05 It is the policy of the Division to encourage a drug-free workplace. The Division encourages all vendors or prospective vendors to establish a drug-free workplace and to prohibit the illegal manufacture, possession, distribution or use of controlled substances in the work place. For vendors or prospective vendors of goods and services unique to the lottery, a drug-free work place may be a qualification requirement for a contract.
(Section 9-806, R.S. Supp., 1996. October 23, 1997.)

REG-302 COMPETITIVE BIDDING

302.01 **Applicability.** The purchase, lease, lease-purchase or contracting for goods expected to cost in the aggregate in excess of ten thousand dollars and services expected to cost in the aggregate in excess of twenty-five thousand dollars shall be obtained as a result of competitive bidding, except as provided below.

302.01A The Division may exempt an item from competitive bidding other than a major procurement, if the item or service is unique, is purchased in quantities too small to be effectively purchased through competitive bidding, if there is an immediate or emergency need for the item, or if the Division determines that the best interests of the lottery will be served by exemption from the bidding process.

302.01B Whenever a purchase is exempt from competitive procurement procedures under these regulations, the Director is required to make a determination that the cost of the goods or services are reasonable under the circumstances. In making this reasonableness determination, the Director may use historical pricing data, and personal knowledge of product and marketplace conditions.

302.02 **Methods of obtaining bids or proposals used by the Division.** Bids or proposals are to be obtained by one of the following methods. If more than one method is applicable to the purchase of a particular item, the Division shall choose the method of bidding to be utilized.

302.02A **Informal bids - goods.** Informal bids are required for the purchase, lease, lease-purchase or entering into a contract for goods costing in the aggregate more than ten thousand dollars ($10,000).

302.02A(1) The Division shall prepare a written invitation-to-bid (ITB) and shall mail, fax, hand deliver or e-mail the ITB, to vendors on the list maintained under these regulations, Prospective Bidder Selection, in the business of providing the goods sought by the Division.

302.02A(2) The invitation to bid shall contain the due date and time of the bid opening, a complete description of the item needed, and any other necessary or proper items. All sample items must be received by the bid due date. The Department may elect how bidders may submit bids, including by mail, fax, hand delivery, e-mail, telephone or otherwise.

302.02A(3) Bids received prior to the time set for the bid opening of the bidding document shall be held by the Division unopened until the bid opening.

302.02A(4) All bids shall be opened by the Division. As the bids are opened they will be summarized and tabulated, and the results of the summary/tabulations shall be made available to any interested party. The original bids and the summary/tabulations will be maintained by the Division for one year following the date on which the bids were opened, at which time all original bids, records and summary/tabulations may be destroyed by the Division.

302.02A(5) An award shall be made within ninety (90) calendar days from the date of the bid opening unless a different time frame is stated by the Division in the ITB or subsequently agreed to by the Division and the bidders. The price quoted by the bidders shall remain binding through the applicable time period. If an award is not made within the applicable time frame, all bids shall be deemed rejected. The Division is not required to issue notices of non-acceptance.

302.02B **Informal bids - services**. Informal bids are required for the purchase of services costing in the aggregate more than ten thousand dollars ($10,000).

302.02B(1) The Division shall solicit at least three bidders in the business of providing the services sought by the Division. If the Division is unable to discover at least three businesses which provide the services sought, the Division may solicit bids from fewer than three bidders.

302.02B(2) The results of all bids will be tabulated, and the results of the tabulations shall be made available to any interested party. A record of the bids and tabulations will be maintained by the Division for one year following the date on which the bids are solicited, at which time all original bids, records and tabulations may be destroyed by the Division.

302.02C **Request for proposals.** Request for proposals (RFP) are required for major procurements. The purpose of a RFP is to provide the vendor with sufficient information about the Division's requirements and goals to allow the vendor to propose a solution to the Division's requirements.

302.02C(1) The Division shall prepare a written request for proposals and shall send by electronic or U.S. mail the RFP to vendors on the list maintained under these regulations in the business of supplying the goods or services sought by the Division.

302.02C(2) Proposals shall be opened at the time designated in the proposal and made available to any interested party on the date and hour designated in the proposal. Any portions of the proposal that have been properly identified by the vendor as trade secrets or proprietary information shall not be disclosed by the Division.

302.02C(3) An award shall be made within ninety (90) calendar days from the date of the proposal opening unless a different time frame is stated by the Division in the RFP during which the award shall be made or during which bids will remain binding, or subsequently agreed to by the vendors. The terms quoted by the vendor shall remain binding throughout the time period for making an award, or the time period specified in the RFP. If an award is not made within the applicable time frame all proposals shall be deemed rejected.

302.02C(4) At a minimum a RFP shall address the following criteria: important dates in the proposal and the award process including the due date for the proposal and the date and hour of the proposal opening; the scope of the work to be performed and any specific requirements which the vendor must meet; the providing of samples, and any contractual terms and conditions which the Division anticipates may affect the terms of the vendor's proposal.

302.02D **Department of Administrative Services.** Goods and services may be obtained by the Division through the Department of Administrative Services whenever such procurement is possible and is in the best interest of the Division.

302.02E **Emergency purchases.** An emergency purchase procurement, other than a major procurement, shall be made when an unexpected, sudden, serious, or urgent situation demands immediate action. An emergency purchase may be used only to purchase goods necessary to meet the emergency. Subsequent purchases must be obtained through the normal purchasing procedures in these regulations. Competitive procedures are not required to make emergency purchase procurements.

302.02E(1) For an emergency purchase of goods more than ten thousand dollars ($10,000), the Division will state in writing the nature of the emergency, the bidder selected, the goods procured, the date of the procurement and factors leading to a determination of the emergency purchase.

302.03 **Changes in ITB or RFP.** The Division may make changes to any solicitations at any time. Any changes will be sent to all persons who received the ITB or RFP.

302.04 **Questions about ITB or RFP.**

302.04A The Division may accept questions about any ITB submitted in any manner deemed acceptable to the Division. For an ITB, the Division is only required to answer a question only to the specific vendor asking the question, although it may elect to notify all potential bidders about the question and the Division's response.

302.04B The Division may accept questions about any RFP submitted in any other manner deemed acceptable to the Division. The Division will establish the date by which all questions have to be received. The Division may answer some or all of the questions received at its election. All answers to RFP questions will be in writing and will be provided in the same manner and to the same persons as changes to an RFP, along with a copy of the questions that were answered.

302.05 **Cancellation of ITB or RFP.** If an informal invitation to bid or request for proposal is canceled prior to the time set for opening the bids or proposals any responses already received shall be returned unopened.

302.06 **Advertising solicitations.** Requests for proposals issued by the Division for goods or services costing in the aggregate greater than fifty thousand dollars ($50,000) shall be advertised five (5) days before issuance in a daily paper of general circulation in Nebraska.

302.06A The advertisement shall indicate that it is a notice to prospective vendors, contain the bid due date and time of opening, describe the items to be purchased, and provide the name, address, telephone number and fax number of the person to be contacted to obtain official bidding documents. (Sections 9-803, 9-806, R.R.S. 1997, R.S.Supp. 1999. August 10, 2000.)

REG-303 BIDS OR PROPOSALS

303.01 **Bids or proposals to conform with specifications.** All bids or proposals must conform to the specifications indicated by the Division. Bids or proposals which do not conform to the specifications may be rejected. The Division reserves the right to waive deficiencies in the bids or proposals if in the judgement of the Division the best interests of the lottery would be served by the waiver.

303.01A Proposals only intended to include a portion of the project must clearly identify those requirements that were not included in the proposal. If no exclusions are stated, the proposal is presumed to include all of the requirements of the ITB or RFP.

303.02 **Time of submission.** All bids or proposals must be submitted by the bidder in sufficient time to physically reach the Division prior to the date and time set for submission established by the Division.

303.02A Bids or proposals received after the appropriate date and time shall not be returned to the bidder unless the bidder specifically requests their return.

303.02B The bidder is solely responsible for ensuring that bids or proposals are physically

received by the Division prior to the date and time specified.

303.03 **Modification or withdrawal of bids.** Bids or proposals may be modified or withdrawn prior to the time and date set for submission. Modifications or withdrawals shall be in writing and delivered in a sealed envelope which properly identifies the correct bid or proposal to be modified or withdrawn. A bid or proposal may be withdrawn after the opening only with the approval of the Division if the Division finds that an honest error was made by the bidder which would cause undue financial hardship to the bidder and which would not cause undue financial hardship or inconvenience to the Division.

303.03A In any bid or proposal, where written words differ from figures, the written words will govern.

303.03B Any correction or alteration to a bid or proposal must be in writing and shall be initialed, in ink, by the person who signs the bid or proposal.

(Section 9-806, R.R.S. 1997. August 10, 2000.)

REG-304 FINANCIAL SECURITY

304.01 The Division may require security on bids or proposals. When security is required, the ITB or RFP may contain the types and amounts of security required, and the allowable forms for the security.

304.02 The following types of security may be required: bid or proposal security; litigation security; performance bond; or fidelity bond. A performance bond shall be required for a major procurement.

304.02A The amount for any performance bond will be the full amount estimated to be paid annually under the contract.

304.02B When litigation security is required, it will be retained for a period of one year, or such other period as specified in the RFP. The security may be released earlier if the bidder submits a covenant not to sue that is approved by the Division.

304.03 When required, a performance bond must be a bond issued by a surety licensed to do business in Nebraska on a form approved by the Division. For any other security required, the security may also be a certified or cashier's check payable to the Division, letter of credit payable to the Division, or any other form specified by the Division. Any certified or cashier's check, or letter of credit must be issued by a bank which is a member of the Federal Reserve System which has a long-term debt rating by a recognized rating agency and is financially rated A- or better. Any letter of credit executed under this subdivision must also provide that:

304.03A Nothing more than a demand for payment is necessary for payment and the letter of credit is not conditional on the delivery of any other document or materials, reimbursement to the bank, the bank's ability to perfect any lien or security interest, or the terms of any other document, agreement, or contract; and

304.03B The letter of credit is irrevocable and cannot be modified or revoked without the consent of the Division.

304.04 A fidelity bond, when required, must cover any loss to the State of Nebraska or the Division due to any fraudulent or dishonest act on the part of the Lottery Vendor, any of its employees and agents, and any subcontractor and its employees and agents.

304.05 Any required security will remain in effect until at least thirty (30) days after notice by the surety or issuer of the cancellation of the security.

304.06 A Lottery Vendor may also be required to provide and carry various types of insurance. (Sections 9-806, and 9-836, R.R.Supp., 1994. August 29, 1996.)

REG-305 EVALUATION OF BIDS OR PROPOSALS

305.01 For informal bids, the Division shall award the contract to the responsible bidder submitting the best proposal which maximizes the benefits to the State in the areas of security, competence, cost, and timely performance to benefit the public purpose of the Act. The best proposal will be determined in relationship to the products, equipment and related services promised using both objective and subjective criteria. The Division shall consider the following factors with regard to informal bids:

305.01A Cost, which shall be a major factor in every bid selection;

305.01A(1) The Division may consider the effect of cash discounts;

305.01B The competence, experience and financial status of the bidder;

305.01C Any prior experience of the Division or Department with the bidder;

305.01D The quality of products, equipment or services offered;

305.01D(1) Various items or services may require testing either before or after the final award of a contract, or as a part of a proposal. The Division may consider the results of the testing.

305.01D(1)(a) The bidder shall guarantee price and quality before and after testing.

305.01D(2)(b) The Division shall not be liable for any costs incurred by bidders in providing samples, unless specifically stated in the ITB or RFP.

305.01E The capability of the bidder to provide the products, equipment and services requested within the time indicated in the bid;

305.01F Whether the bidder is based in Nebraska; and

305.01G Such other factors as the Division may determine to be appropriate in the particular contract.

305.02 For any major procurement, the Division shall award the contract to the responsible vendor submitting the lowest and best proposal which maximizes the benefits to the state in the following areas:

305.02A The security offered by the vendor to insure the lottery will operate with integrity, and in a manner that will reflect well upon the State of Nebraska;

305.02B The competence of the vendor as demonstrated by:

305.02B(1) Its experience, skill, and ability necessary to meet requirements set forth in the RFP;

305.02B(2) Prior experience in a comparable state lottery, or experience in other fields which are similar in scope or application;

305.02B(3) Its financial responsibility; and

305.02B(4) Its efforts to secure minority and female participation.

305.02C The quality of the products, equipment, or services offered, including, if applicable, whether products offered by the vendor are beneficial to the environment;

305.02D The capability of the vendor to offer and provide the products, equipment, and services requested in the RFP;

305.02E The ability of the vendor to perform the contract in the time specified in the RFP and during the term of the contract pursuant to the requirements of the Division;

305.02F A cost analysis to include identifiable costs associated with the acquisition, installation, operation, and final disposition of the proposed products or services. The analysis will include information from the proposal and other costs that will be incurred by the Division if the proposal is accepted. The lowest proposal is not necessarily the best proposal;

305.02G Whether the vendor is based in Nebraska; and

305.02H Such other factors as the Division may determine to be appropriate for the particular contract.
(Sections 9-806, and 9-835, R.R.S. 1997. August 10, 2000.)

REG-306 AWARDING OF CONTRACTS AND REJECTION OF BIDS OR PROPOSALS

306.01 **Awarding of contracts.** After completing the evaluation of bids or proposals, the Division will select a bidder or reject all bids. The Division will then begin negotiating with the bidder, or

award a contract. All major procurements, must be approved by the Tax Commissioner.

306.01A The Division shall resolve ties among bids or proposals which are equal in all respects by drawing lots unless only one of the tied bidders is a Nebraska business. If only one of the bidders tied for an award is a Nebraska business, the Nebraska business shall be given preference over all tied out-of-state businesses.

306.01A(1) If it is necessary to draw lots the drawing shall, whenever practical, be held in the presence of the vendors who submitted the tied bids or proposals. If the tied vendors are not present, the drawing shall be held in front of at least two persons, and the Division shall document the drawing.

306.02 **Rejection of bids or proposals.** The Division reserves the right to reject any or all bids or proposals. Bids or proposals may be rejected because of faulty specifications, abandonment of the project, insufficient funds, evidence of unfair or flawed bidding process, failure of a bidder to meet the Division's requirements, or for any other reason if the Division determines that the best interests of lottery will be served by rejecting any or all bids. Following the rejection of bids, new bids may be requested by the Division at any time deemed convenient by the Division.
(Sections 9-806, and 9-835, R.R.S. 1997. August 10, 2000.)

REG-307 CONTRACT REMEDIES

307.01 **Remedies for the Division on goods or services which do not meet the contract.**

307.01A In any case where the contractor fails to deliver or has delivered goods or services which do not meet the contract standards, the Division shall send a written "Notice to Cure" to the contractor for correction of the problem.

307.01A(1) If the contractor does not respond adequately to the "Notice to Cure", the Division may cancel the contract and buy goods or services from another bidder. Any increase between the contract price and market price will be paid by the contractor who failed to follow the contract. This remedy will be in addition to any other remedy provided by law or contract.

307.01B The Division may refuse to accept goods which exceed the number ordered. The goods may be returned to the contractor at the contractor's expense.

307.01C The Division shall be responsible for inspecting, accepting, or rejecting goods or services under contract.

307.01C(1) In rejecting goods or services, the division shall notify the contractor as soon as possible.

307.01C(2) The Division shall state the reasons for rejecting the goods or services and request prompt cure.

307.01C(3) Replacement goods or services shall be made available to the Division at a date acceptable to the Division.

307.01D Before the Division finds a contractor in default of contract, it will consider the specific reasons the contractor failed and the time needed to get goods or services from other bidders.

307.02 **Termination for convenience of the Division.** A purchase order or contract may be terminated for the convenience of the Division by delivering to the bidder a notice of termination specifying the extent to which performance under the purchase order or contract is terminated and the date of the termination. After receipt of a notice of termination, the contractor must stop all work or deliveries under the purchase order or contract on the date and to the extent specified.

307.02A If the purchase order or contract is for commercial items generally sold in substantial quantities to the general public and no specific identifiable inventories were maintained exclusively for the lottery's use, no claims will be accepted by the Division. Payment will be made for items shipped prior to receipt of the termination notice.

307.02B If the purchase order or contract is for items being produced exclusively for the use of the lottery, and raw materials or services must be secured by the vendor from other sources, the vendor shall order no additional materials or services except as may be necessary for completion of any portion of the work which

was not terminated. The Division may direct the delivery of the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of the work, or direct the vendor to sell the same, subject to the Division's approval as to price. The vendor may, with the approval of the Division retain the same, and apply a credit to the claim. The vendor must complete performance on any part of the purchase order or contract which was not terminated.

307.02C Within one hundred and twenty days (120) days after receipt of the notice of termination, or such longer period as the Division for good cause may allow, the vendor must submit any termination claim. This claim will be in a form and with certifications prescribed by the Division. The claim will be reviewed and forwarded with appropriate recommendations to the Tax Commissioner.

307.03 **Assignment.** A procurement contract entered into under these regulations may not be assigned without the specific written approval of the Division.

307.04 **Bidder protests.** Any bidder who claims to be aggrieved in connection with the award of a contract by the Division may protest the action of the Division by filing a written protest as provided in Lottery Regulations, Chapter 200 Practice and Procedure.
(Sections 9-806, and 9-835, R.R.S. 1997. August 10, 2000.)

REG-308 PROSPECTIVE BIDDER SELECTION

308.01 Any firm or business conducting business within Nebraska may request placement on the approved bidder list for a particular service or commodity by filing a written request with the Division. The Division may mail copies of solicitation documents to bidders on the list for a particular item or to any other bidder which the Division chooses to contact.

308.02 A bidder may be refused placement on the list or suspended or permanently removed from the list for any of the following reasons: failure to respond to three consecutive solicitations; failure to deliver within specified delivery dates; failure to deliver in accordance with specifications; attempts to influence decisions of any state employee involved in procurement process; evidence of agreements by the bidder to restrain trade or impede competitive bidding; and any other activities of the bidder which the Division determines would render the bidder unsuitable.

308.02A The Division shall notify a bidder in writing prior to refusing placement on the list, suspending the bidder from the list, or permanently removing the bidder from the list. The bidder shall be provided a reasonable opportunity to explain and cure any misconduct identified by the Division. If the Division ultimately refuses placement on the list or removes the bidder from the list, the bidder may appeal the Division's action pursuant to the criteria for bidder appeals contained in these regulations.

308.03 The Division shall select bidders to receive solicitation documents based on the Division's knowledge of the bidders in the particular market. The initial bidder selection shall be designed to promote the competitive bidding process and the best interests of the lottery. The Division shall also provide solicitation documents to qualified bidders upon request when the request is made during the solicitation period. The bidder is solely responsible for ensuring that the solicitation documents are received by the bidder.

308.04 **Persons ineligible for contract.** The Division may not enter into a procurement contract with a Lottery Vendor if any person with a substantial interest in the Lottery Vendor has been convicted of a felony or misdemeanor involving gambling, moral turpitude, dishonesty, or theft, or who has been convicted of any other felony within the last ten years preceding the submission of the information.
(Section 9-806, R.S.Supp., 1993. May 31, 1994.)

REG-309 DISCLOSURE FORM FOR LOTTERY VENDORS

309.01 **Disclosure required.** All persons desiring to submit a bid, proposal, or offer to the Division

for any major procurement, must file a disclosure form with the Division.

309.01A The disclosure form will contain the information necessary to allow the Division to review and evaluate the competence, integrity, background, character, and the nature of the ownership and control of Lottery Vendors for major procurements.

309.01B The Division shall determine which vendors have to complete the disclosure form and provide the information.

309.01C The disclosure form and information must be provided to the Division only once.

309.01C(1) Whenever information that is required to be provided under this regulation changes, the Lottery Vendor shall notify the Division and provide the updated information within thirty (30) days of the change.

309.01C(2) Each year, prior to August 1, every Lottery Vendor will file a statement indicating that the information on file with the Division, as updated, is correct.

309.01C(3) The Division may require any proposal or bid for a major procurement contain a statement on the accuracy of the information on file.

309.02 The following information must be provided to the Division:

309.02A The name, address, type of business entity;

309.02B The identity of the owners and those in control of the Lottery Vendor as required in sections 309.03 and 309.04 of this regulation;

309.02C The place of incorporation, if any;

309.02D The states and jurisdictions in which the Lottery Vendor is qualified to do business, the states and jurisdictions in which the Lottery Vendor does business, and the nature of the business in each state or jurisdiction;

309.02E The states and jurisdictions in which the Lottery Vendor has contracts to supply goods or services related to lottery games or other gambling scheme, and the nature of the goods and services involved in each state. Vendors must also disclose the names of the companies or entities they supply these goods and services to;

309.02F The states and jurisdictions in which the Lottery Vendor has applied for, sought renewal of, received, been denied, or had suspended, canceled, or revoked a contract or license of any kind in connection with any lottery game or other gambling scheme:

309.02F(1) The status of such application, license or contract in each state;

309.02F(2) All of the facts and circumstances underlying any of the following situations:

309.02F(2)(I) Any contract or license that has been suspended, canceled, terminated, revoked, or not renewed; or

309.02F(2)(ii) Any license application that was denied or which has been pending for six months or more;

309.02G The name, address, and telephone number of each of the following:

309.02G(1) The resident agent to contact regarding matters of the Lottery Vendor and for service of process;

309.02G(2) Each attorney and law firm representing the Lottery Vendor in this state;

309.02G(3) Each accountant or accounting firm representing the Lottery Vendor in this state or preparing information for use by the Division;

309.02G(4) Each person engaged by the Lottery Vendor or involved in aiding the Lottery Vendor's efforts to obtain the contract or procurement at the time of the disclosure or during the prior year. Include each accountant, accounting firm, attorney, law firm, consultant,

lobbyist, public relations firms, sales agent, or any other person.

309.02H The details of any bankruptcy, insolvency, reorganization, or pending litigation involving the Lottery Vendor;

309.02I The identity of any entity with which the Lottery Vendor furnishes goods or services related to lottery games or other gambling scheme in any state or jurisdiction through any of the following:

309.02I(1) A joint venture with another entity;

309.02I(2) An entity jointly owned by the Lottery Vendor and the other entity; or

309.02I(3) Other contractual agreement.

309.02J The Lottery Vendor's audited financial statements for the three years prior to disclosure. Vendors must also disclose any liens filed against the vendor or any person with a substantial interest in the vendor;

309.02K The Lottery Vendor's federal and state income tax returns for the three years prior to disclosure;

309.02L The Lottery Vendor's registered lobbyists as well as all monetary accounts managed by those lobbyists; and

309.02M Any additional disclosures determined by the Division to be appropriate for the major procurement involved.

309.03 The Lottery Vendor must provide information regarding those who own or have an interest in the Lottery Vendor. The information depends upon the type of business organization used by the Lottery Vendor. The Lottery Vendor must provide information for each person as specified in this section. For natural persons, the Lottery Vendor must provide the name, address, date of birth, and social security number. For all other entities, the Lottery Vendor must provide the name, address and Federal Employer Identification Number.

309.03A If the Lottery Vendor is a corporation, the officers, directors, and shareholders.

309.03A(1) If the Lottery Vendor is a subsidiary, the officers, directors, and shareholders of the parent corporation.

309.03A(2) For publicly-traded corporations, shareholders owning less than 10% of the publicly held equity securities do not need to be disclosed.

309.03B If the Lottery Vendor is a trust, the trustee, beneficiaries, and any other person entitled to receive income or benefit from the trust.

309.03C If the Lottery Vendor is a partnership or joint venture, the general partners, limited partners, or joint venturers.

309.03D If the Lottery Vendor is an association, the members, officers, and directors.

309.03E If the Lottery Vendor is a limited liability company, the members of such company.

309.03F For any subcontractor performing a substantial portion of the work, all of the information required in subsections 309.03 and 309.04 of this regulation must be provided for the subcontractor.

309.03G If the parent company, general partner, limited partner, or joint venturer of the Lottery Vendor is itself a corporation, trust, association, subsidiary, partnership, or joint venture, all of the information for such other entity as if it were itself the Lottery Vendor.

309.03G(1) In a chain of ownership, the disclosures will continue until the ultimate ownership is fully disclosed.

309.04 The identity, including name, address, social security number, and date of birth, of any past or present Director, past or present employee of the Division, or any parent, child, brother, sister, or spouse of the Lottery Vendor who holds any direct or indirect financial interest with respect to the Lottery Vendor, including any of the following:

309.04A Such person is a director, employee, officer, owner, partner, or stockholder of the Lottery Vendor;

309.04B Such person is a consultant, debt holder, independent contractor, principal, or subcontractor; or

309.04C Such person holds any interest or has a relationship from which or as a result of which the person has received, is receiving, or will be entitled to receive more than one thousand dollars ($1,000) over any five-year period beginning not more than five (5) years prior to the disclosure or ending more that five (5) years after the disclosure.

309.05 **Background and informational statements.** Lottery Vendors may be required to submit to checks or investigations of criminal history, fingerprints, background, financial responsibility, or integrity of any person with a substantial interest, or of any key personnel as determined by the Nebraska Lottery or the Investigations Division who will be involved with the products or services in the lottery procurement.

309.05A The Lottery Vendor will pay all expenses incurred by the Division in completing the checks and investigations, including any and all subsequent background investigations throughout the term of the contract.

(Sections 9-806, 9-816, 9-817, and 9-1,104, R.S. Supp., 1996. October 23, 1997.)

REG-401 LOTTERY GAME RETAILER APPLICANTS

401.01 The Division may contract with persons to act as Lottery Game Retailers. The Division will only contract with those persons who will, in the judgement of the Division, meet the statutory requirements for contracting, promote the sale of lottery tickets and materials, promote the best interests of the Nebraska Lottery and of the State, and achieve the goals of the Act.

401.01A Any person interested in obtaining a contract as a Lottery Game Retailer must first file an application with the Division on forms supplied for that purpose by the Division. The application form shall be designed to solicit sufficient relevant information from an applicant to permit the Division to make a determination pursuant to the Act and these rules for issuance of a contract.

401.01B Contract of a Lottery Game Retailer in any capacity is a privilege personal to that person and is not a legal right. Such contract may be terminated by the Division or by a Lottery Game Retailer by surrender of the contract to the Division.

401.02 **Eligibility for a contract.** An application submitted in the following situations cannot be accepted for a contract as a Lottery Game Retailer:

401.02A Any person who will engage in business solely as a Lottery Game Retailer;

401.02B Any person who is under the age of nineteen (19);

401.02C Any person who has been convicted of a felony or misdemeanor involving gambling, moral turpitude, dishonesty, or theft;

401.02D Any person who has been convicted of any felony in the last ten (10) years;

401.02E Any person who has been convicted of a violation of the Nebraska Bingo Act, The Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act, or Chapter 28, article 11;

401.02F Any person who has had a license revoked or denied under any of the acts listed in Reg-401.02E;

401.02G Any person who has had a license or contract to sell tickets in a lottery in another jurisdiction revoked by the authority regulating such lottery or by a court of such jurisdiction;

401.02H Any person who has not been in substantial compliance with Nebraska tax laws during the last five (5) years;

401.02I Any person who is the Tax Commissioner or an employee of the Division, or who is the spouse, child, brother, sister, or parent, by blood or marriage, residing as a member of the same household or in the principal place of abode of the Tax Commissioner or an employee of the Division;

401.02J Any foreign corporation which is not currently registered to do business within Nebraska; and

401.02K Any person for a location which is licensed for the sale of alcoholic beverages for consumption on the premises unless such establishment holds a Class C liquor license with a sampling designation.

401.03 **Identification of persons with substantial interest.** The Lottery Game Retailer must provide information regarding those who own or have an interest in the Lottery Game Retailer. The information depends upon the type of business organization used by the Lottery Game Retailer. The Lottery Game Retailer must provide information for each person as specified in this section. For natural persons, the Lottery Game Retailer must provide the name, address, date of birth, and social security number. For all other entities, the Lottery Game Retailer must provide the name, address and Federal Employer Identification Number.

401.03A If the Lottery Game Retailer is a corporation, the officers, and shareholders;

401.03A(1) If the Lottery Game Retailer is a subsidiary, the officers, and shareholders of the parent corporation.

401.03A(2) For publicly-traded corporations, shareholders owning less than 10% do not need to be disclosed.

401.03B If the Lottery Game Retailer is a trust, the trustee, beneficiaries, and any other person entitled to receive income or benefit from the trust;

401.03C If the Lottery Game Retailer is a partnership or joint venture, the general partners, and limited partners, or joint venturers;

401.03D If the Lottery Game Retailer is an association, the members, officers, and directors;

401.03E If the Lottery Game Retailer is a limited liability company, the members and managers; and

401.03F If the parent company, general partner, limited partner, or joint venturer of the Lottery Game Retailer is itself a corporation, trust, association, subsidiary, partnership, limited liability company or joint venture, the same information is required for such other entity as if it were itself the Lottery Game Retailer;

401.03F(1) In a chain of ownership, the same disclosures will continue until the ultimate ownership is fully disclosed.

401.04 **Background and informational statements.** Lottery Game Retailers may be required to submit to checks or investigations of criminal history, fingerprints, background, financial responsibility, or integrity of any person with a substantial interest as defined in Reg-101.27, or of any key personnel who will be involved with the products or services in the operation of the lottery retail activities.

401.04A The Lottery Game Retailer will pay all expenses incurred by the Division in completing the checks and investigations.

(Sections 9-823 through 9-826, R.S.Supp., 1994. April 18, 1995.)

REG-402 EVALUATION OF INSTANT TICKET LOTTERY GAME RETAILER APPLICANTS

402.01 **Disqualification, grounds of refusal of a contract.** The Division shall refuse to grant a contract to any applicant who has been convicted of any felony within ten (10) years, or any crime related to theft, gambling, or moral turpitude.

402.02 **Issuance of contracts.** Prior to issuing any contract, the Division shall consider the following factors in making this determination:

402.02A The moral character and reputation of the applicant;

402.02B The financial responsibility and security of the applicant and its business or activity;

402.02C The accessibility of the public to the contract premises proposed by the applicant, and compliance with the Americans With Disabilities Act;

402.02D The number and sufficiency of existing contracts to serve the public interest;

402.02E The volume of the applicant's expected lottery ticket sales;

402.02F The security and efficiency of the operation of the lottery;

402.02G Whether the applicant is ineligible under any provisions of the Act or these regulations;

402.02H Whether the applicant has provided false or misleading information or has misrepresented information regarding qualifications or fitness for holding a contract; and

402.02I Whether the applicant is a Nebraska corporation, or licensed to do business in this state.

(Sections 9-814, 9-823, 9-824, 9-826, 9-828, and 9-832, R.S.Supp., 1993. May 31, 1994.)

REG-403 SELECTION OF ON-LINE LOTTERY GAME RETAILER

403.01 **General.** Only instant ticket Lottery Game Retailers will be selected as on-line retailers. A presumption exists that all persons that have applied and qualified as instant ticket Lottery Game Retailers desire to be considered for selection as an on-line Lottery Game Retailer unless otherwise notified.

403.02 **Selection criteria.** In addition to the factors set forth in Reg-402.02 for becoming an instant ticket Lottery Game Retailer, the Division shall specifically consider the following factors in selecting an on-line Lottery Game Retailer:

403.02A Financial responsibility of the retailer;

403.02B Retailer's business or activity;

403.02C Accessibility of the retailer's place of business to the public;

403.02D Efficiency of existing retailers in serving the public convenience, including:

403.02D(1) Geographical representation,

403.02D(2) Customer count,

403.02D(3) Business hours/days open, and

403.02D(4) Specific location and traffic patterns;

403.02E Volume of expected sales;

403.02E(1) Recent instant ticket sales history will be examined; and

403.02F Whether the selection will promote the best interests of the Nebraska Lottery and achieve the goals of the Act. The Division will examine:

403.02F(1) Ability and/or willingness to promote the Nebraska Lottery;

403.02F(2) Willingness to provide strategic space for the on-line terminal and POS items; and

403.02F(3) Positive attitude about the Nebraska Lottery and ability to project a positive image for the Nebraska Lottery.

403.03 **Player Express Terminals.** Certain on-line retailers may be selected to sell on-line tickets through Player Express Terminals. The Division shall adopt policies and establish criteria regarding the selection of on-line retailers to sell tickets through Player Express Terminals. The determination of which on-line retailers will be selected to sell tickets through Player Express Terminals shall be at the discretion of the Director. (Sections 9-814, 9-823, 9-824, 9-826, and 9-828, R.R.S., 1997. July, 23, 1999.)

REG-404 LOTTERY GAME RETAILER CONTRACT

404.01 Upon receipt, review, and investigation of applications and applicant background, the Division may issue contracts for sales of lottery tickets in accordance with these regulations. The Division shall contract only such persons or entities which, in its opinion, will best serve the public interest and public trust in the lottery and promote the sale of lottery tickets.

404.02 **Contract.** The Division shall enter into a contract with each Lottery Game Retailer for the sale of instant and on-line tickets. Such contract shall set out the duties, responsibilities, and obligations of the parties to the contract. Such contract to continue in effect during the period the retailer complies with applicable statutes, regulation, fee requirements, and any other duties or requirements under the terms of the contract and these regulations.

404.03 **Repealed.**

404.04 **Types of contracts.** The Lottery may enter into the following types of contracts for Lottery Game Retailers.

404.04A **Regular contract.** A regular contract as a Lottery Game Retailer is a contract that is valid for an indefinite period until suspended or terminated. The Division may require periodic filings of changes or modifications to the

information required under Reg-401, Lottery Game Retailer Applicants, as filed with the original application or the last update, or a statement that the information on file is still accurate.

404.04B **Temporary contract.** For specific events and activities or under such special conditions and for limited duration, the Division may issue to organizations or other persons a temporary contract for the duration of the event or conditions with such special terms as the Division may deem desirable.

404.04B(1) The Division may also enter into a temporary contract for a period of less than one (1) year with any person, who would otherwise be qualified for a regular contract.

404.05 **Compensation.** Each Lottery Game Retailer is entitled to compensation for their activities as Lottery Game Retailers which include selling lottery tickets, redeeming lottery prizes and other activities required by the Division. This compensation shall be calculated as five percent (5%) of the retail value of packs of instant tickets purchased from the Division, reduced by the value of packs of instant tickets returned to the Division, five and one-half percent (5.5%) of the net proceeds from the sale of on-line lottery tickets by the Lottery Game Retailer, and five and one-half percent (5.5%) of the face value of on-line tickets issued by the Lottery Game Retailer from the redemption of coupons, promotional discounts, gift certificates and prizes. Lottery Game Retailers shall not accept any compensation for the sale of lottery tickets other than that set forth in this regulation, regardless of the source unless such compensation is otherwise specifically adopted or approved in writing by the Division.

404.06 **Promotion of the lottery.** Each Lottery Game Retailer shall agree to actively promote the lottery and shall sell all lottery products they are authorized to sell and to maintain a retailer's manual, point-of-sale materials and displays in accordance with instructions of the Division.

404.07 **Contracts nontransferable**. Each contract will authorize a specified organization to sell tickets at a specified location. No contract may be assigned or transferred to another person or organization. No other person or organization shall be subcontracted to perform any of the duties required in the Lottery Game Retailer contract. If the control of a Lottery Game Retailer changes hands, the Lottery Game Retailer may not sell any additional tickets until the Lottery Game Retailer has submitted a new application and has been granted a new contract.

404.08 **Change of Lottery Game Retailer location.** If a Lottery Game Retailer changes the location of the place of business, the Lottery Game Retailer shall not sell tickets at the new location until the Division has authorized the transfer of the Lottery Game Retailer. The Division shall consider the information concerning the Lottery Game Retailer's new location in the same manner as it would consider an initial application for that location.

404.08A The Division may approve a temporary location for a period of less than one (1) year for any existing Lottery Game Retailer. Such temporary location may be either in addition to or in place of the Lottery Game Retailer's originally approved location.

404.09 **Changes to application information.** The Lottery Game Retailer must notify the Division of any changes in the information provided with its application. The updated information must be provided within thirty (30) days of the change.

404.09A The changes that must be reported include, but are not limited to, any change in business structure, officers, board of directors, persons with substantial interest, business address, or the hiring of additional personnel needing background checks

404.10 **Inspection of premises.** Lottery Game Retailers shall allow employees or agents of the Division to enter upon the Retailer's premises in order to inspect lottery materials, tickets, and the premises. All books and records pertaining to the Lottery Game Retailer's lottery business, including video surveillance records, shall be available to the Division for inspection and copying during normal business hours of the Lottery Game Retailer and between 8 a.m. and 5 p.m., Monday through Friday. All books and records pertaining to the Lottery Game Retailer's lottery activities are subject to seizure by the Division without prior notice. Copies of video surveillance records shall be made available upon demand by the Division.

(Sections 9-827, 9-828, and 9-832, R.R.S. 1997. July 23, 1999.)

REG-405 TERMINATION OR SUSPENSION OF CONTRACT.

405.01 The Division may, for any reason outlined in these regulations, the Act, or the contract, terminate or suspend a contract with a Lottery Game Retailer.

405.02 **Suspension of Contract.** If the Division has evidence that a Lottery Game Retailer has violated any of the provisions in section 405.03 of this regulation, the Division may immediately suspend such contract. The suspension shall remain in effect until the Tax Commissioner has canceled the suspension or issued an order regarding termination of the contract.

405.03 **Violations.** The Division may suspend or terminate the contract of any Lottery Game Retailer who violates one or more of the provisions set out below.

405.03A The Lottery Game Retailer shall continue to meet the standards for entering into a contract and any addendum thereof;

405.03B The Lottery Game Retailer shall comply with these regulations, the Act, the terms of the contract and any addendum thereof, Policies and Procedures of the Division, Lottery Game Rules and Procedures, and other requirements adopted, promulgated, or issued by the Division;

405.03C A Lottery Game Retailer shall not sell a ticket for a price greater than or less than the price stated by the Division;

405.03D A Lottery Game Retailer shall not extend credit on the sales of lottery tickets. The acceptance of payment by check or credit card or debit card is not an extension of credit by the Lottery Game Retailer and is permitted;

405.03E A Lottery Game Retailer shall not sell a ticket at a location or on a premises different than that shown on the contract. For purposes of this regulation, the sale of a lottery ticket at a Lottery Game Retailer location means a lottery transaction in which all elements of the sale between the Lottery Game Retailer and the purchaser must take place on site at the designated location including the exchange of consideration, the exchange of the playslip if applicable and the exchange of the ticket.

405.03F A Lottery Game Retailer shall not permit any other person to sell tickets delivered to the retailer; however, the Lottery Game Retailer may sell tickets through its employees;

405.03G A Lottery Game Retailer shall not sell a ticket to any person under nineteen years of age;

405.03H No Lottery Game Retailer, directly or indirectly, on behalf of itself, or another, nor any organization, shall invite, solicit, demand, offer or accept any payment, contribution, favor, or other consideration to influence the award, renewal, or retention of a contract or any addendum thereof;

405.03I A Lottery Game Retailer shall not accept food stamps or food coupons as consideration for a ticket;

405.03J The Lottery Game Retailer shall not make a fraudulent misrepresentation in connection with the application for a contract, in any of the required reports, or to any person in connection with a lottery transaction;

405.03K The Lottery Game Retailer shall maintain the sales levels set for the Lottery Game Retailer by the Division;

405.03L The Lottery Game Retailer shall take adequate security precautions for the safe storage and handling of tickets, lottery materials, or ticket sale proceeds;

405.03M The Lottery Game Retailer shall regularly, promptly, and accurately settle the accounts of lottery transactions and pay the amount due from the ticket sales;

405.03N The Lottery Game Retailer shall immediately notify the Division of any change in ownership;

405.03O The Lottery Game Retailer shall open its books and records for inspection by the Division;

405.03P The Lottery Game Retailer shall display required point of sale materials or advertising, and shall obtain permission for use of the Nebraska Lottery name or logo in the Lottery Game Retailer's own advertising, except as permitted in these regulations;

405.03Q Repealed.

405.03R No Lottery Game Retailer or his or her employee or agent shall attempt to determine the numbers or symbols appearing on unsold tickets or in any other manner attempt to determine unsold winning tickets; and

405.03S Lottery Game Retailers must give prompt service to lottery customers physically present and waiting at the on-line terminal to purchase tickets for on-line games. Prompt service includes interrupting processing of on-line ticket orders for which the customer is not present at the terminal.

405.03T The Lottery Game Retailer shall immediately report a violation of these rules or a conviction of any felony or crime related to theft or gambling or involving moral turpitude.

405.03T(1) For the purposes of this subsection, a conviction shall be deemed to have occurred when the verdict of the court is announced, whether or not a sentence has been imposed.
(Sections 9-824 through 9-829, and 9-832, R.R.S. 1997. December 16, 1998.)

REG-406 FINANCIAL SECURITY

406.01 **Bonds.** The Division shall determine if bonds will be required of Lottery Game Retailers. If a bond is required, each Lottery Game Retailer shall provide a bond in the amount determined by the Division to safeguard the State's interest in tickets to be sold by a Lottery Game Retailer and the resulting proceeds due the Division.

406.02 **Lottery Game Retailer Liability.** The Lottery Game Retailer is liable for all lottery tickets accepted by the Lottery Game Retailer. Tickets which are erroneous or mutilated when received by a Lottery Game Retailer may be immediately returned to the Division for credit. After acceptance, the Lottery Game Retailer is responsible for the condition and security of the tickets and for any losses resulting from tickets which become lost, stolen, or damaged.

406.03 **Separate Account Required.** Each Lottery Game Retailer shall maintain a separate account for proceeds from the sale of lottery tickets. All of the proceeds less prizes paid, and the compensation allowed to the retailer shall be deposited to the account. The account is a trust account of monies held for the benefit of the State.

406.04 **Electronic funds transfers.** A Lottery Game Retailer shall, before receiving a contract, authorize the debiting or crediting of an account in the Lottery Game Retailer's name for the purpose of electronic funds transfer to or from the state's collection account, as provided in these regulations.

406.04A The Lottery Game Retailer shall execute all forms required by the Division, the Lottery Game Retailer's bank or the initiating bank.

406.04B The Lottery Game Retailer shall be responsible for any fees or service charges assessed by the bank for maintaining the required account.

406.04C If the Lottery Game Retailer finds it necessary to change its bank account from one bank to another, he must submit a newly executed "Electronic Funds Transfer Authorization" form for the new bank account. The Lottery Game Retailer may not discontinue use of its previously approved bank account until notice is received from the Division that the new account is approved for use.

406.04D The Division shall establish a schedule for processing the EFT transactions against Lottery Game Retailer's lottery bank accounts and issue instructions to Lottery Game Retailers on how settlement of account will be made.
(Sections 9-813, 9-814, 9-826, and 9-830, R.R.S. 1997. December 16, 1998.)

REG-407 ACCOUNTING FOR INSTANT TICKETS

407.01 **Purchase of instant tickets.** Lottery Game Retailers shall receive packs of tickets directly from the Division or through its designated Lottery Contractor.

407.01A Lottery Game Retailers shall not transfer, exchange, or sell ticket packs or tickets with one another unless they are selling their business, going out of business or otherwise with prior written approval of the Division.

407.02 **Liability for instant ticket packs.** For each pack, Lottery Game Retailers shall be liable for the retail value, less the retailer compensation and the prizes validated and paid.

407.02A Lottery Game Retailers shall be liable for tickets via an electronic funds transfer (EFT) initiated by the Division after tickets are delivered to the Lottery Game Retailer in accordance with the schedule provided by the Division.

407.03 **Ticket transfers.** Ticket transfers to the Lottery Game Retailers are final.

407.03A Once tickets are accepted by the Lottery Game Retailer, the Division will not replace mutilated or damaged tickets, unless specifically authorized by the Division.

407.03B The Division will not accept returned tickets except as provided for elsewhere in these regulations or with the Division's advance approval.

407.03C The Lottery Game Retailer is responsible for lost, stolen, or destroyed tickets unless otherwise approved by the Division and is liable for the value of such tickets as provided by Reg-407.02.

407.04 **Instant ticket returns.** Any Lottery Game Retailer may return for credit, full, unopened ticket packs to the Division or its authorized representative at any time before the announced end of the return period.

407.04A **Partial pack returns.** No retailer may return opened partial packs of tickets to the Division or its agent for credit, except at the discretion of the Division. Partial pack returns are limited to one open pack return per game per cash register where tickets have been sold for that game.

407.04B Lottery Game Retailers shall attempt to sell all tickets to each game. If there are unsold tickets at the announced end of the game, they must be returned to the Division no later than twenty-eight (28) calendar days after the announced end of each instant ticket game or any final prize drawing unless otherwise authorized in writing by the Director.

407.04B(1) Credit will not be allowed to the Lottery Game Retailer for instant tickets not timely returned.

407.05 Lottery Game Retailers may break apart instant ticket packs to sell instant tickets.

407.06 Lottery Game Retailers shall not sell instant tickets for a specific game after the announced end of that instant game.
(Sections 9-810, and 9-823, R.R.S. 1997. December 16, 1998.)

REG-408 ADVERTISING

408.01 Advertisements and promotion activities are a very important part of the public image of the Nebraska Lottery. The participation in advertising and promotional activities by Lottery Game Retailers is essential in a successful Nebraska Lottery. Control of advertising and promotion to prevent false, misleading, or deceptive advertising or promotions is necessary to protect the public perception of honesty, fairness, and integrity of the Nebraska Lottery.

408.01A Advertising or promotions shall not be of a nature to unduly influence any person to purchase a lottery ticket. Advertising may promote the opportunity available to win, but will not promise nor imply that any person will win, or that any person who chooses not to participate has lost anything other than a chance to win.

408.01B Advertising or promotions shall not indicate that a person has a better chance of winning by purchasing a ticket at any specific location.

408.01C Advertising or promotions shall not include false, misleading or deceptive

information about the Division or lottery games offered by the Division.

408.02 The Division will provide advertising and promotional materials at no cost to the Lottery Game Retailer.

408.03 The Division may provide logos, game-specific advertising slicks or camera ready copy to be incorporated into other advertising of the Lottery Game Retailer.

408.04 No person, business or entity, including a Lottery Game Retailer shall advertise or include in any advertisement or other promotion the name of the Nebraska Lottery, the name of specific games of the Nebraska Lottery, or the logos of the Nebraska Lottery, except as specifically permitted or required by the Division.

408.04A The logo shall not be modified in any way, including a change in color, without the express written approval from the Division prior to the advertisement being used.
(Sections 9-827, R.R.S. 1997. December 16, 1998.)

REG-409 SHARED EXPENSE AND OTHER CO-PROMOTIONAL ACTIVITIES

409.01 The Division may engage in shared expense and other co-promotional activities with private or public enterprises.

409.02 Shared expense and co-promotional activities include activities:

409.02A Involving private or public enterprises;

409.02B Utilizing donated prizes, goods or services, direct payments, or reduced fees;

409.02C Conducted in exchange for name recognition; and

409.02D Which are intended to increase ticket sales, increase public goodwill or reduce the costs or expenses of the Division.

409.03 Shared expense and co-promotional activity agreements may be entered into any time the Director, in his or her sole discretion, determines that it would be in the best interests of the Division to do so.

(Sections 9-823, 9-833, 9-841 R.S.Supp 1995. August 29, 1996.)

REG-410 SALES OF NEBRASKA LOTTERY TICKETS BY THE NEBRASKA LOTTERY

410.01 The Division may engage in the sale and redemption of Nebraska Lottery tickets.

410.02 The Division shall adopt policies, procedures and forms for this activity.

(Section 9-825, R.S. Supp., 1996. October 23, 1997.)

REG-501 GENERAL

501.01 **Types of games.** The following are the types of games that may be conducted as a part of the Nebraska Lottery.

501.01A Instant Games; and

501.01B On-line Games;

501.02 **Multi-jurisdictional lotteries.** The Division may enter into written agreements with one or more government-authorized lotteries to participate in the conduct and operation of lottery games when necessary or desirable to make lottery games more remunerative for the State of Nebraska, except that no lottery game may be introduced in this state which is inconsistent with the intent and purpose of the Act or which violates the Act or these regulations.

501.03 **Games prohibited.**

501.03A No game shall use the theme of dog racing or horse racing;

501.03B No game shall use the results of any dog race, horserace, or other sports event;

501.03C The name of any elected official shall not appear on the tickets;

501.03D No video lottery is permitted; and

501.03E No vending machines can be used to purchase lottery tickets.

501.03E(1) A display unit that can only be accessed and operated by the Lottery

Game Retailer can be used for the storage, safeguarding, and dispensing of tickets.

501.04 **Local taxes.** Lottery games are exempt from any local or occupation tax levied or assessed by any political subdivision having the power to levy, assess, or collect such a tax.

501.05 Each ticket shall have a unique number distinguishing it from every other ticket in the same game.

501.06 **Conduct of Games.**

501.06A Lottery Game Retailers shall sell tickets at the price fixed by the Division. Lottery Game Retailers may not discount the sales price of game tickets.

501.06B All tickets sales shall be for cash, check, cashier's check, traveler's check, credit card, debit card, official gift certificate of the Nebraska Lottery, official coupon of the Nebraska Lottery, official coupon of the retailer or money order at the discretion of and in accordance with the Lottery Game Retailer's policy for accepting payment by such means for other products.

501.06B(1) Payment for a lottery ticket shall not be made with food stamps or food coupons.

501.06B(2) Any credit sale where the Lottery Game Retailer is extending the credit is prohibited.

501.06C Lottery Game Retailers may not accept any compensation for the sale of lottery tickets other than compensation approved under these regulations.

501.06D Tickets shall be sold during normal business hours, or the normal lottery operating hours, unless the Division approves otherwise.

501.06E Tickets shall only be sold at the location listed on the contract unless otherwise authorized by the Division.

501.07 Tickets shall not be sold to any of the following persons:

501.07A The Tax Commissioner, the Director, or any employee of the Division;

501.07B Any Lottery Contractor, any employee of the Lottery Contractor, any person with a substantial interest in the Lottery Contractor or any subcontractor of the lottery contractor or its employees which could affect the integrity or security of the Nebraska Lottery as determined by the Director.

501.07C Any individual under nineteen (19) years old or to any individual for the benefit of an individual under nineteen years old.

501.07D Any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of any person described in 501.07A or 501.07B.

501.07E No person described in 501.07A, 501.07B or 501.07D may purchase any ticket for or claim any prize for any lottery game offered by the MUSL in any jurisdiction outside of Nebraska.
(Sections 9-810, and 9-823, R.R.S. 1997. December 16, 1998.)

REG-502 CONDITIONS OF PARTICIPATION.

502.01 **Purchase or acceptance of a ticket.**

502.01A Any person who buys or accepts a lottery ticket, or otherwise participates in the Nebraska Lottery, agrees to be bound by the Lottery Regulations, Policies, Procedures and the Rules and Procedures applicable to the particular lottery game for which the ticket was issued.

502.01B The person acknowledges that the determination of whether a ticket is a valid winning ticket is subject to the Lottery Regulations, Policies, Game Rules and Procedures including claims procedures established for the game by the Division, and any confidential or public validation tests established by the Division for that game.

502.01C The person acknowledges that any disputes involving the Nebraska Lottery will be resolved under Reg. 503 Disputes.

502.01D All liability of the State of Nebraska, its officials, officers, and employees, and of the Department, the Director and employees of the Division, terminates upon payment of a lottery prize.

502.02 **Sales final.** All ticket sales are final and no ticket returns may be accepted by a Lottery Game Retailer, except as provided for in the Lottery Regulations, the Game Rules, or with the Division's specific approval.

502.03 **Ticket bearer instrument.** A ticket that has been legally issued by a Lottery Game Retailer is a bearer instrument until a name is signed or placed on the lottery ticket in the area designated.

502.03A The person who signs or places their name on the ticket is considered the bearer of the ticket. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The Division will only make payment of a prize to the name on the ticket, notwithstanding any name submitted on the claim form.

502.03B Payment of any prize will be made to the bearer of the validated winning ticket for that prize upon presentation of proper identification and the submission of a prize claim form if one is required, unless payment is otherwise delayed in accordance with these regulations.

502.03C The Division shall not accept any claim that a ticket was stolen if the ticket was in bearer form.

502.04 **Prize structure may vary.** The actual number of prizes and prize structure may vary from that announced by the Division because of the omission of defective tickets in the manufacturing process, unsold tickets, the removal of tickets from inventory to perform the Division's quality control inspection procedures, ticket reorders, unclaimed prizes or other legitimate reasons.
(Sections 9-810, and 9-823, R.R.S. 1997. December 16, 1998.)

REG-503 DISPUTES

503.01 **Division decides disputes.** The Division shall determine any disputes that arise regarding the operation of the Nebraska Lottery, the validity of tickets, whether tickets have been sold, the payment of prizes, and if there is a dispute within the jurisdiction of the Division.

503.01A All decisions of the Division regarding ticket validation, determinations of winning tickets, or payment or awarding of prizes shall be final and binding upon all participants in the Nebraska Lottery.

503.01B The Division is neither liable for, nor has it any responsibility to resolve disputes between competing claimants or joint owners of prizes.

503.02 **Erroneous or mutilated tickets.** The Division is not liable for erroneous or mutilated tickets. The Division, at its option, may replace an erroneous or mutilated ticket with an unplayed ticket for the same or another game.

503.03 **Stolen or lost tickets.** The Division is not liable for lost, stolen, or destroyed tickets.

503.04 **Misdelivered tickets.** The Division is not liable for tickets not delivered to the correct address, for any delay in delivery of tickets, or for damage to tickets while being delivered.

503.05 **Delay of payment.** The Division may, at any time, delay payment in order to review a change in circumstances relative to the prize awarded, the payee, the claim, or any other matter that has been brought to the Division's attention, including but not limited to the following:

503.05A If a dispute occurs or it appears that a dispute may occur relative to any prize;

503.05B If there is any question regarding the identity of the claimant;

503.05C If there is any question regarding the validity of any ticket presented for payment; or

503.05D If the claim is subject to any set-off for delinquent debts owed to any agency eligible to receive a set-off that has registered the debt with the Department.

503.06 All delayed payments shall be brought up to date immediately upon the Division's determination. Delayed payments shall continue to be paid according to the original payment schedule after the decision is made.

503.06A No liability for interest for any such delay shall accrue to the benefit of the claimant pending payment of the claim.

503.07 **Prizes paid once.** No prizes shall be paid more than once. In the event the Division determines that more than one claimant is entitled to a prize, the sole right of each claimant is an award to each claimant of an equal share in the prize.

503.07A In the event of a difference or conflict in the name appearing on the ticket and the claim form, the name which appears on the ticket shall control.

503.08 **Missed drawing.** Any ticket holder who was entitled to entry in the drawing process, who met all the requirements for entry, including timely submission to the Division, but who was not entered in the drawing, may be entered into a subsequent equivalent drawing at the discretion of the Division.

503.09 **Invalid tickets.** The Division is not liable for any invalid tickets caused by improper printing or other defect in its manufacture, other than to replace the ticket with another ticket in the same game or in another game at the discretion of the Division.
(Sections 9-810, and 9-823, R.S.Supp, 1995. August 29, 1996.)

REG-504 GAME RULES

504.01 For each game, the Division shall issue Game Rules which will contain specific details for each game including the following minimum information:

504.01A Identification of the game;

504.01B Ticket price;

504.01C Prize structure;

504.01D Any dates for entering drawings, or for claiming winning tickets; and

504.01E Any special rules for the game.

504.02 **Prize structure.** The prize structure for any game shall be designed to return to winners at least 40% of gross sales. Prizes may be cash or noncash awards, including lottery tickets. Any designated prize percentage shall be deemed to include any unclaimed prizes. The prize structure shall include the following information:

504.02A The amount and number of prizes;

504.02B Any special payment arrangements for any of the prizes;

504.02C Approximate odds of winning any given prize;

504.02D Any jackpot, grand prize or drawings; and

504.02E Any prizes that may be carried over to another game.
(Sections 9-823, R.R.S. 1997. December 16, 1998.)

REG-505 INSTANT TICKET GAMES

505.01 **Development of instant games.** The Division shall select, operate, and contract for the operation of instant ticket games which meet the general criteria set forth in these regulations.

505.02 **Chances of winning.** The Division shall publicize the overall odds or statistical probability of winning a prize in each instant game. The overall odds or statistical probability of winning must be printed on the ticket, and be available at the Division's offices. Announced overall odds of winning and number of winners in a game may vary based on manufacturer's omissions, unsold tickets, reorders, unclaimed prizes and other legitimate reasons.

505.03 **End of game.** Each instant ticket game will end on a date announced in advance by the Division. The Division may suspend or terminate an instant ticket game without advance notice if it finds that this action will serve and protect the public interest.

505.03A No instant game tickets shall be sold after that game ends.

(Sections 9-810, and 9-823, R.R.S. 1997. December 16, 1998.)

REG-506 PLAYER INFORMATION

506.01 Any information provided by individuals or groups through participation in a lottery game, promotion, via communication with the Division's website or otherwise shall be deemed confidential and proprietary and may not released by the Lottery Division to any person or entity except in accordance with this regulation.

506.02 The Lottery Division may compile and utilize player information it has gathered for the purpose of the promotion and administration of lottery games. The Division may release player information to the public and to lottery vendors for these purposes. The Division may release statistical information it has gathered on players so long as the statistical information does not identify individual players. The Division shall adopt a policy establishing guidelines for the release of statistical information.

506.03 This regulation shall not prevent the release of lottery game or promotion winner's information as separately described in these regulations. (Sections 9-823(12), 84-712.05(3) and 84-712.05(8), R.R.S. 1997, R.S.Supp. 1999. August 10, 2000.)

REG-601 GENERAL

6.01 **Prize winning tickets.** Prize-winning tickets are those that have been validated and determined in accordance with these Lottery Regulations to be official prize winners. Consistent with these regulations, criteria and specific rules for winning prizes shall be developed by the Division and made publicly available to any player upon request.

601.01A Lottery Prizes may consist of cash, non-cash, "free ticket" or other valuable prizes as determined by the Director.

601.02 Final validation and determination of prize winning tickets remains with the Division.

601.03 **Publicity with winners.** The Division shall have the right to publicize and use the names of prize winners, the city, town, or county in which they live and the amount of prize they have won. Photographs of prize winners may also be used with the permission of the winners. No additional consideration shall be paid by the Division for this purpose.

601.03A The social security number, federal employer identification number or other federal identification numbers, phone number and street address of a winner of a lottery prize are considered to be confidential information and may not be released to the public without winner's permission. Demographic and other winner information gathered on claim forms, including household income, is for research purposes only and is considered confidential and may not be released to the public without the winner's permission. Nothing herein shall prevent the Division from compiling and releasing statistical information compiled from claim forms without winner's approval so long as the statistical information released could not be used to determine individual winner's confidential information.

601.04 **Right to prize is not assignable.** No right of any person to a prize shall be assignable or otherwise delegable; except that:

601.04A **Judicial order.** The prize to which a winner is entitled may be paid to another person pursuant to an appropriate judicial order.

601.04A(1) An appropriate judicial order does not include any order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

601.04B **Death of prize winner.** All prizes and portions thereof which remain unpaid at the time of a prize winner's death shall be payable to the prize winner's estate.

601.04B(1) The prize winner may complete and file with the Division a beneficiary designation for any prizes that are paid in installments. Upon the death of the prize winner, the remainder of the payments will be made according to the beneficiary designation.

601.04B(2) If the prize winner's estate has been closed, the prizes will be paid to the residual heir of the prize winner.

601.04B(3) The payment of any prize according to the beneficiary declaration filed with the Division, to the estate of the deceased in the absence of a declaration, or to the residual heirs of the deceased, if the estate is closed, shall absolve the Division of any further liability for the payment of any prize.

601.04C **Prizes for minors.** No prize shall be claimed by, redeemed from or paid to any individual under nineteen (19) years of age. Tickets may not be purchased by, on behalf of, or given to an individual under nineteen years of age. For tickets properly owned by an individual under nineteen (19) years of age, such as through inheritance, if validated as winning tickets, all prizes shall be paid to the parent or guardian or custodian of such person under the Nebraska Uniform Transfers to Minors Act.

601.04C(1) If the minor is entitled to a prize of not more than five hundred dollars ($500), the Division shall deliver to an adult member of the minor's family a warrant in the amount of the prize payable to the order of the minor.

601.04C(2) If the minor is entitled to a prize exceeding five hundred dollars ($500), the Division shall deposit the

amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

601.04C(3) If the minor is entitled to a prize other than money, the Division shall pay the cash equivalent of such prize in the manner provided by the above subsections.

601.04C(4) If the minor is entitled to receive a prize that is payable in multiple payments, all payments due while the person is a minor shall be distributed according to this subsection, with any payments due after the age of majority being paid directly to the person.

601.04D **Court determination.** The Division may petition a court of competent jurisdiction to request a determination of the payee for payment of any prize winnings which are or may become due the estate of a deceased winner, a winner under a disability because of, but not limited to, minority, mental deficiency, or physical or mental incapacity or for any other reason determined by the Division.

601.05 **Timing of payments not changed.** The Division shall not accelerate the payment of a prize for any reason, including the death of the ticket holder except as otherwise provided in these regulations. The Division shall not delay the payment of a prize except as otherwise provided in these regulations.

601.06 **Information reporting and withholding.** The Division shall file the appropriate income tax reporting forms with the Internal Revenue Service and make the appropriate withholding for both state and federal income tax, and any other required set-offs.

601.07 **Forged or altered tickets.** Forging, altering, or fraudulently making any lottery ticket or knowingly presenting a forged, counterfeit or altered ticket for prize payment or transferring such ticket to another person to be presented for prize payment is a felony in accordance with the Act.
(Sections 9-810, 9-823, 84-712.05(3) and 840712.05(8), R.R.S. 1997. July 23, 1999.)

REG-602 CLAIMS

602.01 **Claim forms.** Claim forms can be obtained from any Lottery Game Retailer or from any office of the Division. Only official claim forms provided by the Division can be used. A claim form is required to obtain a prize in the following situations:

602.01A Any prize over $500 claimed from any of the Division's claim centers.

602.01B The Division may require claim forms in any other situation.

602.02 **Identification of winners.** An individual shall provide his or her social security number if a claim form is required by these regulations.

602.03 A prize claim shall be entered in the name of an individual person or legal entity. If the prize claimed exceeds five hundred dollars ($500) the person or entity shall also furnish a tax identification number, a social security number for individuals and a federal employer identification number (FEIN) for all other persons.

602.04 A claim may be entered in the name of an organization only if the organization is a legal entity and possesses a FEIN issued by the Internal Revenue Service.

602.04A If the Division, a Lottery Game Retailer, or these regulations require that a claim form be filed, the FEIN must be shown on the claim form.

602.04B A group, family unit, club, or other organization which is not a legal entity or which does not possess a FEIN may file Internal Revenue Service Form 5754 "Statement by Person(s) Receiving Gambling Winnings," with the Division. The group, family unit, club or other organization must designate one individual in whose name the claim shall be entered, will be paid, and will have income tax withholding withdrawn from. Submission of the above IRS form attributes for tax purposes only to whom winnings and withholding are attributable.

602.04C A group, family unit, club, or other organization which is not a legal entity or which does not possess a FEIN and which does not file IRS Form 5754, shall designate one individual in whose name the claim shall be entered and that person's social security number shall be furnished.

602.04C(1) If a claim is erroneously entered with multiple claimants, and the claimants fail to designate an individual recipient, or there is lack of agreement with the designation, the Division may designate one of the claimants as the sole recipient for the purpose of making payment.

602.04C(2) The claim shall then be considered as if it were originally entered in the name of the designated individual and payment of any prize won shall be made to that single individual.

602.04C(3) The payment of the prize to the designated individual shall relieve the Division of all liability for the payment of the prize.

602.04D If a claim is entered on behalf of a legal entity, group, family unit, club or other organization and a prize payment option is available, the claimant shall determine the sole method of prize payment for entire group.

602.05 **Claim period.** All winning instant-win game tickets must be received for payment as prescribed in these regulations within one hundred eighty (180) days after the announced end of the game, or of the drawing or event which caused the ticket to be a winning entry, whichever is later. All winning on-line game tickets must be claimed by submitting a prize claim to the Nebraska Lottery within one hundred eighty (180) days after the drawing date.

602.05A The one hundred eighty (180) day period will not be prolonged even if the last day falls on a Saturday, Sunday, or legal holiday.

602.05B Tickets which have been mailed in an envelope bearing a United States Postal Service postmark on or before the last day will be deemed to have been submitted on time.

602.05C In accordance with the Soldiers' and Sailors' Civil Relief Act of 1940, (50 APP U.S.C.A. section 525), any person while in active military service may claim exemption from the one hundred eighty (180) day ticket redemption requirement. Such person, however, must claim his or her winning ticket or share as soon as practicable and in no event later than one hundred eighty (180) days after discharge from active military service.

602.06 **Conditions of filing claim.** The claimant by submitting a claim form agrees to the following provisions:

602.06A The discharge of Nebraska, the Department, its officials, officers and employees of all further liability upon payment of the prize;

602.06B The authorization to use the claimant's name, town of residence, and amount of prize for publicity purposes upon award of the prize;

602.06C If valid claim is not made for a prize payable directly by the lottery by the end of the period, the unclaimed prize money will be handled in the manner provided by these regulations.

602.06D A prize won by a person who purchased or received the winning ticket in violation of these regulations will be treated as an unclaimed prize under these regulations.

602.07 The Division reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

602.08 **Unclaimed tickets.** Any prize which has been won, but which is not claimed within one hundred eighty (180) days after the announced end of the game, shall be directed according to the discretion of the Tax Commissioner.

602.09 **Signature on tickets.** Unless otherwise provided for in the rules or procedures for a specific game, the claimant shall sign the ticket in the space provided on the ticket and complete and sign a claim form provided by the Division.

602.10 **Void Tickets or Claims.** Any ticket purchased or used to claim a prize in violation of Nebraska or federal law, or purchased in

noncompliance with the provisions of the State Lottery Act, Nebraska Lottery Regulations, game rules or other rules or directives issued by the Director, Division or Tax Commissioner shall be void and may not be used to claim any prize.

602.11 **Prize Claim Options Final.** If a prize winner is given an option regarding the method of prize payment, any payment method election becomes final and may not be revoked upon election by the prize winner. Prize winners are solely responsible for any tax consequences from their prize payment elections.
(Sections 9-810, and 9-823, R.R.S. 1997. August 10, 2000.)

REG-603 VALIDATION

603.01 **Validation of tickets.** Winning tickets shall be validated by the retailer or the Division as set out in these regulations or in any other manner which the Division may determine.

603.02 Marking of tickets in any way is prohibited except by a player to claim a prize or by the Division or a Lottery Game Retailer to identify or void a ticket.

603.03 **Ticket not returned.** Once a ticket is validated, the ticket will not be returned to the winner.

603.04 **Validation by Lottery Game Retailer.** Before paying any prize, the Lottery Game Retailer, shall:

603.04A Inspect the ticket to assure that it conforms to each validation criterion listed in these regulations and to any additional criteria the Division may specify; and

603.04B Report to the Division the ticket number, validation code, and validation number of the ticket.

603.05 **Validation of ticket.** To be valid, a lottery ticket must meet all of the validation requirements listed here:

603.05A The ticket must have been issued by the Division in an authorized manner;

603.05B The ticket shall not be altered, unreadable, reconstructed, irregular or tampered with in any way;

603.05C The ticket shall not be counterfeit in whole or in part;

603.05D The ticket shall not have been stolen from the Division, a Lottery Contractor, or Lottery Game Retailer, or appear on any list of void or omitted tickets on file with the Division;

603.05E The ticket shall be complete and not blank or partly blank, miscut, misregistered, defective, or printed or produced in error;

603.05F Instant tickets shall have exactly one play symbol and exactly one caption under each of the rub-off spots, exactly one ticket number, exactly one validation code, and exactly one validation number. These items shall be present in their entirety, fully legible, right-side up, and not reversed in any manner;

603.05G Each of the symbols must be printed in the appropriate size and font and correspond exactly to the artwork on file at the Division

603.05H Each of the play symbols on an instant ticket must have the caption underneath, and the caption must agree with symbol.

603.05I The validation number of an apparent winning ticket shall appear on the Division's official file of validation numbers of winning tickets provided by the applicable Lottery Contractor . A ticket with that validation number shall not have previously been paid.

603.05J With regard to on-line games, the ticket data must be:

603.05J(1) Recorded in the central computer system prior to the drawing;

603.05J(2) In agreement with the computer record data in every respect; and

603.05J(3) In the Division's official file of winning tickets, and has not been previously paid.

603.05K The ticket shall pass all additional confidential validation, and security requirements set by the Division.

603.05L A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

603.05M The ticket must be issued, played, redeemed and otherwise be in compliance with all provisions of state and federal law, these regulations, and all applicable game rules and procedures.

603.06 **Invalid tickets.** A ticket which does not pass all the validation requirements listed in these regulation and any validation requirements contained in the procedure for its game is invalid. An invalid ticket is not eligible for any prize.

603.06A The Division may replace an invalid ticket with an unplayed ticket from the same or another game. If a defective ticket is purchased, the Division's only liability or responsibility shall be to replace the defective ticket with an unplayed ticket from the same or another game or to refund the purchase price, at the Division's option.

603.07 **Mutilated or damaged tickets.** If a ticket is partially mutilated or if the ticket is not intact but can still be validated by other validation tests, the Division may pay the prize for that ticket. (Sections 9-810, and 9-823, R.R.S. 1997. July 23, 1999.)

REG-604 PAYMENTS

604.01 **Lottery Game Retailers.** Lottery Game Retailers are required to make payments of prizes of five hundred ($500) or less for any validated ticket. Lottery Game Retailers are prohibited from paying any prize exceeding five hundred dollars ($500).

604.02 **Retailers Prize Payment Procedures.**

604.02A Before paying a prize claim, the Lottery Game Retailer shall validate the winning ticket.

604.02A(1) Lottery Game Retailers who pay prizes without validating the ticket do so at their own financial risk. The Division shall not reimburse Lottery Game Retailers for prize claims paid in error.

604.02B If the Lottery Game Retailer is unable to validate a prize-winning ticket, the retailer shall provide the ticket holder with a Division claim form and instruct the ticket holder on how to file a claim with the Division.

604.02C After a winning ticket is validated and signed by the ticket holder, the Lottery Game Retailer shall physically void the ticket to prevent it from being redeemed more than once. The manner of voiding the ticket will be prescribed by the Division.

604.02D Lottery Game Retailers may pay cash prizes in cash, by certified check, cashier's check, business check, or money order, or by any combination of these methods.

604.02D(1) If payment of a prize by a check presented to a claimant by a Lottery Game Retailer is denied for any reason, the Lottery Game Retailer is subject to the same service charges, interest, and penalty provisions that would apply if the check were made payable to the Division.

604.02D(2) A claimant whose prize check is denied shall notify the Division to obtain the prize.

604.02E Lottery Game Retailers shall pay claims for five hundred dollars ($500) or less during all normal business hours, unless otherwise directed by the Division.

604.02F Prize claims shall be paid only at the location specified in the agreement.

604.02G Lottery Game Retailers shall redeem "free ticket" prizes or coupons as indicated in the rules of the game or promotion.

604.03 The Division shall reimburse a Lottery Game Retailer for prizes paid within one hundred eighty (180) days after a game ends.

604.04 A Lottery Game Retailer shall pay prizes up to an amount not in excess of five hundred dollars ($500) won on tickets validated and determined by the Division to be official prize winners, regardless of where the tickets were sold.

604.05 **Payment delays.** The Division may refrain from making payment of the prize under Reg-503, Disputes.

604.06 **Payment of prizes.** The Division shall validate the winning ticket claim according to the procedures contained in these regulations.

604.06A If the claim is not valid, the Division shall notify the ticket holder promptly.

604.06B If the claim is mailed to the Division, a warrant for the prize amount, or the amount required to be paid, shall be mailed to the winner.

604.06C If the claim is presented in person, a warrant for the prize amount less applicable setoffs may be presented to the bearer.

604.07 No prize shall be paid unless the ticket and the claim form, if required, are properly completed and all required information is provided.

604.08 **Payment by Division.** The Division may pay prizes whenever the Lottery Game Retailer is unable to validate a claim, the prize exceeds five hundred dollars ($500), or whenever a claim is filed with the Division. The Division shall establish policies for paying prizes including "free ticket" prizes.

604.09 **One prize per ticket.** The Division may specify on the ticket or within the rules or procedures for a game that a ticket will only receive one prize. Any lottery ticket bearing the words "only one prize per ticket" shall entitle the ticket holder only to the largest of any prizes won by virtue of ownership of such ticket.

604.09A Any smaller prize that has been paid prior to the awarding of a larger prize, shall be deducted from the larger prize before the larger prize is paid.

604.10 **Payments in installments.** Unless the rules or procedures for any specific game provide otherwise, any cash prize of more than one hundred thousand dollars, ($100,000), will be paid in multiple payments over time. The schedule of payments shall be designed to pay the winner equal dollar amounts in each year, with the exception of the first year, until the total payments equal the prize amount less applicable setoffs . Except as provided in the specific game rules or procedures, no schedule of payments shall exceed twenty (20) years nor shall the payments be less than fifty thousand dollars ($50,000) a year.

604.10A Unless the rules or procedures for any specific game provide otherwise, when a prize or share is to be paid in installments, the Division may round the actual amount of the prize or share to be paid in the subsequent years to the nearest $1,000 to facilitate purchase of an appropriate funding mechanism. The first payment shall be determined by subtracting the amount of the subsequent payments from the total prize.

604.10B If a specific game provides for split prizes or subsequent to appropriate judicial order requiring split payment of prizes, when prizes are split and more than one person is receiving payment of the prize, each payment that would have been received by a single winner may be split, or the period of time over which payments will be made, may be reduced to facilitate the purchase of an appropriate funding mechanism.

604.10B(1) The Division may determine the amounts payable in any year by using the total amount of the prize to be paid, rather than the amounts of the shares of the prize.

604.10C Except as otherwise indicated in a specific game's rules, if a prize is advertised as payable for the life of the winner, only an individual may claim the prize. If a claim is filed on behalf of a group, company, corporation, or any other type of organization, the life of the claim shall be as indicated in these regulations or as established in the game rules.

604.11 If the Division decides to pay all or a part of a prize in the form of installments over a period of years, the Division shall provide for the payment of all installments by a method established in these regulations, as set out in the game rules or as otherwise determined by the Director:

604.12 Interest is not due on payments made in subsequent years. The total payments made shall total the face amount of the prize less applicable setoffs.

(Sections 9-810, and 9-823, R.R.S. 1997. December 16, 1998.)

REG-605 GRAND PRIZES

605.01 **Grand Prize Events.** Any instant ticket game may include a grand prize or jackpot event. The game rules or procedures will include the amount of the prize or prizes, or the manner in which the amount of the prizes will be determined, the qualification criteria for participation in the grand prize or jackpot, and the manner of determining the winner.

605.02 **Special drawings.** The Division may establish special drawings, promotional prize drawings, bonuses, or additional prizes either independently of or concurrently with the operation of the Nebraska Lottery.

605.02A The nature and number of prizes will be determined by the Division.

605.02B The drawing for promotional prizes may be held independently of the regular grand prize or jackpot drawings or may be incorporated with those drawings.

605.02C Guidelines for the conduct of special drawings, promotional prize drawings, bonuses, or additional prizes shall be established by the Division prior to the drawing date.

605.03 **Conduct of drawings.** The following guidelines will be used in the conduct of drawings for grand prizes and jackpot drawings.

605.03A Entrants in the event shall be selected from tickets which meet the criteria stated in specific game rules or procedures.

605.03A(1) If, after the event is held, the Division determines that a ticket should have been entered into the event, the Division may place that ticket into a drawing for the next equivalent game or drawing. The opportunity for a drawing in the future game is the extent of the Division's liability and the ticket holder's only remedy for the omission.

605.03B Participation in the drawings shall be limited to those tickets which are actually received and validated by the Division on or before the date announced by the Division.

605.03C The Division shall determine the dates, times, and procedures for selecting grand prize or jackpot winners for each drawing.

605.03C(1) The proceedings for selection of the winners shall be open to members of the news media and to either the general public or entrants or both.

605.03C(2) The proceedings shall be witnessed by an independent certified public accountant. The equipment shall be inspected by the independent certified public accountant and an employee or agent of the Division both before and after the drawing.

605.03C(3) The independent certified public accountant shall have received their certificate from the Nebraska Board of Accountancy.

605.03C(4) The proceedings shall be recorded on video tape with an audio track, and may be broadcast as determined by the Division.

605.04 The Division may postpone any drawing to a certain date and publicize the postponement if it determines that the postponement will serve and protect the public interest.

605.05 Any finalist in a drawing who intentionally or unintentionally touches or otherwise interferes with any drawing equipment shall receive only the smallest prize available in the drawing if all participants in the drawing will receive a prize. If some participants will not receive a prize, the finalist who interferes will not receive any prize.

605.05A Any direct or indirect action which is initiated by the finalist and which in any manner alters or affects the natural functioning of the drawing equipment shall constitute interference.

605.06 Drawings in an instant-win game, other than grand prize or run-off drawings shall not be held more frequently than once a week.

605.07 On-line drawings shall be conducted according to the specific on-line game rules and procedures.

(Sections 9-810, and 9-823, R.S. Supp., 1996.
October 23, 1997.)

CHAPTER 700-POWERBALL

REG-701 GAME DESCRIPTION

701.01 **General.** POWERBALL® is a five (5) out of fifty-nine (59) plus one (1) out of thirty-five (35) on-line lottery game which pays the Grand Prize, at the election of the player made the day of or within sixty days after the player is entitled to the prize, either on an annuitized parimutuel basis or as a cash lump sum payment of the total cash held for this prize pool on a parimutuel basis. Except as provided in these regulations, all other prizes are paid on a set cash basis. To play POWERBALL®, a player shall select five (5) different numbers, between one (1) and fifty-nine (59) and one (1) additional number between one (1) and thirty-five (35), for input into a terminal. The additional number may be the same as one of the first five numbers selected by the player.

POWERBALL® tickets shall be purchased from a terminal operated by a Lottery Game Retailer. The player shall select a set of five numbers and one additional number by communicating the six (6) numbers to the Lottery Game Retailer, or by hand marking six (6) numbered squares in any one game play area on a play slip and submitting the play slip to the Lottery Game Retailer, or by requesting a computer "quick pick" from the Lottery Game Retailer. The Lottery Game Retailer will then issue a POWERBALL® ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a POWERBALL® game play.

701.02 **Claims.** A POWERBALL® ticket (subject to the validation requirements set forth in Reg-705 (POWERBALL® Ticket Validation)) shall be the only proof of a POWERBALL® game play or plays and the submission of a winning POWERBALL® ticket to the issuing party lottery or its authorized Lottery Game Retailer shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of a POWERBALL® ticket purchase or of numbers selected.

701.03 **Cancellations Prohibited.** A POWERBALL® ticket may not be voided or canceled by returning the POWERBALL® ticket to the selling Lottery Game Retailer or to the Nebraska Lottery, including POWERBALL® tickets that are printed in error. No POWERBALL® ticket which can be used to claim a prize shall be returned to the Nebraska Lottery for credit. POWERBALL® tickets accepted by Nebraska Lottery Game Retailers as returned tickets will remain charged to the Nebraska Lottery Game Retailer's account. Ownership of the tickets is in bearer form until the ticket is signed on the reverse side. Nebraska Lottery Game Retailers who accept unsigned POWERBALL® tickets as returned tickets and who cannot re-sell those tickets shall be deemed the owners of those tickets.

701.04 **Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the POWERBALL® game play or plays and other data printed on the POWERBALL® ticket. The placing of POWERBALL® plays is done at the player's own risk through the on-line Lottery Game Retailer who is acting on behalf of the player in entering the POWERBALL® play or plays.

701.05 **Entry of POWERBALL® Plays.** POWERBALL® plays may only be entered manually using the on-line lottery terminal keypad (including a computer "quick pick") or by means of a play slip provided by the Nebraska Lottery and hand-marked by the player. Playslip number selections shall not be marked by any electronic, electro mechanical or other automated device. A Lottery Game Retailer shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Nebraska Lottery. Lottery Game Retailers shall not permit any device to be connected to an on-line lottery terminal to enter POWERBALL® plays, except as approved by the Nebraska Lottery. No retailer may knowingly sell a ticket or combination of tickets to any person or entity which would guarantee such purchaser a Grand Prize win. Any playslip number selection by a method other than hand marked by the player and any resulting ticket shall be invalid.

701.06 **Drawings.** Drawings shall be held at the times and places established by the MUSL POWERBALL® Product Group and the results shall be subsequently announced to the public.

701.06A The Director shall determine the time for the end of sales prior to the drawings. On-line terminals shall not process on-line tickets for that drawing after the time established by the Director.

701.06B The MUSL POWERBALL® Product Group and Division shall designate the type of drawing equipment to be used and shall establish drawing procedures to randomly select the winning combination and to ensure the integrity of the drawing process.

(Sections 9-803, 9-823, R.R.S. 1997. March 23, 1999.)

REG-702 PRIZE POOL

702.01 **Prize Pool.** The prize pool for all prize categories shall consist of fifty percent (50%) of each drawing period's sales, including any specific statutorily-mandated tax of a selling lottery to be included in the price of a lottery ticket, after the prize pool accounts and prize reserve accounts are funded to the amounts set by the MUSL POWERBALL® Product Group. Any amount remaining in the prize pool at the end of this game shall be returned to all lotteries participating in the reserve after the end of all claim periods of all selling lotteries, carried forward to a replacement game or expended in a manner as directed by the MUSL POWERBALL® Product Group in accordance with applicable law.

702.02 **Prize Reserve Accounts.** An amount up to five percent (5%) of sales, including any specific statutorily-mandated tax to be included in the price of a lottery ticket, shall be deducted from a Party Lottery's Grand Prize Pool and placed in trust in one or more prize pool accounts and prize reserve accounts until the prize pool accounts and prize reserve accounts reach the amounts designated by the MUSL POWERBALL® Product Group. The Product Group has established the following prize reserve accounts for the Powerball game: the Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason; and the Set Prize Reserve Account (SPRA), which is used to fund the immediate Grand Prize, the Set-Aside Account, which is used to guarantee payment of the minimum or starting Grand Prize; the Power Play pool account, which is described in Part III of Product Group rules; and the Low-Tier Prize Pool Account, which holds the temporary balances that may result from having fewer than expected winners in the low-tier set prize categories. The source of the Low-Tier Prize Pool Account funds is the Party Lottery's weekly prize contributions less actual set prize liability. Once the prize pool accounts and the Party Lottery's share of the prize reserve accounts exceeds the designated amounts, the excess shall become part of the Grand Prize pool. The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize pool accounts and the prize reserve accounts. The Product Group may determine to expend all or a portion of the funds in the prize pool accounts (except the Grand Prize pool account) and the prize reserve accounts, (1) for the purpose of indemnifying the Party Lotteries and Licensee Lotteries in the payment of prizes to be made by the participating lotteries, subject to the approval of the Board; and (2) for the payment of prizes or special prizes in the game, subject to the approval of the Finance and Audit Committee. The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. Any amount remaining in the prize pool accounts or prize reserve accounts at the end of this game shall be returned to all lotteries participating in the accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement prize reserve account or expended in a manner as directed by the Members of Product Group in accordance with jurisdiction statute.

702.03 **Expected Prize Payout Percentages.** The Grand Prize shall be determined on a parimutuel basis. Except as otherwise mandated by law, executive order, or rule promulgated by an authority superior to the Nebraska Lottery or provided in these regulations, all other POWERBALL® prizes awarded shall be paid as set cash prizes with the following expected prize payout percentages:

Number of Matches Per Play	Prize Payment	Prize Pool % Allocated to Prize
All (5) of first set Plus (1) of second set	Grand Prize	63.9511%
All (5) of first set & none of second set	$1,000,000	9.4038%
Any (4) of first set Plus (1) of second set	$10,000	1.5409%
Any (4) of first set & none of second set	$100	0.5239%
Any (3) of first set Plus (1) of second set	$100	0.8167%
Any (3) of first set & none of second set	$7	1.9437%
Any (2) of first set Plus (1) of second set	$7	0.9909%
Any (1) of first set Plus (1) of second set	$4	3.6097%
None of first set Plus (1) of second set	$4	7.2194%

702.03A Prize money allocated to the Grand Prize category shall be divided equally by the number of plays winning the Grand Prize.

702.03B For Party Lotteries, the set prize pool (for cash prizes of one million dollars ($1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

702.03C Except as provided for in 702.03C(3), for Party Lotteries:

702.03C(1) If the total of the set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund the set prizes, including Power Play prizes, awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes and carried forward from previous draws, if any; (ii) an amount from the SPRA, if available, not to exceed forty million dollars ($40,000,000.00) per drawing.

702.03C(2) If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded, including Power Play prizes, then the highest set prize shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels.

702.03C(3) By agreement with the Licensee Lotteries, the Licensee Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

REG-703 PROBABILITY OF WINNING

703.01 **Probability of Winning**. The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in POWERBALL®. The Set Prize Amount shall be the prizes set for all states selling the game unless prohibited by law, executive order, or rule promulgated by an authority superior to the Nebraska Lottery.

Probable/ # of Matches Per Ticket	Probability Winners	Distribution Probability	Set Prize Amt.
All (5) of first set Plus (1) of 2nd set	1	1:175,223,510	Grand Prize
All (5) of first set & none of 2nd set	34	1:153,632.6471	$1,000,000
Any (4) of first set Plus (1) of 2nd set	270	1:648,975.9630	$10,000
Any (4) of first Set & none of 2nd set	9,180	1:19,087.5283	$100
Any (3) of first Set plus (1) of 2nd set	14,310	1:12,244.8295	$100
Any (3) of first Set & none of 2nd set	486,540	1:360.1420	$7
Any (2) of first Set plus (1) of 2nd set	248,040	1:706.4352	$7
Any (1) of first Set plus (1) of 2nd set	1,581,255	1:110.8129	$4
None of first Set plus (1) of 2nd set	3,162,510	1:55.4065	$4
Overall	5,502,140	1:31.8464	

REG-704 PRIZE PAYMENT

704.01 **Grand Prizes.** Grand Prizes shall be paid, at the election of the player made the day of or within sixty days after the player is entitled to the prize, with either a per winner annuity or cash payment. Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize pool equally among all winning plays of the Grand Prize. Winner(s) who elected a cash payment shall be paid their share(s) in a single cash payment. The annuitized option prize shall be determined by multiplying a winner's share of the Grand Prize pool by the MUSL annuity factor. The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved brokers made after the prize win at the time the player elects whether to receive the prize as a per winner annuity or in a single cash payment. In certain instances announced by the MUSL POWERBALL® Product Group, the Grand Prize shall be determined pursuant to Regulation 704.05. At the time of purchase, the system will automatically select the annuitized payment. If the player fails to make a prize payment election within sixty days after they are entitled to the prize, the prize shall be paid as a per winner annuity. However, if individual shares of the cash held to fund an annuity are less than $250,000, the MUSL POWERBALL® Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand Prize pool. All annuitized prizes shall be paid annually in thirty payments with the initial payment being made in cash, to be followed by twenty-nine payments funded by the annuity. Except as may be controlled by the State Lottery Act, executive order or rule promulgated by an authority superior to the Nebraska Lottery, all annuitized prizes shall be paid annually in thirty (30) graduated payments (increasing each year) by a rate as determined by the Product Group. Prize payments may be rounded down to the nearest one thousand dollars ($1,000). Funds for the initial payment of an annuitized prize shall be made available by MUSL for payment by the selling lottery by the fifteenth calendar day following the drawing. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the selling lotteries. A paying lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL. If a Party Lottery purchases or holds the prize payment annuity for a prize won in that jurisdiction, that Party Lottery's game rules, and any prize payment agreement with the prize winner, shall indicate that the prize winner has no recourse on the MUSL or any other Party Lottery for payment of that prize. In the event of the death of a lottery winner during the payment period, the MUSL POWERBALL® Product Group, in its sole discretion, upon the petition of the estate of the lottery winner (the "Estate") to the state lottery of the state in which the deceased lottery winner purchased the winning ticket, and subject to federal, state, or district applicable law, may accelerate the payment of all the remaining lottery proceeds to the Estate. If the MUSL POWERBALL® Product Group makes such a determination, then securities and/or cash held to fund the deceased lottery winner's, annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the MUSL POWERBALL® Product Group.

704.01A POWERBALL® Grand Prize winners who first became entitled to their Grand Prizes prior to October 21, 1998, and who are still receiving payment of their prize via annual payment, may elect to redeem their Grand Prize annual payments for a single lump sum payment.

704.01B Grand Prize winners who elect to redeem their Grand Prizes for a single lump sum payment will receive the proceeds from the sale of securities held by the MUSL POWERBALL® Product Group. Upon request of the Grand Prize winner and the Lottery Division, the MUSL POWERBALL® Product Group shall specify which securities would be sold in redemption of the Grand Prize winners' Grand Prize.

704.01C Grand Prize winners interested in making the above election must submit a written request to the Director of the Lottery Division, P.O. Box 98901, Lincoln, Nebraska 68509-8901. The written request must indicate a securities purchaser selected by the Grand Prize winner, a sale date for the securities, and a financial institution account where the proceeds from the sale of securities is to be transferred. Grand Prize Winners making this election must sign a release form designed by the Lottery Division releasing the MUSL POWERBALL® Product Group, MUSL, the Lottery Division, the State of Nebraska, and any and all employees and officers of those entities from any liabilities arising from exercise of the Grand Prize winner's election.

704.01D The MUSL POWERBALL® Product Group shall sell the securities to the purchaser indicated by the Grand Prize winner on the date the Grand Prize winner indicated. The MUSL POWERBALL® Product Group shall transfer the amount received from the sale to the State of Nebraska. The State of Nebraska shall transfer the amount received from the MUSL POWERBALL® Product Group, less applicable withholding tax and setoff amounts, to the Grand Prize winner's indicated financial institution account.

704.01E Players must make this election by December 31, 2000. Players not making this election prior to December 31, 2000 will continue to receive their Grand Prize via annual payment according to the original terms of their Grand Prize.

704.02 **Low-tier Cash Prize Payments.** All low-tier cash prizes (all prizes except the Grand Prize), shall be paid in cash or warrants through the selling lottery which sold the winning ticket(s). A selling lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office. If a selling lottery, due to jurisdictional law requirements, separately determines its low-tier cash prize amounts, it shall be solely responsible for its low-tier cash prize liability, and may begin paying low-tier cash prizes after a drawing when it determines appropriate to do so.

704.03 **Prizes Rounded.** Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners. Prizes, other than the Grand Prize, which, under these rules, may become single-payment, parimutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Except with regards to low-tier cash prizes paid by a selling lottery which separately determines its low-tier cash prize amounts pursuant to Product Group Rule 30.2, breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

704.04 **Rollover.** If the Grand Prize is not won in a drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize pool for the following drawing.

704.05 **Funding of Guaranteed Prizes.** The MUSL POWERBALL® Product Group may offer guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount between drawings or make other changes in the allocation of prize money where the MUSL POWERBALL® Product Group finds that it would be in the best interest of the POWERBALL® game. If a minimum Grand Prize amount or a minimum increase in the Grand Prize amount between drawings is offered by the MUSL POWERBALL® Product Group, then the Grand Prize shares shall be determined as follows. If there are multiple Grand Prize winners during a single drawing, each selecting the annuitized option prize, then a winner's share of the

guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winning plays. If there are multiple Grand Prize winners during a single drawing and at least one (1) of the Grand Prize winners has elected the annuitized option prize, then the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize. If no winner of the Grand prize during a single drawing has elected the annuitized option prize, then the amount of cash in the Grand Prize pool shall be an amount equal to the guaranteed annuitized amount divided by the average annuity factor of the most recent three (3) best quotes provided by MUSL's pre-approved qualified brokers submitting quotes. In no case, shall quotes be used which are more than two (2) weeks old and if less than three (3) quotes are submitted, then MUSL shall use the average of all quotes submitted. Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in these regulations. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in Reg. 702.03B becomes necessary.

704.06 **Limited to Highest Prize Won.** The holder of a winning POWERBALL® ticket may win only one prize per game play area in connection with the winning POWERBALL® numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

704.07 **Prize Claim Period.** Prize claims shall be submitted within the period set forth in these regulations.
(Section 9-823, R.R.S. 1997. July 23, 1999.)

REG-705 POWERBALL® TICKET VALIDATION

705.01 **POWERBALL® Ticket Validation.** To be a valid POWERBALL® ticket and eligible to receive a prize, a ticket shall satisfy all the requirements set forth in these regulations for validation of winning tickets and any other validation requirements adopted by the MUSL POWERBALL® Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Nebraska Lottery shall not be responsible for POWERBALL® tickets which are altered in any manner.

705.01A To be a valid POWERBALL® ticket and eligible to receive a prize, a ticket shall satisfy all the requirements set forth in these regulations for validation of winning tickets and any other validation requirements adopted by the MUSL POWERBALL® Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Nebraska Lottery shall not be responsible for POWERBALL® tickets which are altered in any manner.

705.01B Players are not entitled to POWERBALL® prizes until their ticket(s) have been validated.
(Section 9-823 R.R.S., 1997. July 23, 1999.)

REG-706 TICKET RESPONSIBILITY

706.01 **Signature.** Until such time as a signature is placed upon a POWERBALL® ticket in the area designated for signature, a POWERBALL® ticket shall be owned by the bearer of the POWERBALL® ticket. When a signature is placed on the POWERBALL® ticket in the place designated, the person whose signature appears in such area shall be the owner of the POWERBALL® ticket and shall be entitled subject to the validation requirements in these regulations, to any prize attributable thereto.

706.02 **Stolen Tickets.** The MUSL, the MUSL POWERBALL® Product Group and the Nebraska Lottery shall not be responsible for lost or stolen POWERBALL® tickets.
(Section 9-823 R.S. Supp., 1996. October 23, 1997.)

REG-707 INELIGIBLE PLAYERS

707.01 **General.** POWERBALL® ticket or share issued by the MUSL or any of its party lotteries shall not be purchased by, and a prize won by any such POWERBALL® ticket or share shall not be paid to:

707.01A A MUSL employee, officer or director,

707.01B A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures,

707.01C An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm, or

707.01D An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in 707.01A, 707.01B, 707.01C and 707.01D and residing in the same household.

(Section 9-810, 9-823 R.S.Supp., 1994. April 18, 1995.)

REG-708 APPLICABLE LAW

708.01 General. In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Nebraska Lottery.
(Section 9-823 R. S. Supp., 1993. May 31, 1994.)

REG-709 Repealed. (Section 9-803, 9-823, R.R.S. 1997. October 23, 1997.)

Reg-710 POWER PLAY

710.01 **Promotion Description**. The Powerball Power Play promotion is a limited extension of the Powerball game and is conducted in accordance with the Powerball game rules and other lottery rules applicable to the Powerball game except as may be amended herein. The promotion will begin at a time announced by the Nebraska Lottery and will continue until discontinued by the Nebraska Lottery. The promotion will offer to the owners of a qualifying play a chance to increase the amount of any of the eight lump sum Set Prizes (the lump sum prizes normally paying $4 to $1,000,000) won in a drawing held during the promotion. The Grand Prize jackpot is not a Set Prize and will not be increased.

710.02 **Qualifying Play.** Except as otherwise provided in the Powerball game rules or these Regulations, a qualifying play is any single Powerball play for which the player pays an extra dollar for the Power Play option play and which is recorded at the Party Lottery's central computer as a qualifying play.

710.03 **Prizes to be increased.** Except as provided in these rules, a qualifying play which wins one of seven lowest lump sum Set Prizes (excluding the Match 5+0 prize) will be multiplied by the number selected, either two, three, four, or five (2, 3, 4, or 5), in a separate random Power Play drawing announced during the official Powerball drawing show. The announced Match 5+0 prize, for players selecting the Power Play option, shall be paid two million dollars ($2,000,000.00) unless a higher limited promotional dollar amount is announced by the Group.

710.03A **Power Play Draws.** MUSL will conduct a separate random "Power Play" drawing and announce results during each of the regular Powerball drawings held during the promotion. During each Powerball drawing a single number (2, 3, 4, or 5) shall be drawn. The Powerball Group may modify the multiplier features for special promotions from time to time.

710.04 Prize pool.

710.04A **Power Play Prize Pool.** The prize pool for all prize categories shall consist of up to forty-nine and thirty-six hundredths percent (49.36%) of each drawing period's sales, including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a ticket. The Power Play Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the power play prizes awarded in the current draw and held in the Power Play Pool Account.

710.04B **Power Play Pool Account.** An additional zero and sixty-four hundredths percent (0.64%) of sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play pool account, for the purpose of paying Power Play prizes. Any amount remaining in the Power Play pool account at the end of this game shall be returned to all lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or expended in a manner as directed by the Members of the Product Group in accordance with jurisdiction statute.

710.04C **Expected Prize Payout.**

	Prize Amount	Regardless of the Power Play number selected:			
Match 5+0	$1,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
	Prize Amount	5X	4X	3X	2X
Match 4+1	$10,000	$50,000	$40,000	$30,000	$20,000
Match 4+0	$100	$500	$400	$300	$200
Match 3+1	$100	$500	$400	$300	$200
Match 3+0	$7	$35	$28	$21	$14
Match 2+1	$7	$35	$28	$21	$14
Match 1+1	$4	$20	$16	$12	$8
Match 0+1	$4	$20	$16	$12	$8

In certain rare instances, the Powerball set prize amount may be less than the amount shown. In such case, the eight (8) lowest Power Play prizes will be changed to an amount announced after the draw. For example, if the Match 4+1 Powerball set prize amount of $10,000.00 becomes $5,000.00 under the rules of the Powerball game and a 5x Power Play multiplier is selected, then a Power Play player winning that prize amount would win $25,000.00.

710.04D **Probability of Winning.** The following table sets forth the probability of the various Power Play numbers being drawn during a single Powerball drawing, except that the Power Play amount for the Match 5+0 prize will be two million dollars ($2,000,000 (two million dollars). The Group may elect to run limited promotions that may modify the multiplier features.

Power Play			Probability of Prize Increase
5X	-	Prize Won Times 5	1 in 10
4X	-	Prize Won Times 4	1 in 10
3X	-	Prize Won Times 3	1 in 3.33
2X	-	Prize Won Times 2	1 in 2

Power Play does not apply to the Powerball Grand Prize. Except as provided in Rule E(4), a Power Play Match 5 prize is set at two million dollars ($2 million), regardless of the multiplier selected.

710.05 **Limitations on payment of Power Play prizes.**

710.05A **Prize Pool Carried Forward.** For Party Lotteries, the prize pool percentage allocated to the Power Play set prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

710.05B **Pari-Mutuel Prizes—All Prize Amounts.** Except as provided for in 710.05B(3):

710.05B(1) If the total of the original Powerball set prizes and the multiplied Power Play set prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the set prizes (including the Power Play Prize amounts) awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes and carried forward from previous draws, if any; (ii) an amount from the Powerball Set-Prize Reserve Account, if available in the account, not to $40,000,000 per drawing.

710.05B(2) If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including Power Play prize amounts), then the highest set prize (including the Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize, including the Power Play prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages. Powerball and Power Play prizes will be reduced by the same percentage.

710.05B(3) By agreement with the Licensee Lotteries, the Licensee Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

710.06 **Prize Payments.** All Power Play prizes shall be paid in one lump sum through the Selling Lottery that sold the winning ticket(s). A Selling Lottery may begin paying Power Play prizes after receiving authorization to pay from the MUSL central office.

710.06A **Prizes Rounded.** Prizes, which, under these rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be

carried forward to the prize pool for the next drawing.
(Section 9-803, 9-823, R.R.S. 1997, R.S.Supp., 2000 March 1, 2001)

CHAPTER 800-NEBRASKA PICK 5®

REG-801 GAME DESCRIPTION

801.01 **General.** NEBRASKA PICK 5® is an on-line lottery game which pays all prizes including the Grand Prize on a cash basis except as provided in these regulations or the NEBRASKA PICK 5® game rules. To play NEBRASKA PICK 5®, a player shall select five (5) different numbers as established in the NEBRASKA PICK 5® game rules for input into a terminal. NEBRASKA PICK 5® tickets shall be purchased from a terminal operated by a Lottery Game Retailer. The player shall select a set of five numbers by communicating the five (5) numbers to the Lottery Game Retailer, or by hand marking five (5) numbered squares in any one game play area on a play slip and submitting the play slip to the Lottery Game Retailer, or by requesting a computer "quick pick" from the Lottery Game Retailer. The Lottery Game Retailer will then issue a NEBRASKA PICK 5® ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a NEBRASKA PICK 5® game play.

801.02 **Claims.** A NEBRASKA PICK 5® ticket (subject to the validation requirements set forth in Reg-805 NEBRASKA PICK 5® Ticket Validation) shall be the only proof of a NEBRASKA PICK 5® game play or plays and the submission of a winning NEBRASKA PICK 5® ticket to the Nebraska Lottery or an authorized Lottery Game Retailer shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of a NEBRASKA PICK 5® ticket purchase or of numbers selected.

801.03 **Cancellations Prohibited.** A NEBRASKA PICK 5® ticket may not be voided or canceled by returning the NEBRASKA PICK 5® ticket to the selling Lottery Game Retailer or to the Nebraska Lottery, including NEBRASKA PICK 5® tickets that are printed in error. No NEBRASKA PICK 5® ticket which can be used to claim a prize shall be returned to the Nebraska Lottery for credit. NEBRASKA PICK 5® tickets accepted by Nebraska Lottery Game Retailers as returned tickets will remain charged to the Nebraska Lottery Game Retailer's account. Ownership of the tickets is in bearer form until the ticket is signed on the reverse side. Nebraska Lottery Game Retailers who accept unsigned NEBRASKA PICK 5 ® tickets as returned tickets and who cannot re-sell those tickets shall be deemed the owners of those tickets.

801.04 **Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the NEBRASKA PICK 5® game play or plays and other data printed on the NEBRASKA PICK 5® ticket. The placing of NEBRASKA PICK 5® plays is done at the player's own risk through the on-line Lottery Game Retailer who is acting on behalf of the player in entering the NEBRASKA PICK 5® play or plays.

801.05 **Entry of NEBRASKA PICK 5® Plays.** NEBRASKA PICK 5® plays may only be entered manually using the on-line lottery terminal keypad (including a computer "quick pick") or by means of a play slip provided by the Nebraska Lottery and hand-marked by the player. A Lottery Game Retailer shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Nebraska Lottery. Lottery Game Retailers shall not permit any device to be connected to an on-line lottery terminal to enter NEBRASKA PICK 5® plays, except as approved by the Nebraska Lottery. Any playslip number selection by a method other than hand marked by the player and any resulting ticket shall be invalid.

801.06 **Drawings.** Drawings shall be held at the times and places established by the Nebraska Lottery in the NEBRASKA PICK 5® game rules and the results shall be subsequently announced to the public.

801.06A The Director shall determine the time for the end of sales prior to the drawings. On-

line terminals shall not process on-line tickets for that drawing after the time established by the Director.

801.06B The Nebraska Lottery shall designate the type of drawing equipment to be used and shall establish drawing procedures to randomly select the winning combination and to ensure the integrity of the drawing process.
(Sections 9-803, 9-823 R.S.Supp.,1995. August 29, 1996.)

REG-802 PRIZE POOL

802.01 **Prize Pool.** The prize pool for all prize categories shall be established in the NEBRASKA PICK 5® game rules and shall consist of a percentage of each drawing period's sales as established in the NEBRASKA PICK 5® game rules. Any amount remaining in the prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Director is accordance with the State Lottery Act.

802.02 **Expected Prize Payout Percentages.** All prizes including the Grand Prize shall be set out in the NEBRASKA PICK 5® game rules.

(Section 9-812, 9-823 R.S.Supp.,1995. August 29, 1996.)

REG-803 PROBABILITY OF WINNING

803.01 **Probability of Winning**. The probability of winning and the probable distribution of winners in and among each prize category shall be set out in the NEBRASKA PICK 5® game rules. All prizes except "free ticket" prizes shall be cash prizes, even if determined on a parimutuel basis.
(Section 9-812, 9-823 R.R.S. 1997. December 16, 1998.)

REG-804 PRIZE PAYMENT

804.01 **Cash Prize Payments.** All prizes except "free ticket" prizes shall be paid in cash by either a Nebraska Lottery Game Retailer or at a Nebraska Lottery claim center. A "free ticket" prize shall be redeemable by a Lottery Game Retailer for a free quick pick of the next NEBRASKA PICK 5® drawing after redemption. If a "free ticket" prize is brought or mailed into Lottery Headquarters or a lottery claim center, the Headquarters or claim center may, at its sole discretion, transfer to the claimant a free quick pick ticket, transfer to the claimant a coupon for a "free ticket" redeemable at a Lottery Game Retailer or transfer to the claimant a warrant for $1 (one dollar).

804.02 **Guaranteed Prizes.** The Nebraska Lottery may make changes in the prize structure, prize pool, probability of winning or the probable distribution of winners when the Nebraska Lottery finds that it would be in the best interest of the NEBRASKA PICK 5® game and the Nebraska Lottery.

804.03 **Limited to Highest Prize Won.** The holder of a winning NEBRASKA PICK 5® ticket may win only one prize per game play area in connection with the winning NEBRASKA PICK 5® numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

804.04 **Prize Claim Period.** Prize claims shall be submitted within the period set forth in Reg-602.05. In the event that the NEBRASKA PICK 5® game is closed, and no other redemption option is provided by the Division, a "Free ticket" prize may be redeemed for one dollar ($1.00) by submitting such claim to Lottery Headquarters or a Lottery Claim Center.
(Section 9-823 R.R.S. 1997. December 16, 1998.)

804.05 **Free Ticket Redemption after Game Close.** In the event that the Nebraska Lottery discontinues this game, any free plays that are won on the last draw of the game may be redeemed toward any other active lotto game within 180 days.

REG-805 NEBRASKA PICK 5® TICKET VALIDATION

805.01 **NEBRASKA PICK 5® Ticket Validation**. To be a valid NEBRASKA PICK 5® ticket and eligible to receive a prize, a ticket shall satisfy all the requirements set forth in Reg-603 for validation of winning tickets and any other validation requirements adopted by the Nebraska Lottery in the Confidential Nebraska Lottery Minimum Game Security Standards. The Nebraska Lottery shall not be responsible for NEBRASKA PICK 5® tickets which are altered in any manner.
(Section 9-823 R.S.Supp., 1994. April 18, 1995.)

REG-806 TICKET RESPONSIBILITY

806.01 **Signature.** Until such time as a signature is placed upon a NEBRASKA PICK 5® ticket in the area designated for signature, a NEBRASKA PICK 5® ticket shall be owned by the bearer of the NEBRASKA PICK 5® ticket. When a signature is placed on the NEBRASKA PICK 5® ticket in the place designated, the person whose signature appears in such area shall be the owner of the NEBRASKA PICK 5® ticket and shall be entitled (subject to the validation requirements in Reg-805) to any prize attributable thereto.

806.02 **Stolen Tickets.** The Nebraska Lottery shall not be responsible for lost or stolen NEBRASKA PICK 5® tickets.
(Section 9-823 R.S.Supp., 1994. April 18, 1995.)

REG-807 INELIGIBLE PLAYERS

807.01 **General.** NEBRASKA PICK 5® ticket or share shall not be purchased by, and a prize won by any such NEBRASKA PICK 5® ticket or share shall not be paid to:

807.01A A contractor or consultant under agreement with the Nebraska Lottery to review the Nebraska Lottery audit and security procedures,

807.01B An employee of an independent accounting firm under contract with Nebraska Lottery to observe drawings or site operations and actually assigned to the Nebraska Lottery account and all partners, shareholders, or owners in the local office of the firm, or

807.01C An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in 807.01A, 807.01B and 807.01C and residing in the same household.

(Section 9-810, 9-823 R.S.Supp., 1994. April 18, 1995.)

REG-808 APPLICABLE LAW

808.01 **General.** In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Nebraska Lottery.
(Section 9-823 R.S.Supp., 1994. April 18, 1995.)

CHAPTER 900-DAILY MILLIONS

REG-901 GAME DESCRIPTION Repealed.
(Sections 9-803, 9-823 R.R.S., 1997. July 23, 1999)

REG-902 PRIZE POOL Repealed.
(Section 9-812, 9-23 R.R.S., 1997. July 23, 1999)

REG-903 PROBABILITY OF WINNING Repealed.
(Section 9-812, 9-823 R.S. Supp., 1998. July 23, 1999)

REG-904 PRIZE PAYMENT Repealed
(Section 9-823 R.R.S., 1997. July 23, 1999)

REG-905 DAILY MILLIONS® TICKET VALIDATION Repealed.
(Section 9-823 R.R.S., 1997. July 23, 1999)

REG-906 TICKET RESPONSIBILITY Repealed.
(Section 9-823 R.R.S., 1997. July 23, 1999)

REG-907 INELIGIBLE PLAYERS Repealed
(Section 9-810, 9-823 R.R.S., 1997. July 23, 1999)

REG-908 APPLICABLE LAW Repealed.
(Section 9-823 R.R.S., 1997. July 23, 1999

CHAPTER 1000-WILD CARD

REG-1001 GAME DESCRIPTION Repealed.
(Sections 9-803, 9-823, R.R.S., 1997. July 23, 1999)

REG-1002 PRIZE POOL Repealed.
(Sections 9-812, 9-823, R.S. Supp., 1998. July 23, 1999)

REG-1003 PROBABILITY OF WINNING Repealed.
(Section 9-812, 9-823, R.R.S., 1997. July 23, 1999)

REG-1004 PRIZE PAYMENT Repealed.
(Section 9-823, R.R.S., 1997. July 23, 1999)

REG-1005 WILD CARD® TICKET VALIDATION Repealed.
(Section 9-823 R.R.S., 1997. July 23, 1999)

REG-1006 TICKET RESPONSIBILITY Repealed.
(Section 9-823 R.R.S., 1997. July 23, 1999)

REG-1007 INELIGIBLE PLAYERS Repealed.
(Section 9-810, 9-823 R.R.S., 1997. July 23, 1999)

REG-1008 APPLICABLE LAW Repealed.
(Section 9-823 R.R.S., 1997. July 23, 1999)

CHAPTER 1100-CASH 4 LIFE®

Sections 1100-1108 Repealed in their entirety.

Chapter 1200 ROLLDOWN®

Sections 1200-1208 Repealed in their entirety.

CHAPTER 1300 – 2BY2

REG-1301 — GAME DESCRIPTION.

1301.01 2by2 is a two (2) out of twenty-six (26) plus two (2) out of twenty-six (26) on-line lottery game drawn once a day, seven days a week, which pays the Grand Prize and all other prizes on a set cash basis. To play 2by2, a player shall select two (2) different "red" numbers, from one (1) through twenty-six (26), inclusive, and two (2) additional "white" numbers from one (1) through twenty-six (26), inclusive, for input into a terminal. The numbers for the second (white) set of two numbers may be the same as the numbers for the first (red) set of two numbers selected by the player. Tickets can be purchased for one dollar ($1.00), including sales tax where mandated, either from a terminal operated by an agent (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal; if permitted within that jurisdiction). If purchased from an agent, the player may select the two sets of numbers by communicating their four (4) numbers to the agent, or by appropriately marking their four (4) numbered squares in any one game board on a play slip and submitting the play slip to the agent or by requesting "computer pick" from the agent. The agent will then issue a ticket, via the terminal, containing the selected sets of numbers, each of which constitutes a game play. If permitted within the jurisdiction, tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine.

1301.01A **Seven Draws Promotion.** A multi-draw ticket with one or more plays for only seven consecutive draws or only multiples of seven consecutive draws shall qualify for double prizes won on the included Tuesday draw, as limited by REG-1302.03. Plays purchased for any number of draws other than in multiples of seven draws shall not qualify for double prizes won on any Tuesday.

1301.02 **Claims.** A ticket (subject to the validation requirements set forth in 2by2 Rule 31 (Ticket Validation)) shall be the only proof of a game play or plays and the submission of a winning ticket to the issuing Party Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

1301.03 **Cancellations Prohibited.** A ticket may not be voided or canceled by returning the ticket to the selling agent or to the lottery, including tickets that are printed in error. No ticket which can be used to claim a prize shall be returned to the lottery for credit. Tickets accepted by retailers as returned tickets and which cannot be re-sold shall be deemed owned by the bearer thereof.

1301.04 **Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. The placing of plays is done at the player's own risk through the on-line agent who is acting on behalf of the player in entering the play or plays.

1301.05 **Entry of Plays.** Plays may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the Party Lottery and hand-marked by the player or by such other means approved by the Party Lottery. Retailers shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Party Lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the Party Lottery.

1301.06 **Future Plays.** No Party Lottery shall offer advance plays or multi-draw plays which extend more than 90 days beyond the sale date. Proceeds from advance sales may be held by the Party Lottery until the draw date for which the ticket applies.

1301.07 **Drawings.** Drawings shall be held at the times and places established by the 2by2 Group and the results shall be subsequently announced to the public.

1301.07A The Member Lottery Director shall determine the time for the end of sales prior to the drawings, which shall not be later than the time established by the 2by2 Group. On-line terminals shall not process on-line tickets for that drawing after the time established by the Member Lottery Director.

1301.07B The 2by2 Group shall designate the type of drawing equipment to be used and shall establish drawing procedures to randomly select the winning combination and to ensure the integrity of the drawing process.

REG1302—PRIZE POOL

1302.01 **Prize Pool.** The Product Group shall establish a Grand Prize Pool and a Lower Tier Prize Pool established for this Game. Any amount remaining in the prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with state law. The Product Group may establish a grand prize collection percentage, with any excess beyond actual Grand Prize liabilities collected in the Grand Prize pool. The Product Group may establish a lower-tier prize collection percentage, with any excess beyond actual lower tier prize liabilities collected to a Lower Tier Prize pool. The Product Group may determine to expend all or a portion of the funds in these prize accounts for the payment of prizes or special prizes in the game; subject to the approval of the Finance and Audit Committee.

1302.02 **Prize Pool and Prize Reserve Accounts.**

1302.02A An amount equal to up to one and thirty-two thousand to hundred and thirteen one-hundred thousandths percent (1.32213%) of a Party Lottery's sales, including tax and exclusive of free ticket prize redemptions, shall be placed in trust in one or more prize pool accounts and prize reserve account until the prize pool accounts and the Party Lottery's share of these prize reserve account reach(es) the amounts designated by the Product Group. The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize reserve account(s).

1302.02B The Product Group has established the following prize reserve accounts for the 2by2 game: the Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason, and to fund deficiencies in low-tier prize payments (subject to the limitations of these rules).

1302.02C The Product Group has established the following Prize Pool accounts for the 2by2 game: the Grand Prize pool, which is used the fund the immediate Grand Prize; and the Lower Tier Prize Pool, which holds the temporary balances that may result from having fewer than expected winners in the low-tier set prize categories. The source of the Lower Tier Prize Pool funds is the Party Lottery's weekly prize contributions less actual set prize liability.

1302.02D The Product Group may determine to expend all or a portion of the funds in these prize reserve accounts for (1) for the purpose of indemnifying the Party Lotteries and License Lotteries in the payment of prizes to be made by the participating lotteries, subject to the approval of the Board; and (2) the payment of prizes or special prizes in the game; subject to the approval of the Finance and Audit Committee. The shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and shares of the Party Lotteries.

1302.02E Any amount remaining in a prize pool accounts and the prize reserve account at the end of this game shall be carried forward to a replacement prize reserve account or expended in a manner as directed by the Members of the Product Group in accordance with state law.

A1302.03 **Expected Prize Payout Percentages.** All prizes awarded shall be paid as set cash prizes or Free Ticket prizes with the following expected prize payout percentages:

For all plays that are not Double Tuesday qualifying plays:

Number of Matches Per Play*	Prize Payment	Prize Pool Percentage Allocated to Prize
Two (2) of first set plus two (2) of second set.	$22,000.00	Grand Prize* 41.1862%
Two (2) of first set plus any one (1) of second set.	$100.00	8.9861%
Any one (1) of first set plus two (2) of second set.	$100.00	8.9861%
Two (2) of first set plus none of second set.	$3.00	1.5501%
None of first set plus two (2) of second set.	$3.00	1.5501%
Any one (1) of first set plus any one (1) of second set.	$3.00	12.9399%
Any one (1) of first set plus none of second set.	One (1) Free Ticket	12.4008%
None of first set plus any one (1) of second set.	One (1) Free Ticket	12.4008%
None of first set plus none of second set.	$0.00	0.0000%

* If more than ten (10) plays chosen by players contain the four (4) winning Grand Prize numbers in any one drawing, the prizes shall be divided as set out in Rules 28.3(a).
The above percentages assume maximum funding of Prize Reserve Account has been reached.

Amended February 22, 2012; June 21, 2013.

For all Double Tuesday qualifying plays:

On Double Tuesdays:

Number of Matches Per Play*	Prize Payment	Prize Pool Percentage Allocated to Prize
Two (2) of first set plus two (2) of second set.	$44,000.00	Grand Prize* 41.1862%
Two (2) of first set plus any one (1) of second set.	$200.00	8.961%
Any one (1) of first set plus two (2) of second set.	$200.00	8.961%
Two (2) of first set plus none of second set.	$6.00	1.5501%
None of first set plus two (2) of second set.	$6.00	1.5501%
Any one (1) of first set plus any one (1) of second set.	$6.00	12.9399%
Any one (1) of first set plus none of second set.	Two (2) Free Tickets	12.4008%
None of first set plus any one (1) of second set.	Two (2) Free Tickets	12.4008%
None of first set plus none of second set.	$0.00	0.0000%

* If more than ten (10) plays chosen by players contain the four (4) winning Grand Prize numbers in any one drawing, the prizes shall be divided as set out in Rules 28.3(a).
The above percentages assume maximum funding of Prize Reserve Account has been reached.

Amended February 22, 2012; June 21, 2013.

1302.03A The Grand Prize shall be a set amount of $22,000 unless more than ten (10) game play areas contains the four (4) winning Grand Prize numbers in any single game drawing in which case the total prize money to be paid on ten (10) eligible tickets (taking into account eligible double prizes) shall be divided equally per prize type (standard prize and double Tuesday prize winners each receiving their proportionate share) on a pari-mutuel basis based on the number of winning game play areas.

1302.03B The prize pool percentage allocated to the prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the prizes awarded in the current draw. If the total of the prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the prizes, then the amount needed to fund the prizes awarded shall be drawn from the following sources, in the following order: **(i)** the amount allocated to the prizes and carried forward from previous draws, if any; and **(ii)** an amount from the Lower-Tier Prize Pool and prize reserve account, if available, not to exceed the balance of those accounts.

1302.03C A "Free Ticket" prize shall constitute a free quick pick single-board 2by2 ticket for the next upcoming draw.

REG1303—PROBABILITY OF WINNING.

1303.01 The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in 2by2.

# of Matches Per Ticket	Distribution Probability	Probable/ Set Prize Amt.
(2) of first set	1:105,625	$22,000
Plus (2) of 2nd set		
(2) of first set Plus any (1) of 2nd set	1:2,200.5	$ 100
Any (1) of first set Plus (2) of 2nd set	1:2,200.5	$ 100
(2) of first set & none of 2nd set	1:382.7	$ 3
None of first set plus (2) of 2nd set	1:382.7	$ 3
Any (1) of first Set & any (1) of 2nd set	1:45.8	$ 3
Any (1) of first Set plus none of 2nd set	1:8.0	Free Ticket
None of first set plus Any (1) of 2nd set	1:8.0	Free Ticket
None of first set plus None of 2nd set	1:4	$0
OVERALL	1:3.59	

As described above the first set of numbers are the "red" set of numbers, the second set of numbers are the "white" set of numbers.

REG 1304 PRIZE PAYMENT

1304.01 **Grand Prize.** Grand prizes shall be paid in cash in a single payment. The payment of a Grand Prize shall not be made by a Party Lottery until after receiving authorization to pay from the MUSL central office. Funds may be advanced by the member lottery for payment of prizes before the funds are received from MUSL.

1304.02 **Set Prize Payments.** All set prizes shall be paid in cash or Free Tickets through the Party Lottery that sold the winning ticket(s). A Party Lottery may begin paying set prizes after receiving authorization to pay from the MUSL central office.

1304.03 **Prizes Rounded.** Prizes which, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

1304.04 [Reserved for future use].
1304.05 [Reserved for future use].

1304.06 **Limited to Highest Prize Won.** The holder of a winning ticket may win only one prize per play in connection with the winning numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

1304.07 **Prize Claim Period.** Prize claims shall be submitted within the period set by the Party Lottery selling the ticket. If no such claim period is established, all prize claims must be made within 180 days after the drawing date.

1304.08 **Free Ticket Redemption after Game Close.** In the event that the Nebraska Lottery discontinues this game, any free plays that are won on the last draw of the game may be redeemed toward any other active lotto game within 180 days.

REG 1305—TICKET VALIDATION.

1305.01 To be a valid ticket and eligible to receive a prize, a ticket shall satisfy all the requirements established by a Party Lottery for validation of winning tickets sold through its on-line system and

any other validation requirements adopted by the Product Group, the MUSL Board, and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for tickets that are altered in any manner.

REG 1306—TICKET RESPONSIBILITY.

1306.01 **Signature.** Until such time as a subscription play is properly and validly registered with the lottery, or until such time as a signature or, if permitted by state,district law or jurisdiction law, a mark or printed name is placed upon a ticket in the area designated for signature, mark or name, a ticket shall be owned by the bearer of the ticket. When a subscription play is properly and validly registered with the lottery, or when a signature, mark or name is placed on the ticket in the place designated, the person who has registered the ticket, or if not registered, whose signature, mark or name appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements in 2by2 Rule 31 (Ticket Validation) and state law) to any prize attributable thereto.

1306.02 **Multiple Signatures**. The manner of payment of prizes for valid winning tickets bearing multiple signatures, marks or names shall be determined by the rules of the Party Lottery making the prize payment.

1306.03 **Stolen Tickets.** The Product Group, the MUSL and the Party Lotteries shall not be responsible for lost or stolen tickets.

REG-1307—INELIGIBLE PLAYERS.

1307.01 A ticket or share for a game issued by this Product Group through any of its Party Lotteries shall not be purchased by, and a prize won by any such ticket or share shall not be paid to:

(a) A MUSL employee, officer, or director;
(b) A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;
(c) An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm;
(d) An employee or a commissioner of a Party Lottery to the 2by2 Group; or
(e) An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a), (b), (c) and (d) and residing in the same household.

1307.02 Those persons designated by a Party Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game in that Party Lottery's jurisdiction.

REG 1308—APPLICABLE LAW.

1308.01 In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the ticket was purchased.

CHAPTER 1400 NEBRASKA PICK 3

REG-1401 GAME DESCRIPTION

1401.01 **General**. NEBRASKA PICK 3 is an on-line lottery game which pays all prizes on a cash basis except as provided in these regulations or in the NEBRASKA PICK 3 game rules. To play NEBRASKA PICK 3, a player shall select three (3) different numbers as established in the NEBRASKA PICK 3 game rules, which game rules shall be developed pursuant to REG-208.05. The numbers selected are inputted into a terminal. NEBRASKA PICK 3 tickets shall be purchased from a terminal operated by the Nebraska Lottery or a Lottery Game Retailer. The player shall select a set of three (3) numbers by communicating the numbers to the terminal operator, or by hand-marking three (3) numbered squares in any one game play area on a play slip and submitting the play slip to the terminal operator, or by requesting a computer "quick pick" from the terminal operator. The terminal operator will then issue a NEBRASKA PICK 3 ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a NEBRASKA PICK 3 game play.

1401.02 **Claims**. A NEBRASKA PICK 3 ticket (subject to the validation requirements set forth in REG-1405 NEBRASKA PICK 3 Ticket Validation) shall be the only proof of a NEBRASKA PICK 3 game play or plays and the submission of a winning NEBRASKA PICK 3 ticket to the Nebraska Lottery or an authorized Lottery Game Retailer shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of a NEBRASKA PICK 3 ticket purchase or of numbers selected.

1401.03 **Cancellations Prohibited**. A NEBRASKA PICK 3 ticket may not be voided or canceled by returning the NEBRASKA PICK 3 ticket to the selling Lottery Game Retailer or to the Nebraska Lottery, including NEBRASKA PICK 3 tickets which are printed in error. No NEBRASKA PICK 3 ticket which can be used to claim a prize shall be returned to the Nebraska Lottery for credit. NEBRASKA PICK 3 tickets accepted by Nebraska Lottery Game Retailers as returned tickets will remain charged to the Nebraska Lottery Game Retailer's account. Ownership of the tickets is in bearer form until the ticket is signed on the reverse side. Nebraska Lottery Game Retailers who accept unsigned NEBRASKA PICK 3 tickets as returned tickets and who cannot re-sell those tickets shall be deemed the owners of those tickets.

1401.04 **Player Responsibility**. It shall be the sole responsibility of the player to verify the accuracy of the NEBRASKA PICK 3 game play or plays and other data printed on the NEBRASKA PICK 3 ticket. The placing of NEBRASKA PICK 3 plays is done at the player's own risk through the on-line terminal operator who is acting on behalf of the player in entering the NEBRASKA PICK 3 play or plays.

1401.05 **Entry of Plays**. NEBRASKA PICK 3 plays may only be entered manually using the on-line lottery terminal keypad (including a computer "quick pick") or by means of a play slip provided by the Nebraska Lottery and hand-marked by the player. A Lottery Game Retailer shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Nebraska Lottery. Lottery Game Retailers shall not permit any device to be connected to an on-line lottery terminal to enter NEBRASKA PICK 3 plays, except as approved by the Nebraska Lottery. Any play slip number selection by a method other than hand-marked by the player and any resulting ticket shall be invalid.

1401.06 **Drawings**. Drawings shall be held at the times and places established by the Nebraska Lottery in the NEBRASKA PICK 3 game rules and the results shall be subsequently announced to the public.

1401.06A The Lottery Director shall determine the time for the end of sales prior to the drawings. On-line terminals shall not process on-line tickets for that drawing after the time established by the Director.

1401.06B The Nebraska Lottery shall designate the type of drawing equipment to be used and shall establish drawing procedures to randomly select the winning combination and to ensure the integrity of the drawing process.

REG-1402 PRIZE POOL

1402.01 **Prize Pool**. The prize pool for all prize categories shall be established in the NEBRASKA PICK 3 game rules and shall consist of a

percentage of each drawing period's sales as established in the NEBRASKA PICK 3 game rules. Any amount remaining in the prize pool at the end of the game shall be carried forward to a replacement game or expended in a manner as directed by the Director in accordance with the State Lottery Act.

1402.02 **Expected Prize Payout Percentages.** All prizes shall be set out in the NEBRASKA PICK 3 game rules.

REG-1403 PROBABILITY OF WINNING

1403.01 **Probability of Winning.** The probability of winning and the probable distribution of winners in and among each prize category shall be set out in the NEBRASKA PICK 3 game rules. All prizes shall be cash prizes, even if determined on a pari-mutuel basis.

REG-1404 PRIZE PAYMENT

1404.01 **Cash Prize Payments.** All prizes shall be paid in cash by either a Nebraska Lottery Game Retailer or at a Nebraska Lottery claim center.

1404.02 **Guaranteed Prizes.** The Nebraska Lottery may make changes in the prize structure, prize pool, probability of winning or the probable distribution of winners when the Nebraska Lottery finds that it would be in the best interest of the NEBRASKA PICK 3 game and the Nebraska Lottery.

1404.03 **Limited to Highest Prize Won.** The holder of a winning NEBRASKA PICK 3 ticket may win only one prize per game play area in connection with the winning NEBRASKA PICK 3 numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

1404.04 **Prize Claim Period.** Prize claims shall be submitted within the period set forth in REG-602.05.

REG-1405 TICKET VALIDATION

1405.01 **Ticket Validation.** To be a valid NEBRASKA PICK 3 ticket and eligible to receive a prize, a ticket shall satisfy all the requirements set forth in REG-603 for validation of winning tickets and any other validation requirements adopted by the Nebraska Lottery in the Confidential Nebraska Lottery Minimum Game Security Standards. The Nebraska Lottery shall not be responsible for NEBRASKA PICK 3 tickets which are altered in any manner.

REG-1406 TICKET RESPONSIBILITY

1406.01 **Signature.** Until such time as a signature is placed upon a NEBRASKA PICK 3 ticket in the area designated for signature, a NEBRASKA PICK 3 ticket shall be deemed owned by the ticket bearer. When a signature is placed on the NEBRASKA PICK 3 ticket in the place designated, the person whose signature appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements in REG-1405) to any prize attributable thereto.

1406.02 **Stolen Tickets.** The Nebraska Lottery shall not be responsible for lost or stolen NEBRASKA PICK 3 tickets.

REG-1407 INELIGIBLE PLAYERS

1407.01 **General.** A NEBRASKA PICK 3 ticket or share shall not be purchased by, and a prize won by any such NEBRASKA PICK 3 ticket or share shall not be paid to:

1407.01A A contractor or consultant under agreement with the Nebraska Lottery to review the Nebraska Lottery audit and security procedures;

1407.01B An employee of an independent accounting firm under contract with the Nebraska Lottery to observe drawings or site operations and actually assigned to the Nebraska Lottery account and all partners, shareholders, or owners in the local office of the firm; or

1407.01C An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in REG-1407.01A, 1407.01B and 1407.01C and residing in the same household.

REG-1408 APPLICABLE LAW

1408.01 **General.** In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Nebraska Lottery.

CHAPTER 1500 MyDaY

REG-1501 GAME DESCRIPTION

1501.01 **General**. MyDaY is an on-line lottery game which pays all prizes on a cash basis except as provided in the MyDaY game rules. At all times, MyDaY shall be played in accordance with the MyDaY game rules, developed pursuant to REG-208.05 and these regulations. To play MyDaY, a player shall select one (1) number from 1 to 12 for the MONTH and one (1) number from 1 to 31 for the DAY. A player shall also select a YEAR (last two digits only), by selecting one (1) number from 0 to 9 for the first digit, and one (1) number from 0 to 9 for the second digit.

1501.02 **Number Selection.** The player shall select a month, day, and year using any one (1) of the following options;

- By communicating the respective numbers to the terminal operator.
- By hand-marking the "Pick a Month" "Pick a Day" and "Pick a Year" play areas on a play slip and submitting the play slip to the terminal operator.
- By hand-marking the box marked QP for "Quick Play" on the play slip whereby the terminal shall randomly select the month, day and year, or by communicating the selection of the "Quick Play" option to the terminal operator.

1501.03 **Plays.** Each play slip has five play areas, allowing a player to select up to five (5) sets of numbers per play slip. The set or sets of numbers selected are then inputted into a terminal. The terminal operator will then issue a MyDaY ticket, via the terminal, which contains the selected set or sets of numbers, each of which constitutes a MyDaY game play. Each play costs one dollar ($1.00). MyDaY tickets shall only be purchased from a terminal operated by the Nebraska Lottery or a Lottery Game Retailer.

1501.04 **Invalid Number Combinations**. Players can only use day and month number combinations that are valid based on a standard twelve month calendar. Invalid months and days that would be rejected include:

- 02-30 (February 30)
- 02-31 (February 31)
- 04-31 (April 31)
- 06-31 (June 31)
- 09-31 (Sep 31)
- 11-31(Nov 31)

1501.04A. The month and day combination 02-29 (February 29), which occurs only on a leap year, will be allowed for every year that is divisible by 4, including 00.

1501.05 **Claims**. A MyDaY ticket (subject to the validation requirements set forth in REG-1505 Ticket Validation) shall be the only proof of a MyDaY game play or plays and the submission of a winning MyDaY ticket to the Nebraska Lottery or an authorized Lottery Game Retailer shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of a MyDaY ticket purchase or of numbers selected.

1501.06 **Cancellations Prohibited**. A MyDaY ticket may not be voided or canceled by returning the MyDaY ticket to the selling Lottery Game Retailer or to the Nebraska Lottery, including MyDaY tickets which are printed in error. No MyDaY ticket which can be used to claim a prize shall be returned to the Nebraska Lottery for credit. MyDaY tickets accepted by Nebraska Lottery Game Retailers as returned tickets will remain charged to the Nebraska Lottery Game Retailer's account. Ownership of the tickets is in bearer form until the ticket is signed on the reverse side. Nebraska Lottery Game Retailers who accept unsigned MyDaY tickets as returned tickets and who cannot re-sell those tickets shall be deemed the owners of those tickets.

1501.07 **Player Responsibility**. It shall be the sole responsibility of the player to verify the accuracy of the MyDaY game play or plays and other data printed on the MyDaY ticket. The placing of MyDaY plays is done at the player's own risk through the on-line terminal operator who is acting on behalf of the player in entering the MyDaY play or plays.

1501.08 **Entry of Number Combinations**. MyDaY number combinations may only be entered manually by a terminal operator using the on-line lottery terminal keypad (including a computer "Quick Pick") or selected by means of a play slip provided by the Nebraska Lottery and hand-marked by the player. A Lottery Game Retailer shall not permit the use of facsimiles of

play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Nebraska Lottery. Lottery Game Retailers shall not permit any device to be connected to an on-line lottery terminal to enter MyDaY plays, except as approved by the Nebraska Lottery. Any play slip number selection by a method other than hand-marked by the player, as well as any resulting ticket, shall be invalid.

1501.09 **Drawings**. The Nebraska Lottery shall determine the times and places of all MyDaY drawings and shall announce the results to the public

> 1501.09A The Lottery Director shall determine the time for the end of sales prior to the drawings. On-line terminals shall not process on-line tickets for that drawing after the time established by the Lottery Director.
>
> 1501.09B The Nebraska Lottery shall designate the type of drawing equipment to be used and shall establish drawing procedures to randomly select the winning combination and to ensure the integrity of the drawing process.

REG-1502 PRIZE POOL

1502.01 **Prize Pool**. Prize pool funding for MyDaY shall be established in the MyDaY game rules and shall consist of a percentage of each drawing period's sales as established in the MyDaY game rules. Any amount remaining in the prize pool at the end of the game shall be carried forward to a replacement game or expended in a manner as directed by the Lottery Director in accordance with the State Lottery Act.

REG-1503 PROBABILITY OF WINNING

1503.01 **Probability of Winning**. Approximate odds for each prize category shall be set out in the MyDaY game rules. All prizes shall be cash prizes, even if determined on a pari-mutuel basis.

REG-1504 PRIZE PAYMENT

1504.01 **Cash Prize Payments**. All prizes shall be paid in cash by either a Nebraska Lottery Game Retailer or at a Nebraska Lottery claim center.

1504.02 **Guaranteed Prizes**. The Nebraska Lottery may make changes in the prize structure, prize pool, probability of winning or the probable distribution of winners when the Nebraska Lottery finds that it would be in the best interest of the MyDaY game and the Nebraska Lottery.

1504.03 **Limited to Highest Prize Won**. The holder of a winning MyDaY ticket may win only one prize per game play area in connection with the winning MyDaY numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

1504.04 **Prize Claim Period**. Prize claims shall be submitted within the period set forth in REG-602.05.

REG-1505 TICKET VALIDATION

1505.01 **Ticket Validation**. To be a valid MyDaY ticket and eligible to receive a prize, a ticket shall satisfy all the requirements set forth in REG-603 for validation of winning tickets and any other validation requirements adopted by the Nebraska Lottery in the Confidential Nebraska Lottery Minimum Game Security Standards. The Nebraska Lottery shall not be responsible for MyDaY tickets which are altered in any manner.

REG-1506 TICKET RESPONSIBILITY

1506.01 **Signature**. Until such time as a signature is placed upon a MyDaY ticket in the area designated for signature, a MyDaY ticket shall be deemed owned by the ticket bearer. When a signature is placed on the MyDaY ticket in the place designated, the person whose signature appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements in REG-1505) to any prize attributable thereto.

1506.02 **Lost or Stolen Tickets**. The Nebraska Lottery shall not be responsible for lost or stolen MyDaY tickets.

REG-1507 INELIGIBLE PLAYERS

1507.01 **General**. A MyDaY ticket or share shall not be purchased by, and a prize won by any such MyDaY ticket or share shall not be paid to:

> 1507.01A A contractor or consultant under agreement with the Nebraska Lottery to review

the Nebraska Lottery audit and security procedures;

1507.01B An employee of an independent accounting firm under contract with the Nebraska Lottery to observe drawings or site operations and actually assigned to the Nebraska Lottery account and all partners, shareholders, or owners in the local office of the firm; or

1507.01C An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in REG-1507.01A, 1507.01B and 1507.01C and residing in the same household.

REG-1508 APPLICABLE LAW

1508.01 **General**. In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Nebraska Lottery.

CHAPTER 1600-MEGA MILLIONS

REG-1601 DEFINITIONS.

1601.01The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group. Capitalized terms used but not defined in these regulations shall have the meanings ascribed to them in the MUSL Agreement.

1601.02 "Mega Millions" means the multi-jurisdictional on-line lottery game as described in the Mega Millions Game Rules of the Product Group.

1601.03 "Agent" or "retailer" means a person or entity authorized by a Party Lottery to sell lottery tickets.

1601.04 "Drawing" means the formal process of selecting winning numbers which determine the number of winners for each prize level of the game.

1601.05 "Computer pick" means the random selection of two-digit numbers by the computer system, which appear on a ticket and are played by a player in the game.

1601.06 "Finance & Audit Committee" shall mean the committee established by the Multi-State Lottery Association Agreement.

1601.07 "Game board" or "boards" means that area of the play slip, also known as a "panel", which contains two sets of numbered squares to be marked by the player.

1601.08 "Game ticket" or "ticket" means an acceptable evidence of play, which is a ticket produced by a terminal which meets the specifications required by the Nebraska Lottery and Rule 31 (Ticket Validation) of the Game Rules, or is a properly and validly registered subscription play.

1601.09 "Jackpot" or "Grand Prize" means the top prize of the Mega Millions game. The annuity Grand Prize is an amount that would be paid in thirty (30) annual installments.

1601.10 "Mega Millions Finance Committee" means a Committee of the Mega Millions Lotteries which determines the Grand Prize Jackpot amount (cash and annuity).

1601.11 "Mega Millions Lottery or Lotteries" means those lotteries which have joined under the Mega Millions Lottery Agreement; the group of lotteries that has reached a Cross-Selling Agreement with this MUSL Product Group for the selling of the Mega Millions Game.

1601.12 "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.

1601.13 "MUSL Board" means the governing body of the MUSL which is comprised of the chief executive officer of each Party Lottery.

1601.14 "On-Line Lottery Game" means a lottery game wherein a player selects numbers out of a larger predetermined set or sets of numbers.

1601.15 "Participating Lottery" or "Selling Lottery" means a state lottery or lottery of a political subdivision or entity which is participating in selling the Mega Millions game and which may be a member of either group.

1601.16 "Party lottery" means a state lottery or lottery of a political subdivision or entity which has joined the MUSL and, in the context of these Product Group Rules, which has joined in selling the games offered by the MUSL Mega Millions Product Group.

1601.17 "Play" or "bet" means the numbers that appear on a ticket as a single lettered selection and are to be played by a player in the game.

1601.18 "Product Group" means the group of lotteries which has joined together to offer the Mega Millions lottery game product pursuant to the terms of its Cross-Selling Agreement with the Mega Millions Lotteries, the Multi-State Lottery Agreement and the Product Group's own rules.

1601.19 "Play slip" or "bet slip" means a card used in marking a player's game plays and containing one or more boards.

1601.20 "Set Prize" means all other prizes except the Grand Prize that are advertised to be paid by a single cash payment and, except in instances outlined in the Game Rules, will be equal to the prize amount established by the MUSL Board for the prize level. As of the effective date of these regulations, and subject to change, the Set Prizes include $250,000, $10,000, $150, $10, $7, $3, and $2 prizes. The amount, frequency, and probability

of winning Set Prizes shall be as established in the Game Rules.

1601.21 "Terminal" means a device authorized by a Party Lottery to function in an on-line, interactive mode with the lottery's computer system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports.

1601.22 "Winning numbers" means the numbers that are randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

1601.23 "Mega Millions Game Rules of the Product Group" or "Game Rules" means the Mega Millions rules as adopted by the Product Group, including any subsequent amendments thereto, which, among other topics, describe game play, prize pools, expected prize payout percentages, probabilities of winning, the method of prize payments, ticket validations, ticket responsibility, pari-mutuel prize determinations, and ineligible players.

REG-1602 GAME DESCRIPTION.

1602.01 **General.** Mega Millions is a multi-jurisdictional on-line lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries, and which pays the Grand Prize, at the election of the player made in accordance with the Game Rules, or by a default election made in accordance with the Game Rules, either on an annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Finance Committee on a pari-mutuel basis. Except as provided in the Game Rules, all other prizes are paid on a set cash basis. Mega Millions shall be played according to the Mega Millions Game Rules of the Product Group. Tickets can be purchased for one dollar (U.S. $1.00), including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket from a terminal operated by an agent (i.e., a clerk-activated terminal) The player may make his or her selection by communicating the numbers to the agent, or by marking the numbered squares in any one game board on a play slip and submitting the play slip to the agent, or by requesting "computer pick" from the agent. The agent will then issue a ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a game play. No ticket may be purchased through a lottery subscription system as provided in Rule 27.6 of the Game Rules unless authorized by law and approved by the Director. No player activated device shall be utilized unless authorized by law.

1602.02 **Claims.** A ticket (subject to the validation requirements set forth in Rule 31 of the Game Rules (Ticket Validation)) shall be the only proof of a game play or plays and the submission of a winning ticket to the issuing Party Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected. A terminal produced paper receipt has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

1602.03 **Cancellations Prohibited.** A ticket may not be voided or canceled by returning the ticket to the selling agent or to the Nebraska Lottery, including tickets that are printed in error. No ticket which can be used to claim a prize shall be returned to the Nebraska Lottery for credit. Tickets accepted by retailers as returned tickets and which cannot be re-sold shall be deemed owned by the bearer thereof.

1602.04 **Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. The placing of plays is done at the player's own risk through the on-line agent who is acting on behalf of the player in entering the play or plays.

1602.05 **Entry of Plays.** Plays may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the Party Lottery and hand-marked by the player or by such other means approved by the Party Lottery. Retailers shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Party Lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the Party Lottery. No player activated device shall be utilized unless authorized by law.

1602.06
Reserved.

1602.07 **Maximum Purchase.** The maximum number of consecutive drawings on a single ticket purchase is twenty-six (26).

1602.08 In the event of a matrix change, the Party Lottery which issued the subscription will determine the option(s) available to subscription purchasers from that Party Lottery for the balance of plays remaining on their subscriptions effective as of the date of the matrix change.

1602.09
Reserved.

REG-1603 PRIZE POOL

1603.01 **Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each drawing period's sales, or a different percentage when established by the Game Rules, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, after the prize reserve accounts are funded to the amounts set by the Product Group, but may be higher or lower based upon the number of winners at each prize level, as well as the funding required to meet a guaranteed Annuity Grand Prize as may be required by rule 30.1(a) of the Game Rules. Any amount remaining in the prize pool or reserves and set aside for the Party Lotteries at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with jurisdiction law.

1603.02 **Prize Pool Accounts and Prize Reserve Accounts.** An amount up to five percent (5%) of a Party Lottery's sales, or a different percentage when established by the Game Rules, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be added to a Party Lottery's Grand Prize Pool contribution and placed in trust in one or more prize pool accounts and prize reserve accounts held by the Product Group at any time that the prize pool accounts and Party Lottery's share of the prize reserve account(s) is below the amounts designated by the Product Group.

The Product Group has established the following prize reserve account for the Mega Millions game: the Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason (subject to the limitations of these rules).

The Product Group has established the following prize pool accounts for the Mega Millions game; the Grand Prize pool, which is used to fund the immediate Grand Prize, the Set-Aside Account, which is used to guarantee payment of the minimum or starting Grand Prize; the Megaplier prize pool account, which is described in Part III of these rules; and the Low-Tier Prize Pool Account, which holds the temporary balances that may result from having fewer than expected winners in the low-tier set prize categories. The source of the Low-Tier Prize Pool is the Party Lottery's weekly prize contributions less actual set prize liability. The source of the Set-Aside Account funding is the difference between the amount in the Grand Prize Pool and the amount needed to fund Grand Prize payments as determined by the Mega Millions lotteries.

The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize pool accounts and prize reserve account.

The Product Group may determine to expend all or a portion of the funds in the prize pool accounts (except for the Grand Prize pool account) and the reserve accounts for (1) for the purpose of indemnifying the Party Lotteries and Licensee Lotteries in the payment of prizes to be made by the participating lotteries, subject to the approval of the Board; and (2) the payment of prizes or special prizes in the game; subject to the approval of the Finance and Audit Committee. The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. Any amount remaining in the prize pool accounts or prize reserve account at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Members of the Product Group in accordance with jurisdiction law.

1603.03 **Expected Prize Payout Percentages.** The Grand Prize shall be determined on a pari-mutuel basis. All other prizes awarded shall be paid as set cash prizes with expected prize payout percentages as set out in the Game Rules.

1603.03A The Grand Prize amount shall be divided equally by the number of Plays winning the Grand Prize.

1603.03B Except for winning prizes sold by the California Lottery, the prize pool percentage allocated to the set prizes (the cash prizes of one million dollars ($1,000,000) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

1603.04 **Liability Cap**. All rules regarding liability caps shall be as established in the Game Rules.

1603.04A The official advertised Grand Prize annuity amount is subject to change based on sales forecasts and/or actual sales. Additionally, this prize amount may be rounded up to the next highest affordable multiple of one million dollars, at the discretion of the Party Lotteries.

1603.04B Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

REG-1604 PROBABILITY OF WINNING.

1604.01 The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in Mega Millions. All prize winners sold by the California Lottery are paid on a pari-mutuel basis.

Probability Distribution

Matches Per Ticket	Winners	Probability	Set Prize Amount
All (5) of first set Plus (1) of 2nd set	1	1:258,890,850	Grand Prize
All (5) of first set & none of 2nd set	14	1:18,492,203.57	$1,000,000
Any (4) of first set Plus (1) of 2nd set	350	1:739,688.14	$5,000
Any (4) of first Set & none of 2nd set	4,900	1:52,834.87	$500
Any (3) of first Set plus (1) of 2nd set	24,150	1:10,720.12	$50
Any (3) of first Set & none of 2nd set	338,100	1:765.75	$5
Any (2) of first Set plus (1) of 2nd set	547,400	1:472.95	$5
Any (1) of first Set plus (1) of 2nd set	4,584,475	1:56.47	$2
None of first Set plus (1) of 2nd set	12,103,014	1:21.39	$1
Overall	5,502,140	1:31.8464	

REG 1605 PRIZE PAYMENT

1605.01 Grand Prize

1605.01A The prize money allocated from the current Mega Millions prize pool for the Grand Prize, plus any previous portions of prize money allocated to the Grand Prize category in which no matching tickets were sold will be divided equally among all jackpot prize winning plays in all participating lotteries. The annuity Grand Prize will be paid in 30 graduated annual installments. Grand Prizes won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions lotteries. The Mega Millions lotteries may set a minimum guaranteed annuity Grand Prize amount, which shall be advertised by the selling lotteries as the starting guaranteed annuity Grand Prize amount.

1605.01B If in any Mega Millions drawing there are no Mega Millions plays which qualify for the Grand Prize category, the portion of the prize fund allocated to such Grand Prize category shall remain in the jackpot prize category and be added to the amount allocated for the Grand Prize category in the next consecutive Mega Millions drawing.

1605.01C Unless there is a different Party Lottery rule, Grand prizes shall be paid, at the election of the player made no later than 60 days after the player becomes entitled to the prize, with either a per winner annuity or cash payment. If the payment election is not made by the player within 60 days after the player becomes entitled to the prize, then the prize shall be paid as an annuity prize. The election to take the cash payment may be made within 60 days after the player becomes entitled to the prize. An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn or otherwise changed.

1605.01D In the event of a prize winner who selects the cash value option, the prize winner's share will be paid in a single payment upon completion of internal validation procedures. The cash option amount shall be determined by the Product Group.

1605.01E Graduated annual payment option jackpot prizes shall be paid in 30 graduated annual installments upon completion of internal validation procedures. The initial payment shall be paid upon completion of internal validation procedures. The subsequent 29 payments shall be paid graduated annually at a time established by the Product Group.

1605.01F If individual shares of the cash held to fund an annuity is less than $250,000 or another amount if set by the Game Rules, the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand Prize pool.

1605.01G Funds for the initial payment of an annuitized prize or the lump sum cash prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions Game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

1605.01H In the event of the death of a lottery winner sold by a Party Lottery during the annuity payment period, the MUSL Finance & Audit Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning ticket, and subject to federal, state, district or territorial applicable laws, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or cash held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Finance & Audit Committee or the Product Group.

1605.02 **Low-Tier Cash Prize Payments.** All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash or warrants through the Party Lottery which sold the winning ticket(s). A Party Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

1605.03 **Prizes Rounded.** Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners. Prizes other than the Grand Prize, which, under the Game Rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

1605.04 **Rollover.** If the Grand Prize is not won in a drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize pool for the following drawing.

1605.05 **Limited to Highest Prize Won.** The holder of a winning ticket may win only one prize per play in connection with the winning numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

1605.06 **Prize Claim Period.** Prize claims shall be submitted within 180 days after the drawing date.

REG-1606 TICKET VALIDATION.

1606.01 To be a valid ticket and eligible to receive a prize, a ticket shall satisfy all the requirements established by the Nebraska Lottery for validation of winning tickets sold through its on-line system and any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Nebraska Lottery shall not be responsible for tickets which are altered in any manner.

1606.02 Under no circumstances will a claim be paid any prize without an official Mega Millions ticket (or subscription) matching all game play, serial number and other validation data residing in the selling Party Lottery's gaming system computer and such ticket (or subscription) shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.

1606.03 In addition to the above, in order to be deemed a valid, winning Mega Millions ticket, all of the following conditions must be met:

(a) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the drawing date(s) printed on the ticket;
(b) The ticket must be intact;
(c) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner;
(d) The ticket must not be counterfeit or an exact duplicate of another winning ticket;
(e) The ticket must have been issued by an authorized Mega Millions agent, sales agent or retailer on official paper stock of the selling Party Lottery;
(f) The ticket must not have been stolen, to the knowledge of the Party Lottery;
(g) The ticket must be submitted for payment in accordance with Section 10 of the Game Rules (Procedures for Claiming and Payment of Prizes);
(h) The ticket data must have been recorded on the central computer system prior to the drawing and the ticket data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the Party Lottery computer, the wager accepted by the Party Lottery computer shall be the valid wager;
(i) The player or computer number selections, validation data and the drawing date(s) of an apparent winning ticket must appear on the official file of winning tickets, and a ticket with that exact data must not have been previously paid;
(j) The ticket must not be misregistered, defectively printed or printed or produced in error to an extent that it cannot be processed by the Party Lottery that issued the ticket;
(k) The ticket must pass validation tests using a minimum of three (3) of the five (5) validation methods as defined in the Mega Millions Finance and Operations Procedures, Section 15. In addition, the ticket must pass all other confidential

security checks of the Party Lottery that issued the ticket;
(l) In submitting a Mega Millions ticket for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the Director of the Nebraska Lottery;
(m) There must not be any other breach of these Mega Millions Rules in relation to the ticket, which, in the opinion of the Director justifies invalidation.
(n) The ticket must be submitted to the Party Lottery that issued it.

1606.04 An official Mega Millions ticket submitted for validation which fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

(a) In all cases of doubt, the determination of the Nebraska Lottery shall be final and binding; however, the Nebraska Lottery may, at its sole option, replace an invalid ticket with a Mega Millions ticket of equivalent sales price;
(b) In the event a defective ticket is purchased or in the event the Nebraska Lottery determines to adjust an error, the Claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Mega Millions ticket of equivalent sales price;
(c) In the event a Mega Millions ticket is not paid by the Nebraska Lottery and a dispute occurs as to whether the ticket is a winning ticket, the Nebraska Lottery may, at its option, replace the ticket as provided in paragraph (a) of this subsection. This shall be the sole and exclusive remedy of the Claimant.

1606.05 **Invalid Tickets.** The Nebraska Lottery shall not be responsible for misdelivered, unrecorded, counterfeit, misregistered, mutilated, tampered with, defectively printed or produced, or damaged tickets, or any other ticket that fails to meet the requirements of these regulations or Rule 31 of the Game Rules (Ticket Validation).

REG-1607 TICKET RESPONSIBILITY.

1607.01 **Prize Claims.** Prize claim procedures shall be governed by the rules of the selling lottery. MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the selling lottery.

1607.02 **Multiple Signatures.** The manner of payment of prizes for valid winning tickets bearing multiple signatures, marks or names shall be determined by the Nebraska Lottery in its sole discretion, and any decision shall be final and binding.

1607.03 **Stolen Tickets.** The Product Group, the MUSL and the Nebraska Lottery shall not be responsible for lost or stolen tickets.

1607.04 **Reserved.**

1607.05The Nebraska Lottery shall not be responsible to a prize claimant for Mega Millions tickets redeemed in error by a Mega Millions agent, sales agent, or retailer.

1607.06 Winners are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions draw. Neither MUSL nor the Nebraska Lottery is responsible for Mega Millions winning numbers reported in error.

REG-1608 INELIGIBLE PLAYERS.

1608.01 A ticket or share for a MUSL game issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such ticket or share shall not be paid to:

(a) a MUSL employee, officer, or director;
(b) a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;
(c) an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm; or
(d) an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a), (b), and (c) and residing in the same household.

1608.02 A person under nineteen years of age shall not purchase a Mega Millions ticket. No Mega Millions ticket shall be sold to any person

under nineteen years of age. No person shall purchase a Mega Millions ticket for a person under nineteen years of age, and no person shall purchase a Mega Millions ticket for the benefit of a person under nineteen years of age.

1608.03 No Mega Millions ticket shall be sold and no prize shall be awarded to the Tax Commissioner, the Director, or any employee of the Division or any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of the Tax Commissioner, the Director, or any employee of the Division. Prizes shall not be paid to any other persons prohibited from playing Mega Millions in Nebraska by rules, governing law, or by any contract executed by the Nebraska Lottery.

REG-1609 APPLICABLE LAW.
In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the ticket was purchased, and by directives and determinations of the Director of that Party Lottery. Additionally, the player shall be bound to all applicable provisions in the Mega Millions Finance and Operations Procedures. The player agrees, as its sole and exclusive remedy that claims arising out of a Mega Millions ticket can only be pursued against the Party Lottery of ticket purchase. Litigation, if any, shall only be maintained within the jurisdiction in which the Mega Millions ticket was purchased and only against the Party Lottery that issued the ticket. Nothing in this rule shall be construed as a waiver of any defense or claim a Party Lottery may have in the event a player pursues litigation against the Party Lottery, its officers, or employees. All decisions made by a Party Lottery, including the declaration of prizes and the payment thereof and the interpretation of Mega Millions Rules, shall be final and binding on all purchasers and on every person making a claim in respect thereof, but only in the jurisdiction where the Mega Millions ticket was issued.

REG-1610 MEGA MILLIONS MEGAPLIER PROMOTION
1610.01 **Description.** The Mega Millions Megaplier promotion is a limited extension of the Mega Millions game and is conducted in accordance with the Mega Millions game rules and other lottery rules applicable to the Mega Millions game except as may be provided herein. The promotion will begin and end at a time and date announced by the Nebraska Lottery. The promotion will offer to the owners of a qualifying play a chance to multiply or increase the amount of any of the lump sum Set Prizes (the lump sum prizes normally, as of the effective date of these regulations and subject to change, paying $1 to $1,000,000) won in a drawing held during the promotion. The Grand Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier promotion.

1610.02 **Qualifying Play.** A qualifying play is any single Mega Millions play for which the player pays an extra dollar for the Megaplier option play and which is recorded at a Party Lottery's central computer as a qualifying play.

1610.03 **Prizes to be Multiplied or Increased.** A qualifying play which wins one of the lump sum Set Prizes will be multiplied by the number selected, either two, three, or four, or five (2, 3, 4, or 5), in a separate random Megaplier drawing announced in a manner approved by the Product Group.

1610.04 **Megaplier Draws.** MUSL will either itself conduct, or authorize a U.S. Lottery to conduct on its behalf, a separate random "Megaplier" drawing. Before each Mega Millions drawing a single number (2, 3, 4, or 5) shall be drawn. The Mega Millions Group may change one or more of these multiplier features for special promotions from time to time. In the event the multiplier drawing does not occur prior to the Mega Millions drawing, the multiplier number will be a 5 (five), which shall solely be determined by the lottery authorized to conduct the "Megaplier" drawing.

1610.05 **Megaplier Prize Pool.** The Megaplier Prize Pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each drawing period's sales, as determined by the Game Group, or a different percentage when set by the Game Rules, of each drawing period's sales, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket. The Megaplier prize pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in the current draw and held in the Megaplier Pool Account.

1610.06 **Megaplier Prize Pool Accounts.** Any amount not used to pay for multiplied prizes may be collected and placed in the Megaplier Prize Pool until the prize pool account reaches the amount designated by the Product Group. Any amount remaining in the Megaplier Prize Pool Account at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Members of the Product Group in accordance with jurisdiction law.

1610.07 **Expected Prize Payout.** Except as provided in the Game Rules, all prizes awarded shall be paid as lump sum set prizes. Instead of the Mega Millions set prize amounts, qualifying Megaplier plays will pay the set prize amount multiplied by the number selected in the Megaplier drawing. In certain rare instances, however, a qualifying Megaplier play may pay less than the set prize multiplied by the number drawn in the Megaplier drawing. In such a case, the Megaplier prizes will be a multiple of the changed Mega Millions prize amount announced after the draw. For example, if the Match 4+1 Mega Millions set prize amount of five thousand dollars ($5,000) becomes two thousand dollars ($2,000) under the rules of the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier would win eight thousand dollars ($8,000): two thousand dollars multiplied by four ($2,000.00 x 4).

1610.08 **Probability of Winning.** The probability of the various Megaplier numbers being drawn during a single Mega Millions drawing will be as set in the Game Rules. The Product Group may elect to run limited promotions that may increase the multiplier numbers.

1610.09 **Prize Pool Carried Forward**. The prize pool percentage allocated to the Megaplier set prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw or may be held in a prize reserve account.

1610.10A Pari-Mutuel Prizes, All Prize Amounts.
Except as otherwise provided in 1610.10B, if the total of the original Mega Millions set prizes and the Megaplier prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the set prizes (including the Megaplier prize amounts) awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes (including Megaplier prize amounts) and carried forward from previous draws, if any; (ii) an amount from the Mega Millions Prize Reserve Account, if available in the account, not to exceed forty million dollars ($40,000,000.00) per drawing.

1610.10B If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including Megaplier prize amounts), then the highest set prize (including the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize, including the Megaplier prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all set prizes levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

1610.11 **Prize Payments.** All Megaplier prizes shall be paid in one lump sum through the Party Lottery that sold the winning ticket(s). A Party Lottery may begin paying Megaplier prizes after receiving authorization to pay from the MUSL central office.

1610.12 **Prizes Rounded.** Prizes, which, under the Game Rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding

these prizes shall be carried forward to the prize pool for the next drawing.