



# Memo

**Date:** December 10, 2020

**To:** Oregon State Lottery Commissioners

**From:** Kris Skaro

**Subject:** Inform on proposed draft rule changes relating to prize claiming/payment and terminology for trade show device regulation

## Rule Review

Recently, the Lottery conducted a review of all rules relating to prize claiming, validation, and payment and identified four areas for improvement:

1. Clarify how prizes can be claimed when Lottery is not open to the public for extended periods of time;
2. Correctly reference the entities (Oregon State Police *and* Lottery Security) responsible for trade show device regulation;
3. Delete obsolete rule about charging retailers for prizes (not applicable under new commission structure); and
4. Clarify validation, ownership, claiming, and prize payment provisions.

The Lottery has prepared a rough draft of proposed rule changes to address the issues identified in the review. Although the proposed changes are somewhat lengthy, there are very few substantive changes being proposed. Instead, the changes are intended to improve clarity, readability, and consistency with current practice and other rules.

## Next Steps

The Lottery will continue to review the draft rules and will file a Notice of Proposed Rulemaking to solicit public comment from players and other interested parties. I will report back to the Commission in early 2021 with an update and final proposed rule changes.

## Enclosures

In the meantime, the first draft of the Notice and rule changes are enclosed for the Commission and the public. The draft Notice includes a detailed summary of all changes and rule text showing edits.

Thank you, and please reach out to me or Director Pack if you have any questions.

## NOTICE OF PROPOSED RULEMAKING

### CHAPTER 177 OREGON STATE LOTTERY

**FILING CAPTION:** *Updating rules about claiming, validating, and paying Lottery prizes and clarifying trade show device regulation*

**LAST DAY AND TIME TO OFFER COMMENT TO AGENCY:** 01/19/2021 5:00 PM

#### **HEARING(S):**

DATE: 01/19/2021

TIME: 10:00 AM - 12:00 PM

OFFICER: Kris Skaro

ADDRESS: Join Zoom meeting by going to <https://zoom.us/j/95525912631> or calling 1-253-215-8782 and enter Meeting ID: 955-2571-2631.

#### **SPECIAL INSTRUCTIONS:**

The public may attend the hearing over Zoom using the web address or phone number provided. The public may also submit written comments about the proposed rules until Tuesday, January 19, 2021, at 5 p.m. by emailing comments to [Kris.skaro@lottery.oregon.gov](mailto:Kris.skaro@lottery.oregon.gov). Please contact Kris Skaro at [Kris.skaro@lottery.oregon.gov](mailto:Kris.skaro@lottery.oregon.gov) or 971-719-0794 if you have questions or need assistance participating in the public comment process. Please note that only the hearings officer will attend this hearing. The Oregon State Lottery Director and Commissioners will receive a summary of all comment received and must consider all comment before considering adopting permanent rules. The public can provide comment directly to the Commission at every other Lottery Commission meeting. Visit <https://www.oregonlottery.org/about/how-we-operate/commission-and-director-info/> for more information.

#### **NEED FOR THE RULE(S):**

The Lottery has conducted an internal review of its administrative rules and has identified a need to amend and repeal rules as described in this Notice of Proposed Rulemaking to: provide additional clarity to players, retailers, and Lottery staff; support current practices; and make general housekeeping edits. Each need is described below, followed by an explanation of how the proposed rule changes are intended to meet the identified need.

### **(1) CLARIFY PRIZE CLAIMING PROCESS DURING STATE OF EMERGENCY**

During the current state of emergency, in compliance with executive orders and guidance, Lottery buildings are closed to the public to prevent the spread of COVID-19. However, the Lottery must ensure that prize winners are able to submit claims, have their claims processed and validated, and receive prize payment from the Lottery. Therefore, the Lottery proposes to amend OAR 177-046-0110 to explain that during periods of extended closure like the current one, the Lottery may limit in-person prize claiming but will otherwise continue to process claims and pay prizes as usual. Additionally, the requirement to claim Jackpot prizes in person is deleted retroactively and misleading references to when Lottery buildings are "closed to the public" are clarified to avoid confusion. The changes proposed in this Notice ensure Lottery rules accurately explain prize claiming, validation, and payment requirements.

### **(2) CLARIFY TRADE SHOW DEVICE REGULATION**

Lottery rules do not use the correct terminology when referring to the entities responsible for ensuring compliance with regulations relating to displaying or demonstrating a trade show device. Previously, a single entity called the Oregon State Police Lottery Security Section was responsible for Lottery security and trade show device regulation under ORS chapter 167. However, there are currently two security entities, the Oregon State Lottery Security Section managed by the Assistant Director for Security and the Oregon State Police who provide certain security services to the Lottery under contract. Therefore, to avoid confusion and clarify requirements, the Lottery proposes to amend a rule to clarify that either Lottery Security or the Oregon State Police must be able to inspect and otherwise ensure compliance with regulations issued under ORS chapter 167.

### **(3) CLARIFY THAT LOTTERY IS RESPONSIBLE FOR PAYING PRIZES UNDER THE NEW RETAILER COMMISSION STRUCTURE**

The Lottery identified a rule that referred to the previous practice of recouping certain non-Jackpot Video Lottery prizes from retailers in some cases. This practice is no longer used under the new retailer commission structure that went into effect on June 28, 2020. Therefore, the rule is no longer needed, and the Lottery proposes to make the changes described in this notice to remove any references to this obsolete practice.

### **(4) CLARIFY VALIDATION, OWNERSHIP, CLAIMING, AND PRIZE PAYMENT PROVISIONS TO ENSURE: READABILITY; ACCURACY; SUPPORT FOR CURRENT PRACTICES; AND CONSISTENCY ACROSS RULES**

In its review of rules, the Lottery identified that the validation, ownership, prize claiming, and prize payment provisions in Lottery rules can be difficult to follow; do not always clearly support current practices; and are occasionally in conflict across the various divisions of game rules. Therefore, the Lottery proposes amendments described in this Notice of Proposed Rulemaking to (1) clarify

requirements for players and Lottery staff; (2) improve readability and organization of the provisions; (3) clarify Lottery authority to make certain validation and payment decisions; (4) support current practices; (5) make non-substantive housekeeping updates; and (5) ensure accuracy and consistency throughout the rules in chapter 177. See rule summaries for more detailed information about these changes.

#### **DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:**

The Lottery prepared and/or relied upon the following documents when considering the need for rule changes and preparing the rule changes:

-OAR chapter 177 available at

<https://secure.sos.state.or.us/oard/displayChapterRules.action?selectedChapter=153>.

-ORS chapter 461, especially ORS 461.250, available at

[https://www.oregonlegislature.gov/bills\\_laws/ors/ors461.html](https://www.oregonlegislature.gov/bills_laws/ors/ors461.html).

-Lottery Winner Prize Claim Form available at <https://www.oregonlottery.org/claim-a-prize/>.

-Drafts of all game-related/prize claiming rule divisions in OAR chapter 177, available upon request.

-Internal rules review issues tracking document available upon request.

-Executive Order No. 20-30 issued March 8, 2020, available at

<https://drive.google.com/file/d/1AcKOePvhmBpuNuaBQq7yZ37E2Sog4tUe/view>.

#### **FISCAL AND ECONOMIC IMPACT:**

The Lottery estimates amending and repealing rules as described in this Notice will have no fiscal or economic impact on state agencies, including the Lottery, units of local government, or members of the public, including Lottery retailers and people who play Lottery games. There is no cost of compliance for small business.

#### **COST OF COMPLIANCE:**

**(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s).**

The Lottery estimates that no state agencies, including the Lottery, units of local government, or members of the public, including retailers and people who play Lottery games will be economically affected by the proposed rule changes.

**(2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s);**

There are currently 4,779 Lottery retailers who contract with the Lottery to sell traditional and/or Video Lottery games. Those retailers are subject to some of the rules identified in this Notice of Proposed Rulemaking and the Lottery assumes many of these retailers are small businesses. (Lottery does not

have information to estimate how many Lottery retailers meet the definition of a small business in ORS 183.310.) The type of business of a Lottery retailer subject to some of these rules includes grocery and convenience stores, bars, restaurants, taverns, and small eateries.

**(b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s);**

The Lottery estimates no reporting, recordkeeping, or administrative activities required for Lottery retailers to comply with the rules beyond what they are currently doing with respect to validating and paying prizes.

**(c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).**

The Lottery estimates no costs of professional services, equipment, supplies, labor, or increased administration to comply with these rules beyond what retailers are currently doing with respect to validating and paying prizes.

**DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):**

The Lottery does not believe any small businesses will be affected or impacted by these rules and therefore did not involve any small businesses in the drafting of the rule changes. However, small businesses are invited to comment during the public rulemaking process.

**WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?**

The Lottery does not anticipate any person or group of people will be significantly impacted or interested in these rule changes; therefore, it would be difficult to convene a RAC that represents impacted people. However, the Lottery looks forward to discussing these rules at a public meeting and sending the proposed changes out for comment.

## SUMMARY OF EACH RULE CHANGE AND RULE TEXT SHOWING CHANGES

### 177-010-0120

#### Display and Demonstration of a Trade Show Device at a Trade Show

SUMMARY: The Lottery proposes to amend this rule about the display and demonstration of a trade show device at a trade show to clarify that the Oregon State Police or (separately) the Lottery Security Section must be able to ensure compliance with applicable law. Previously, the rule referred to the "Oregon State Police Lottery Security Section" as a single entity responsible for trade show device compliance. Previously, for many years, this entity was the only Lottery security entity. Now, however, the Lottery has its own Security Section managed by our Assistant Director for Security and, separately, the Oregon State Police contract with the Lottery to provide certain security services. The addition of "or" between the Oregon State Police and the Lottery Security Section indicates correctly that neither entity can be prevented from ensuring compliance with applicable law, and both entities need to have access to the trade show to conduct an inspection if needed.

- (1) Definition: For the purposes of this rule, "Trade show device" means a gaming device that would otherwise be a gray machine as described in [ORS 167.117\(9\)](#) or a slot machine as described in [167.117\(20\)](#) except that the device is authorized for display or demonstration purposes at a trade show and the device is displayed and demonstrated by a manufacturer or manufacturer's representative as an example of a model that is currently in production for sale or is scheduled to be in production for sale by the manufacturer.
- (2) Trade Show Display: A trade show device approved for display and demonstration at a trade show:
  - (a) Cannot be used for actual wagering. Any device that accepts any consideration is not authorized under this rule.
  - (b) Cannot be sold directly from the site of the trade show or while in transit to or from the trade show.
  - (c) Must have the coin or bill acceptor removed or physically restricted from use so that wagering is not possible.
  - (d) Must have a sign posted in close proximity to the device that contains the phrase, "No one under 21 years of age is allowed to operate this machine." A vendor displaying and demonstrating trade show devices must ensure that minors under the age of 21 are not allowed to operate the device.
- (3) Limitations: For purposes of this rule, a trade show cannot be held at a location or in a manner in which the Oregon State Police or the Lottery Security Section is encumbered from ensuring compliance with applicable law. For example, a trade show cannot be held in a mobile demonstration van or be conducted simultaneously at multiple locations.

- (4) Application: A vendor participating in a trade show must complete, in its entirety, and file an application with the Director for authorization to display, demonstrate, and transport a trade show device at a trade show. The application shall include, but not be limited to:
- (a) The full name, address, and telephone number of both the business and the individual initiating the request to display and demonstrate such a device at a trade show;
  - (b) The title, location, and dates of the trade show;
  - (c) The full name, address, and telephone number of the sponsor or organizer of the trade show;
  - (d) The manufacturer of each device;
  - (e) The serial number of each device;
  - (f) The model of each device;
  - (g) The schedule of transport of such a device;
  - (h) The specific address and location of any intermediary storage sites for the device before or after the trade show; and
  - (i) The name, address, and telephone number of a person who can be contacted if questions arise regarding any aspect of the authorization, the devices, or the trade show.
- (5) Approval: The Director may approve, in writing, an application to display, demonstrate, and transport a trade show device submitted under section (4) upon finding that each device identified in the application is a trade show device and that the applicant will use the trade show device solely for display and demonstration purposes at a trade show that is not open to the public and where minors under the age of 21 are prohibited from operating any trade show device.
- (6) Approval to Accompany Machine: Upon approval by the Director, a copy of the Director's approval to display, demonstrate, and transport a trade show device must accompany the device while in transit to or from the trade show and while the device is at the trade show.
- (7) Transport: A trade show device scheduled to be displayed or demonstrated at a trade show must be transported as described in the approval to display, demonstrate, and transport the device. Any variation in the number, type, or serial number of devices to be displayed and demonstrated at a trade show, or of the schedule of the transport of the devices to or from a trade show contained in the authorization shall be immediately reported to the Lottery following notification procedures described in the authorization.
- (8) Inspection: Trade show devices displayed or demonstrated at a trade show must be available for inspection by the Oregon State Police or the Lottery Security Section to assure compliance with applicable law.

- (9) Confiscation: A device displayed, demonstrated, transported, or otherwise possessed in violation of this rule or any statute is subject to confiscation by law enforcement officers and may be forfeited and destroyed.

Statutory/Other Authority: [OR Const. Art. XV, Sec. 4](#) & [ORS 461](#)

Statutes/Other Implemented: [OL 1999, Ch. 193](#) & [ORS 461.215](#)

### [177-040-0050](#)

#### **Retailer Duties**

SUMMARY: The Lottery is proposing to amend this rule about retailer duties to remove reference to an obsolete requirement that certain Video Lottery game prizes be claimed only in person at Lottery headquarters. It has been the Lottery's practice to process such claims by mail or at Lottery branches, so this reference needs to be deleted to avoid confusion. There are no substantive changes, however, to retailer duties. The Lottery is open to public comment on this rule and may make additional or alternative amendments during the public rulemaking process if needed to ensure the rule is clear and supports current practices, except that the Lottery will not make substantive changes to retailer duties.

- (1) General: This rule contains duties to be performed by a Lottery retailer beyond those duties described in the Lottery retailer contract. The duties listed herein are not meant to be exclusive. Other duties and requirements for retailers may be contained elsewhere in OAR Division 177, [ORS Chapter 461](#), or in the Lottery retailer contract.
- (2) All Retailers: All Lottery retailers shall:
- (a) Stock Equipment: Keep all Lottery equipment on the retailer's premises stocked with a variety of Scratch-it<sup>SM</sup> tickets, play slips, computer-generated tickets, and any other Oregon Lottery® product required to be sold. Unless exempted by the Lottery, if a Lottery retailer fails to stock or replenish these items as they are made available for sale by the Lottery, or as they are depleted because of purchase or use, the Lottery may remove the equipment.
  - (b) Perform Minor Maintenance: Replace ticket stock and clear paper jams as may be required for any of the equipment provided by the Lottery for the sale of Lottery tickets or shares.
  - (c) Maintain Paper Stock: Install and use only approved Lottery-provided paper stock which has been specifically assigned to the selling retailer when selling Lottery tickets and shares.
  - (d) Obtain Permits: Be required to arrange for and obtain all necessary permits required by federal, state, and local governments for electrical installation, electrical power, telephone service, fiber optic lines and connections, and coaxial cable and connections required to sell Lottery tickets or shares at the retail site.

- (e) Pay Amounts Due: Pay the amount due to the Lottery for the sale of Lottery tickets or shares by the use of an electronic funds transfer (EFT). In most instances, this EFT shall occur at the end of the fourth day after the close of each Lottery business week. When an applicant operates multiple Lottery retail sites before the effective date of this rule, the routine date of the EFT collection may be set beyond the fourth day after the close of the business week in order to accommodate the needs of the combined sites.
- (3) Traditional Lottery Game Retailers: A Lottery retailer authorized to sell traditional Lottery games is required to:
- (a) Scratch-It<sup>SM</sup> Tickets:
    - (A) Activate Scratch-It<sup>SM</sup> tickets prior to sale.
    - (B) Validate Scratch-It<sup>SM</sup> tickets presented to the retailer by a player through equipment provided by the Lottery connected to the Lottery's central computer system.
    - (C) Destroy winning tickets after validation and payment of the prize; (Any Lottery retailer who does not destroy a winning ticket after validation and payment of the prize is liable for a prize paid by another Lottery retailer who subsequently pays the ticket.)
    - (D) Return non-winning tickets to the player.
  - (b) Draw Game Validation: Validate a Draw game ticket through the Draw game terminal before paying a Draw game prize.
  - (c) Underage Play: Monitor Lottery player-operated vending machines, as defined in [OAR 177-045-0000](#), to prevent underage play.
- (4) Video Retailers: A Video Lottery<sup>SM</sup> game retailer is required to:
- (a) Cash Slip Validation: Validate any Video Lottery<sup>SM</sup> cash slip presented for payment that was issued at the retailer's location, through the Lottery's on-site video validation terminal before paying a Video Lottery<sup>SM</sup> prize, except for those cash slips required to be validated and paid ~~at Lottery Headquarters in Salem by the Lottery, or other locations designated by the Director.~~
  - (b) Restrict Visibility: Restrict Video Lottery<sup>SM</sup> game terminals from visibility from areas outside of the business and from view of dining areas or other areas where minors are permitted to linger.
  - (c) Age-Posted Area: Maintain Video Lottery<sup>SM</sup> game terminals in an area of the business that is prohibited to minors. The area must be posted as such by the Oregon State Lottery or the Oregon Liquor Control Commission. This restriction against minors does

not apply to minors who qualify under the exceptions permitted by the Oregon Liquor Control Commission for access to areas normally prohibited to minors.

- (5) Sanctions: The Director may sanction a Lottery retailer for the loss, damage, or destruction of any winning game ticket or share. This includes, but is not limited to: Imposing a requirement for remedial training for the retailer or the retailer's employees, and any other actions for failure to perform contract duties or requirements as described in the Lottery retailer contract or OAR Chapter 177.

Statutory/Other Authority: [OR Const. Art. XV & Sec. 4\(4\)](#)

Statutes/Other Implemented: [ORS 461](#)

### [177-040-0051](#)

#### Designated Employees and Payment of Prizes

SUMMARY: The Lottery is proposing to amend this rule about retailer payment of prizes to remove reference to an obsolete requirement that certain Video Lottery game prizes be claimed only in person at Lottery headquarters. It has been the Lottery's practice to process such claims by mail or at Lottery branches, so this reference needs to be clarified to avoid confusion. Additional clarifications and updates are made that are consistent with current practice; the Lottery may update this rule based on information received during the public rulemaking process, but will not substantively change current retailer prize payment requirements.

- (1) Designated Employees: A traditional Lottery retailer must designate employees authorized to redeem winning Lottery tickets and shares. A Video Lottery<sup>SM</sup> retailer must designate employees authorized to redeem Video Lottery<sup>SM</sup> cash slips as defined in [OAR 177-200-0005\(1\)](#).
- (2) Traditional Lottery Retailers: A traditional Lottery retailer must redeem winning Lottery tickets and shares during all of the retailer's designated hours of redemption.
- (3) Video Lottery<sup>SM</sup> Retailers: Except for those cash slips required to be validated and paid ~~at Lottery Headquarters in Salem, or other locations designated by the Director by the Lottery~~, during all business hours of operation a Video Lottery<sup>SM</sup> retailer must redeem any Video Lottery<sup>SM</sup> cash slip presented for payment that was issued at that retailer's location, except as follows:
- (a) In the event of exceptional circumstances, a retailer may delay validation and payment of a cash slip for a period of time not to exceed 24 hours from the time the cash slip is initially submitted to the retailer for payment. "Exceptional circumstances" means rare and unforeseen circumstances beyond the reasonable control of the retailer; and
- (b) Within 48 hours from the time the cash slip is initially submitted to the retailer for payment, the retailer must submit to the Lottery a written report of the delay of payment and the exceptional circumstances that required the delay.

- (c) The Director may review claims of exceptional circumstances and determine whether delayed payment was appropriate under the circumstances. Upon the Director's request, the retailer must provide the Director with evidence supporting a claim of exceptional circumstances. If a retailer fails to comply with a request or fails to adequately support a claim of exceptional circumstances, the Director shall find that the delay was not appropriate.
- (d) If the Director finds that the delay was not appropriate, the retailer's delay of payment shall be considered a failure to perform contract duties or requirements, and the Lottery may take appropriate action including termination of the retailer contract. The Director's decision is final.
- (4) **Payment:** Except as provided in section (3) of this rule, a retailer must immediately pay prizes in cash or by check, or any combination thereof, when a winning Lottery ticket or share meeting the requirements of these rules is presented for payment, including a Video Lottery<sup>SM</sup> cash slip. A retailer must not pay prizes in tokens, chips, or merchandise or charge a fee for paying a prize or for issuing payment.
- (5) **Validation:** Notwithstanding section (3) of this rule, once a Lottery retailer validates a winning ticket or share, including a Video Lottery<sup>SM</sup> cash slip, the retailer must immediately pay it. The Lottery's terminal will not validate a cash slip issued for a Jackpot Prize.

Statutory/Other Authority: [ORS 461, 461.217, 461.250 & 461.300](#) & Or. Const. Art. XV & Sec. 4(4)

Statutes/Other Implemented: [ORS 461.217, 461.250 & 461.300](#)

### [177-046-0090](#)

#### **Validation Requirements**

SUMMARY: This rule about general Lottery prize validation requirements sets out validation requirements that apply generally to most Lottery games. The rule is intended to align with ORS 461.250 and is in addition to specific game validation requirement rules. More detail is added to the rule to align with ORS 461.250 and the validation practices of the Lottery. The Lottery may amend the rule further based on information received or further internal review and evaluation during the public rulemaking process.

- (1) **General:** Each type of Lottery game rule may specify unique or additional requirements necessary for validation for that specific game.
- (2) **Requirements:** In general, to be a valid Lottery ticket or share:
  - (a) The ticket or share must not be counterfeit, fraudulent, or a forgery in whole or in part.
  - (b) The Lottery must have issued the ticket or share in an authorized manner.

- (c) The ticket or share must not be altered, unreadable, reconstituted, or tampered with in any manner including, but not limited to, the signature area, and must meet all of the Lottery's security requirements.
  - (d) The ticket or share must not appear on any list of omitted, inactive, missing, previously paid, or stolen tickets on file at the Lottery, and, if applicable, the Lottery's Instant Ticket System (ITS) must accept and validate the ticket or share as a winner.
  - (e) The ticket or share must not be blank or partially blank, misregistered, non-scratchable, or printed or produced in error.
  - (f) The ticket or share is subject to all additional confidential validation tests of the Lottery including validation through the Lottery's computer system.
- (3) Proof of Play: A Lottery ticket or share is the only proof of a game play or plays and the submission of a winning ticket or share to the Lottery or an authorized retailer is the sole method of claiming a prize or prizes unless otherwise provided in OAR chapter 177. A play slip or a copy of a ticket or share has no pecuniary or prize value and does not constitute evidence of ticket or share purchase or otherwise represent an opportunity to win a prize.

Statutory/Other Authority: [OR Const. Art. XV § 4\(4\)\(a\)](#) & [ORS 461.120, 461.250](#)

Statutes/Other Implemented: [OR Const. Art. XV § 4\(4\)](#), [ORS 461.020, 461.120, 461.210, 461.220, 461.230, 461.240, 461.250 & 461.260](#)

### [177-046-0100](#)

#### **Ownership of Lottery Tickets and Shares**

SUMMARY: The Lottery is proposing to amend this rule about ownership of tickets and shares to make some minor clarifications to improve consistency with other rules in OAR chapter 177. For example, reference is added to how multiple claimants can jointly claim a prize and the prohibition of joint ownership of the top prize in Win for Life is referenced in this rule to avoid any confusion.

- (1) Bearer Instrument: Except for a Lottery ticket or share claimed jointly in accordance with the provisions of [OAR 177-046-0110\(65\)](#) of this rule, until such time as a name of an individual or individuals is placed upon a physical Lottery ticket or share, the ticket or share is a bearer instrument and is owned by the bearer of the ticket or share. When a name or names is placed on the ticket or share, the ticket or share ceases to be a bearer instrument and the individual(s) whose name(s) appears on the ticket or share ~~is~~ are the owner of the ticket or share. Only a natural person at or above the age of game eligibility may own a ticket or share and claim a prize.
- (2) Multiple Names: Multiple individuals at or above the age of game eligibility may jointly own, possess, and claim a prize as owners of a winning ticket or share as provided in OAR 177-046-0110(5). Multiple individuals hold the ticket or share as tenants in common. Multiple individuals may specify the percentage of ownership each person holds. Each person must hold \$1.00 of the prize at a minimum.

(3) Notwithstanding sections (1) and (2) of this rule:

- (a) Second Chance Drawing: Only one natural person can claim ownership of a non-winning ticket or share used to enter a second chance drawing. Non-winning tickets submitted and accepted as a valid entry in a Lottery second chance drawing cannot be jointly owned. Only the person who claims ownership may submit the non-winning ticket as an entry to a second chance drawing and only that person may claim the prize if the person's entry is selected as a winning entry in a second chance drawing.
- (b) In any Lottery game played digitally, only the registrant of the player account can claim ownership of a ticket, share, confirmed bet, or prize purchased through the player account.
- (c) Win for Life: Only one natural person can claim ownership of the Top Prize in Win for Life as described in OAR 177-094-0080.

Statutory/Other Authority: [OR Const. Art. XV § 4\(4\)\(a\)](#) & [ORS 461.120, 461.230](#)

Statutes/Other Implemented: [OR Const. Art. XV § 4\(4\)](#), [ORS 461.020, 461.120, 461.210, 461.220, 461.230, 461.240, 461.250 & 461.260](#)

#### **177-046-0110**

#### **Payment of Prizes**

SUMMARY: The Lottery is proposing to amend this rule about general prize payment provisions. This rule is one of the most frequently used and cited rules in OAR chapter 177. The rule was reviewed, and improvements have been proposed to improve readability, organization, and clarify authority and current practice. General authority that was previously buried within the rule are moved to section (1) and stated to apply generally to all prize claims. The final proposed rule states that the Lottery has general authority to determine the validity of prize claims; to investigate to resolve discrepancies or determine ownership; determine the appropriate method of payment of a prize; and deduct legally required withholdings (taxes and offsets described in ORS chapter 461). References to Lottery kiosks are deleted to avoid confusion (the Lottery does not currently operate any kiosks) and a limit is set on prize claims that can be processed by mail at \$50,000 for security reasons (this is mostly consistent with current practice, but may be a substantive change for a small number of prizes); provision is added to allow Lottery to process and pay claims during periods of extended closure, such as the current state of operations during the COVID-19 public health emergency, and also provide for similar future unforeseen events such as a natural disaster when the Lottery may need to process claims differently. The deadline to claim prizes is updated to align with ORS 461.250 and the ability to claim prizes by fax is removed as that is not a means or method that players currently utilize to submit prize claims. The Lottery will continue to review this rule internally, and is open to feedback from players, retailers, and other interested parties about improvements to this rule during the public rulemaking process and may make

additional or alternative amendments in response to information received during the process. **(NOTE green text means existing text has been moved; red text is NEW text; deleted text is strikethrough.)**

(1) General Provisions for Claiming Prizes; Determining the Validity of Claims; and Paying Claims:

- (a) All winning Lottery tickets or shares may be presented to the Oregon State Lottery for payment, ~~or, if permitted by the applicable game rule, some winning tickets or shares for prizes of \$600 or less may also be presented for payment to the appropriate Lottery retailer.~~
- ~~(g)~~ Timing and Deadline for submitting a Claim: Any winning draw game ticket of \$50,000 and over is not eligible for prize payment until the next Lottery business day after it is issued. Whether a claim for a prize is submitted to a retailer or to the Lottery by mail, express carrier, or by an individual personally presenting the claim, the winning ticket or share (including the completed claim form, if applicable) must be received by the retailer or the Lottery within one-year of the date that the ticket or share was issued, unless a shorter time period is specified by the Lottery for a particular game. If the final day of the one-year claim period falls on a day when the Lottery Headquarters or Lottery Branch are ~~is not open to the general public~~ **processing claims**, such as a weekend, ~~or Lottery holiday, furlough closure day, or unforeseen circumstances,~~ the claim period shall be extended until 5:00 p.m. on the next **working day** ~~day the Lottery Headquarters or Lottery Branch are open to the general public.~~
- ~~(h)~~ Failure of delivery: The claimant of a prize bears all risk associated with the method chosen to submit a claim, the timeliness of the claim submission and, in the case of submission by mail or private express carrier, failure of the claim to be received by the Lottery or a retailer.
- ~~(d)~~ If the Director determines that the ticket or share is invalid, or a non-winning ticket or share, or the claim is invalid, the Director shall deny the claim and **the Lottery will** notify the claimant. An invalid ticket or share will not be returned to the claimant and is not eligible for any second chance or promotional drawing. A non-winning ticket will only be returned to the claimant if the claimant provides return postage and a self-addressed envelope or mailing container in which to return the ticket.
- ~~(e)~~ Conflicting Information or Discrepancies: If there is conflicting information or discrepancies **including, but not limited to**, between the **name or** names on a winning Lottery ticket or share and the **name or** names on a claim form, the Lottery may withhold prize payment until the conflicting information has been researched and resolved or assigned to Lottery Security Section for investigation and resolution. Discrepancies include, but are not limited to, ~~names or addresses scratched out or erased, or unreadable or altered names or addresses.~~
- ~~(g)~~ Investigations: At the discretion of the Director **or the Assistant Director for Security**, the Lottery may conduct an investigation to aid in the determination of the rightful owners prior to payment of any prize.

(hg) Determinations: The Director's decisions regarding the determination of a winning Lottery ticket or share, or the determination of the rightful owner or owners of a prize, or of any other dispute or matter arising from payment or awarding of prizes are final and binding on all parties claiming an ownership interest in a prize.

(9h) Payment Decisions: The Director shall make the final decision on whether any prize is paid or any annual prize payment is made. All prizes shall be paid within a reasonable time after they are validated, unless the Director delays a prize payment. The Director may, at any time, delay any prize payment in order to review the validity of a prize claim, or review a change of circumstances relative to the prize awarded, the payee, or the claim, or review any other relevant matter that may come to the Director's attention. Except as set forth in OAR 177-098-0060, for any prize requiring annual payments, all payments after the first payment shall be made on the anniversary date of the first payment in accordance with the type of prize awarded. Any delayed annual payment will be brought up to date immediately when payment is authorized by the Director.

(11i) Deductions from Prize Amount Paid: When a prize claim is submitted or claimed digitally through a player account, the Lottery will reduce the amount of the prize actually paid to the winner by any amounts required by law to be withheld from payment, including without limitation applicable tax withholding, a writ of garnishment or other legal attachment, child support, or other obligations owed to the State of Oregon. A winner will not be entitled to the full prize amount in such cases and the amounts withheld will be transferred or retained by the Lottery as required by law.

(2) Retailer Validation and Payment of Prizes: To determine whether a physical Lottery ticket or share presented for payment entitles the holder to a prize, a retailer must validate the claim with the Lottery by scanning the bar code or manually entering the bar code number printed on each Lottery ticket or share into equipment provided by the Lottery, and, if authorized by the Lottery, pay the holder the prize amount due.

(a) Retailer Payment: Unless the prize has multiple owners, a retailer is authorized to pay a prize of \$600 or less and shall pay that prize in cash or check, or any combination thereof.

(b) Dishonored Check: If a retailer's prize payment check is dishonored, the payee of the check may seek payment from the Lottery by presenting a copy of the dishonored check at Lottery Headquarters or a Lottery Branch during Lottery business hours, or by mailing a copy of the dishonored check with a winner claim form to the Lottery Mailing Address. If the Lottery determines that payment of the prize is authorized, the retailer has not paid the prize, and it is unlikely that the retailer will pay the prize, the Lottery may then ~~issue a check to pay~~ the payee of the dishonored check in the amount of the prize due. The Lottery may require submission of the original check issued by the retailer prior to making payment to the payee.

(c) Retailer Sanction: A retailer that pays a prize with a check that is dishonored may be subject to termination of its Lottery Retailer Contract.

(3) Submission of Prize Claim to Lottery: The holder of a winning ticket or share may claim a prize by submitting the winning ticket or share using one of the methods described below, unless a different method is provided for claiming a Highest Prize in the specific rules for the game from which the Highest Prize is derived. A winner claim form may be obtained from any Lottery retailer, ~~from a Lottery kiosk,~~ from the Lottery Headquarters or a Lottery Branch, or may be downloaded from the Lottery's website.

(a) Presenting Claim at Lottery Headquarters or Lottery Branch: ~~A-Except during an extended closure,~~ a claimant may bring and present a ticket or share at Lottery Headquarters or a Lottery Branch during Lottery business hours, unless the ticket or share, or a Lottery rule, specifies that the ticket or share may only be presented at Lottery Headquarters.

(b) Presenting Claim by Mail ~~or Private Express Carrier~~: A claimant may present a claim ~~worth less than \$50,000~~ by mail ~~or private express carrier~~ by signing the ticket or share, writing the claimant's mailing address on the ticket or share, completing a winner claim form, and mailing it together with the winning ticket or share to the Lottery Mailing Address. Registered mail is recommended.

~~(c) Presenting Claim by Private express carrier: A claimant may present a claim by private express carrier by signing the ticket or share, writing the claimant's mailing address on the ticket or share, completing a winner claim form, and depositing it together with the winning ticket or share with the express carrier with instructions to deliver the ticket or share and claim form to Lottery Headquarters.~~

~~(d)~~ (d) Electronic Claim Form: ~~If provided for in the rules for a specific game, a~~ winner may submit an electronic claim form through the Internet, if a winning ticket or share has already been presented using one of the methods specified in ~~OAR 177-046-0110 (3)subsection (a)- or (eb) of this section~~. If the winner submits an electronic claim, the form is received by the Lottery only when the claim enters the Lottery's information processing system in a form that is retrievable by the Lottery and at the time and date noted by the Lottery's information processing system. The Lottery is not responsible for any electronic transmission failures or errors. An electronic winner claim form must include the winner's electronic signature that meets the requirements specified by the Lottery on the instructions for the winner claim form.

(ed) Claiming Through the Player Account: For any Lottery game played digitally, a prize is considered claimed immediately upon validation by the Lottery that the ticket or share is a winning ticket or share as determined by the rules for the particular game. Upon such validation, the player will be the owner of the prize and the Lottery will withhold any taxes or other offsets required by law before the prize is deposited, less such withholdings, if any, in the player's funding account. There are no unclaimed prizes in Lottery games played digitally and prizes in such games may only be claimed as provided in this subsection.

~~(e) Extended Closure: During an extended closure, to protect the health and safety of staff and the public, the Lottery may temporarily limit methods of submitting claims, such as requiring certain claims to be submitted by mail, drop box, or appointment only. The~~

Lottery will communicate any temporary limits on the Lottery's website. For purposes of this subsection, "extended closure" means one or more Lottery buildings is closed to the public for more than four consecutive days, such as during a public health emergency, inclement weather, or natural disaster. Nothing in this paragraph prevents a claimant from claiming at a retailer if allowed under section (2) of this rule.

~~(f) — Facsimile Claim Form: A winner claim form may be submitted by facsimile transmission, if a winning ticket or share has already been presented using one of the methods specified in OAR 177-046-0110 (3)(a)-(c). The claim will be deemed received by the Lottery only if it is successfully transmitted to (503) 540-1001 and receipt of the successful transmission is generated by the Lottery's facsimile machine. The Lottery is not responsible for non-receipt of a claim form due to failure of transmitting equipment or otherwise.~~

~~(g) — Timing and Deadline for submitting a Claim: Any winning draw game ticket of \$50,000 and over is not eligible for prize payment until the next Lottery business day after it is issued. Whether a claim for a prize is submitted to a retailer or to the Lottery by mail, express carrier, or by an individual personally presenting the claim, the winning ticket or share (including the completed claim form, if applicable) must be received by the retailer or the Lottery within one year of the date that the ticket or share was issued, unless a shorter time period is specified by the Lottery for a particular game. If the final day of the one-year claim period falls on a day when the Lottery Headquarters or Lottery Branch are not open to the general public, such as a weekend, Lottery holiday, furlough closure day, or unforeseen circumstances, the claim period shall be extended until 5:00 p.m. on the next day the Lottery Headquarters or Lottery Branch are open to the general public.~~

~~(h) — Failure of delivery: The claimant of a prize bears all risk associated with the method chosen to submit a claim, the timeliness of the claim submission and, in the case of submission by mail or private express carrier, failure of the claim to be received by the Lottery or a retailer.~~

(4) Lottery and Prize Payment Methods: Upon validation of a winning Lottery ticket or share presented to the Lottery for payment, the ~~Director~~ Lottery may pay the amount of the prize due to the owner of the ticket or share in the payment method determined by the Lottery to be the most appropriate subject to the following: ~~If the Director determines that the ticket or share is invalid, or a non-winning ticket or share, or the claim is invalid, the Director shall deny the claim and notify the claimant. An invalid ticket or share will not be returned to the claimant and is not eligible for any second chance or promotional drawing. A non-winning ticket will only be returned to the claimant if the claimant provides return postage and a self-addressed envelope or mailing container in which to return the ticket.~~

(a) Lottery Cash Payment: Cash prize payments made at Lottery Headquarters ~~or Lottery Branch~~ are limited to \$50 per person per day. Any prize payment balance remaining above \$50 shall be paid by check or payment device. Lottery will not mail cash.

~~(b) Lottery Kiosk Payment: Cash prize payments made at a Lottery kiosk are limited to \$100 per transaction. Any prize payment balance remaining above \$100 shall be paid by payment device.~~

(eb) Prize Payments over \$20,000: Any prize in an amount that is over \$20,000 will be paid by the Lottery using the method that it determines is most secure and effective in light of the circumstances of the winner and the Lottery. Any merchandise prizes valued in excess of \$20,000 will be paid as merchandise.

(ec) Payment Through the Player Account: In any Lottery game played digitally, the Lottery only pays prizes digitally by crediting the player account after the withholding of any amounts required by law to be withheld from payment and depositing an equivalent amount to the funding account.

(5) Claiming Lottery Tickets or Shares Jointly: If more than one name appears on a Lottery ticket or share and the name or names appearing are not the result of fraud, or if a Lottery ticket or share is owned by two or more claimants, the prize must be claimed in accordance with the following:

(a) General: All persons claiming ownership of the winning Lottery ticket or share must complete and sign the Lottery's Request to Divide and Release Form or Release of Ownership Form at the time the prize is claimed. Each of the claimants signing the form must indicate his or her proportionate share of the prize. Each claimant must receive at least \$1.00. At least one of the claimants of the ticket or share must sign the ticket or share. That person's signature must also appear on the request and release form. If a winning ticket or share is mailed to the Lottery with multiple signatures on it, the Director-Lottery will mail the request and release form to each of the claimants.

(b) Relinquishment of Interest: If a person has signed a Lottery ticket or share to relinquish the person's ownership interest in the Lottery ticket or share, that person must sign the Lottery's release of ownership form relinquishing the person's ownership interest to the person the owner designates on the form. In no event will a person be permitted to relinquish ownership interest once it is determined that the person owes money for child support, other legal attachment has taken place, or other amounts are otherwise required to be withheld by law. Once the Lottery receives the release of ownership form, it is irrevocable.

(c) Deceased Signatories: A deceased signatory who dies before signing the request and release form will be presumed to have an ownership interest equal to that of the other signatories. In the event there is a deceased signatory, the Director may withhold payment for 60 days from the date of validation to allow co-owners the opportunity to seek a declaratory ruling from a court.

(d) Issuance of Prize Checks to Multiple Owners: If a validated winning Lottery ticket or share is claimed by multiple owners who are sharing a single prize, the Director will pay each owner claiming a share of the prize amount that portion of the prize amount claimed by each owner, with the total shares paid not to exceed the total prize amount. No cash payments will be made to multiple owners. However, the Director reserves the right to issue a single prize payment to an owner whose name appears on the ticket or

share instead of multiple prize payments to the owners of the ticket or share if the value of each separate prize share would be less than \$50 or if the number of owners claiming a share of the prize exceeds 100 people. ~~The Lottery shall pay multiple owners of a Lottery prize only at the Lottery Headquarters or a Lottery Branch.~~ Lottery retailers are not authorized to pay multiple owners who share a single winning prize.

~~(e) — Payment to Multiple Owners at Lottery Kiosk: Notwithstanding subsection (5)(d) of this rule, the Lottery may pay multiple owners of a single Lottery prize at a Lottery kiosk if the total amount of the prize is \$600 or less. Payment shall be made as set forth in paragraph (4)(a)(B) of this rule.~~

~~(f) Conflicting Information or Discrepancies: If there is conflicting information or discrepancies between the names on a winning Lottery ticket or share and the names on a claim form, the Lottery may withhold prize payment until the conflicting information has been researched and resolved or assigned to Lottery Security Section for investigation and resolution. Discrepancies include, but are not limited to: Names or addresses scratched out or erased, or unreadable or altered names or addresses.~~

~~(g) Investigations: At the discretion of the Director, the Lottery may conduct an investigation to aid in the determination of the rightful owners prior to payment of any prize.~~

~~(h) Determinations: The Director's decisions regarding the determination of a winning Lottery ticket or share, or the determination of the rightful owner or owners of a prize, or of any other dispute or matter arising from payment or awarding of prizes are final and binding on all parties claiming an ownership interest in a prize.~~

- (6) Second Chance Drawing Prize: Sections (5) and (8) of this rule are not applicable to a prize claim from a second chance drawing. Prizes awarded by the Lottery from second chance drawings must be claimed in accordance with the provisions of OAR 177-052-0060 and only the person who submitted the winning entry in a second chance drawing may claim and be paid the prize.
- (7) Social Security Numbers or Individual Taxpayer Identification Numbers (ITIN): Each United States resident or nonresident alien who is to receive a payment of winnings greater than \$600 shall furnish to the Lottery the information required on the Internal Revenue Service Form W-2G (or any other form required by the IRS,) including but not limited to the winner's name, address, and social security number or ITIN. This disclosure is mandatory and the authority for such disclosure is 42 USC 405(c)(2)(C), 26 CFR 31.3402(q)-1(e), and [ORS 461.715\(1\)\(a\)](#). A winner's social security number or ITIN will be used for the purpose of identifying child support obligors and payments owed and to administer state and federal tax laws, including collection of tax.
- (8) Power of Attorney.
- (a) General: The owner of a winning ticket or share may designate in a written power of attorney an agent to act on the owner's behalf and to receive a prize payment on behalf of the owner. The Director shall confirm both the written authorization and the agent. An owner is encouraged to select a bonded agent. The Director may pay a prize to an agent for the owner of a winning ticket or share only if the Director determines that the

agent has presented a valid power of attorney under Oregon law authorizing the Lottery to disburse a winning prize amount to the agent on behalf of the owner named on the winning ticket or share. The Director may require that any power of attorney submitted to the Lottery be in a form prescribed by the Lottery. The Director will accept a power of attorney for a winning ticket or share only when there is a single owner of the ticket or share. The owner of the ticket or share for whom a claim is submitted under a power of attorney must be a natural person over the age prescribed in the applicable game rules and be otherwise eligible to play Lottery games and claim a Lottery prize.

- (b) **Method of Payment:** The Lottery will not disburse cash to an agent for a winner. The Lottery will disburse payment to the designated agent for a ticket owner only by check, payment card or other method payable to the named owner of the ticket or share, not to the name of the agent.
- (c) **Power of Attorney Form:** A power of attorney submitted to the Lottery must, at a minimum: (i) be in written form, (ii) specify the name, address and telephone number of the owner of the ticket or share; (iii) be dated with a date that is later than the determination of the winner for the game in which a winning prize is being claimed, (iv) specifically identify the winning prize and the game won, (v) specify the name, address and telephone number of the agent who is authorized to claim the prize for the owner; and (vi) clearly state that the agent may complete a claim form and sign the ticket or share in the name of the owner and receive payment of the prize for the owner. The Director, in his or her discretion, may also accept a general power of attorney form for a disabled or incompetent player if the Director determines that the general power of attorney is valid under Oregon law and that payment to the agent of a Lottery prize is within the authority conferred upon the agent under the general power of attorney.
- (d) **Identification of Owner:** The Director may confirm to the Director's satisfaction that the agent is authorized to claim a prize on behalf of the owner of a winning ticket or share. The Director may attempt to verify or contact the owner of a winning ticket or share that is being claimed by an agent. The Director may request copies of additional documentation to establish the identity of the owner and the validity of the power of attorney including, without limitation, a driver's license, passport or similar identification and documents pertaining to the identity and signature of the owner in order to verify the validity of the power of attorney.
- (e) **Appearance:** An agent may not present a winning ticket or share through the mail or by private express carrier, but must physically present the winning ticket or share with the power of attorney and any supporting documentation at the Lottery Headquarters to claim the prize payment on behalf of the owner. Subsequent to receipt of acceptable identification, along with a completed claim form from the agent, and the Director's review and approval of the power of attorney and other supporting documentation required by this rule or requested by the Director, the agent, in the presence of a duly authorized Lottery official, shall sign the owner's name on the winning Lottery ticket or share in the place indicated on the ticket or share and immediately return it to the Lottery. The Director shall then disburse payment as provided in these rules.

- (f) Discharge of Lottery from Liability: The owners of lottery tickets or shares are responsible for safeguarding their tickets or shares and assume the risk of an agent with apparent authority from the owner presenting a claim for payment from the Lottery on behalf of the owner. The State of Oregon, its agents, officers, employees, and representatives, including but not limited to, the Oregon Lottery, its Director, agents, officers, employees, and representatives, are discharged of all liability upon payment to an apparent agent for the owner of a winning ticket or share in accordance with this rule. The Lottery is not responsible in any way for the fulfillment or completion of any agreement or power of attorney between the owner and the agent. The Director's decisions regarding the determination that a Lottery ticket or share is, or is not, a winning ticket or share or any question or dispute arising from the payment of such a prize is final and binding on all parties. In the event a question or issue arises regarding payment of a prize through an agent, the Director may withhold payment until the question or issue is resolved. The Lottery, the owner or the purported agent may petition a court of competent jurisdiction for judicial resolution of the matter.
- (g) This section does not apply to any Lottery game played digitally. Prizes in such games may not be claimed through a power of attorney; provided, however, moneys may be withdrawn from a funding account through a power of attorney, if the form of power of attorney is approved and given effect by the financial institution holding the funding account.

~~(9) Payment Decisions: The Director shall make the final decision on whether any prize is paid or any annual prize payment is made. All prizes shall be paid within a reasonable time after they are validated, unless the Director delays a prize payment. The Director may, at any time, delay any prize payment in order to review the validity of a prize claim, or review a change of circumstances relative to the prize awarded, the payee, or the claim, or review any other relevant matter that may come to the Director's attention. Except as set forth in OAR 177-098-0060, for any prize requiring annual payments, all payments after the first payment shall be made on the anniversary date of the first payment in accordance with the type of prize awarded. Any delayed annual payment will be brought up to date immediately when payment is authorized by the Director.~~

- (10) Validation and Payment of Lost, Damaged or Destroyed Tickets or Shares: If a player of a game cannot submit an intact winning ticket or share because a retailer lost, damaged, or destroyed the ticket or share while attempting to perform validation procedures on the game ticket or share, or because the ticket or share was otherwise damaged so that it cannot be validated through the Lottery's central computer system or because it is otherwise unreadable, a prize claim based on such lost, damaged, or destroyed ticket or share may still be validated provided the claim is made before the end of the applicable claim period. For purposes of this rule, a ticket or share is unreadable if there is insufficient information remaining on the ticket or share for the Lottery's Security Section to reconstruct and validate the ticket or share.
- (a) Player Form and Affidavit: To claim a prize based on a lost, damaged, or destroyed ticket or share, the player must obtain, complete, and sign a winner claim form and a claim affidavit furnished by the Lottery. The player shall submit the two completed forms along with any other evidence of the validation attempt that is in the player's possession (including, but not limited to, any slips, receipts or other evidence of play produced by the terminal at the time of the validation attempt) to the Lottery either by mail to the

Lottery Mailing Address (registered mail recommended) or in person at the Lottery Headquarters or a Lottery Branch during Lottery business hours.

- (b) Evidence: The evidence submitted by the claimant must corroborate any validation attempt of the ticket or share by a retailer including, but not limited to, identification of the Lottery game retailer or clerk who attempted to validate the prize, the time and date of the validation attempt, the ticket or share validation number, the terminal number, and the prize amount.
- (c) Investigation: The Assistant Director for Security will conduct an investigation to determine if the claim and winning game ticket or share are valid.
- (d) Retailer Affidavit: A retailer who is the subject of an investigation conducted under this section must complete and provide to the Lottery a retailer affidavit form explaining the events in question.
- (e) Director's Determination: Based upon all the facts and information available, the Director shall determine whether prize payment is warranted and authorized.
- (f) Payment of Prize: Upon the Director's determination that the ticket or share submitted under this section is a valid, winning ticket or share, and that the player is the proper person to whom a prize is payable, the Lottery shall ~~present or mail a check to pay~~ the claimant in the amount of the prize due to the claimant.
- (g) Restriction of Payment: Payment of claims submitted under this section is restricted to the prize amount. A winner is not entitled to lost interest earnings or any other form of damages due to a delay in a payment of a prize while the validation process described in this rule is completed.
- (h) Retailer Sanctions: The Director may sanction a Lottery game retailer for the loss, damage or destruction of a winning ticket or share including, but not limited to imposing, a requirement for training for the retailer or the retailer's employees, and any other actions that the Lottery may take in response to a retailer's failure to perform contract duties or requirements as described in the Lottery retailer contract.
- (i) Notification of Denial: If the Director determines that the ticket or share is invalid, or a non-winning ticket or share, or the claim is invalid, the Director shall deny the claim and notify the claimant. An invalid ticket or share will not be returned to the claimant and is not eligible for any second chance or promotional drawing. A non-winning ticket or share will be returned to the claimant if the claimant provides return postage and a self-addressed envelope or mailing container in which to return the ticket or share. If a claim is denied, the Director may, in his or her discretion, provide the claimant with one or more replacement tickets as provided by [OAR 177-046-0160](#).

~~(11) Deductions from Prize Amount Paid: When a prize claim is submitted or claimed digitally through a player account, the Lottery will reduce the amount of the prize actually paid to the winner by any amounts required by law to be withheld from payment, including without limitation applicable tax withholding, a writ of garnishment or other legal attachment, child~~

~~support, or other obligations owed to the State of Oregon. A winner will not be entitled to the full prize amount in such cases and the amounts withheld will be transferred or retained by the Lottery as required by law.~~

Statutory/Other Authority: [OR Const. Art. XV § 4\(4\)\(a\)](#) & [ORS 461.120, 461.210, 461.230, 461.250, 461.715, 461.719](#)

Statutes/Other Implemented: [OR Const. Art. XV § 4\(4\)](#), [ORS 316.194, 461.020, 461.120, 461.210, 461.220, 461.230, 461.240 & 461.250, 461.560, 461.715, 461.719](#)

## 177-070-0025

### Payment of Prizes

SUMMARY: The Lottery is proposing to amend this rule about general payment of prizes in draw games to remove reference to specific payment methods (which may or may not be the most appropriate, depending on the prize amount and circumstances) and to clarify that the prize claiming deadline does not change just because Lottery isn't open to the public. (Lottery offices have been closed to the public for many months; but Lottery is still processing prize claims and is limited by ORS 461.250 as to how long the prize claim deadline can be extended.) Rather, reference is made to days in which the Lottery is or is not processing prize claims, which is the more relevant factor for determining whether a prize claim deadline would be extended. The Lottery will continue to review this rule and may make additional or alternative clarifications and updates during the rulemaking process to ensure accuracy and clarity.

- (1) Prizes of \$600 or Less: Prizes of \$600 or less from winning Draw games may be paid by a retailer or directly by the Lottery as provided in [OAR 177-046-0110](#).
- (2) Prizes Greater than \$600: Prizes greater than \$600 may not be paid by a Lottery retailer. A player must claim a winning Draw game prize of more than \$600 by presenting the ticket to the Lottery as provided in [OAR 177-046-0110](#).
- (3) Payment Method: Upon validation of a winning ticket, the Lottery shall ~~present or mail a check to the claimant in payment of pay~~ the amount due. The amount due shall be calculated according to the rules adopted for the particular Draw game. If the ticket is determined to be a non-winning ticket or invalid, the claim shall be denied and the claimant notified. A non-winning ticket or share will only be returned to the claimant if the claimant provides return postage and a self-addressed envelope or mailing container in which to return the ticket or share.
  - (a) When a prize payment is authorized by the Director under [OAR 177-070-0035\(4\)](#), the prize payment shall be validated through the Lottery's central computer system on the last day of the eligible prize claim period. If the prize claim period expires on a day when the Oregon Lottery Headquarters is not ~~open to the general public processing claims~~, such as a weekend, Lottery holiday, furlough closure day, or unforeseen circumstance, the claim period shall be extended until 5:00 p.m. on the next day the Oregon Lottery ~~Headquarters is open to the general public is processing claims~~. Following validation, the Lottery shall issue the prize payment in the usual course of Lottery business.

- (b) Prize payments made under this subsection shall be restricted to the prize amount under the prize structure for the Draw game in which the ticket was purchased.
- (4) Last Date to Claim a Prize: The last date to claim a prize is one calendar year from the date the drawing results become official and final, unless the Lottery Commission defines a shorter time period to claim a prize in a particular Draw game. A prize must be claimed by 5:00 p.m. on the last date to claim a prize and if not claimed by that date is an unclaimed prize. If the final date of the claim period falls on a day when the Lottery Headquarters or Lottery Branch ~~are-is not open to the general public processing claims~~, such as a weekend, Lottery holiday, ~~or~~ furlough closure day, or unforeseen circumstance, the claim period shall be extended until 5:00 p.m. on the next day the Lottery Headquarters or Lottery Branch ~~are open to the general public is processing claims~~.

Statutory/Other Authority: [ORS 461 & OR Const. Art. XV & Sec. 4\(4\)](#)

Statutes/Other Implemented: [ORS 461.210, 461.220, 461.230, 461.240 & 461.250](#)

### [177-200-0012](#)

#### Ownership of Cash Slips

SUMMARY: The Lottery is proposing to amend this rule about ownership of Video Lottery cash slips to delete what seems to have been an error in which the definition of "payment device" in OAR 177-200-0005(4) is repeated in this rule. The Lottery is open to public comment on this rule and may make additional or alternative amendments during the public rulemaking process if needed to ensure the rule is clear and supports current practices.

- (1) **General:** Except for a cash slip claimed jointly in accordance with the provisions of [OAR 177-046-0110\(5\)](#), until such time as a name of an individual or individuals is imprinted or placed upon a cash slip, a cash slip is a bearer instrument and is owned by the holder of the cash slip.
- (2) **Joint Owners:** Multiple individuals at least 21 years of age may jointly own and claim payment as owners of a cash slip using the methods described in [OAR 177-046-0110\(5\)](#) for claiming jointly. Multiple individuals hold the cash slip as tenants in common. Multiple individuals may specify the percentage of ownership each person holds. Each individual must hold \$1.00 of the cash slip value at a minimum.
- (3) **Owner:** When a name is placed upon a cash slip in the designated area, the cash slip ceases to be a bearer instrument. The individual(s) whose name(s) appears in that area on the cash slip is the owner(s) of the cash slip. More than one name may be placed on a cash slip.
- (4) **Natural Person:** Only a natural person who is at least 21 years of age may own a cash slip and claim payment for it.
- ~~(5) **Payment Device:** An electronically loaded card or other device loaded with or representing Lottery prize winnings or other dollar amounts of \$20,000 or less, which may include, but is not limited to a debit card with a corresponding player account.~~

Statutory/Other Authority: [OR Const. Art. XV, Sec. 4\(4\)](#) & [ORS 461](#)

Statutes/Other Implemented: [ORS 461.210, 461.220, 461.230, 461.240 & 461.250](#)

### [177-200-0020](#)

#### Payment of Video Lottery Game Cash Slips

SUMMARY: The Lottery is proposing to amend this rule about payment of Video Lottery cash slips to remove references to an obsolete requirement that certain Video Lottery game prizes be claimed only in person at Lottery headquarters. This is given retroactive effect to the start of the current state of emergency to ensure Lottery has authority to pay such prizes during closure. It has been the Lottery's practice to process such claims by mail or at Lottery branches, so this reference needs to be deleted to avoid confusion. The Lottery is open to public comment on this rule and may make additional or alternative amendments during the public rulemaking process if needed to ensure the rule is clear and supports current practices.

- (1) Original Cash Slip: Except as set forth in sections (7) and (8) of this rule, an original cash slip is the only valid receipt for claiming prizes or for redeeming credits remaining on a terminal. A copy of a cash slip has no pecuniary or prize value and does not constitute evidence of a cash slip.
- (2) Retailer Validation Requirements: A retailer shall pay a cash slip only if:
  - (a) The cash slip is presented for payment at the retailer location that issued the cash slip.
  - (b) The player to whom the cash slip is payable is 21 years of age or older and authorized to play under these rules and Oregon statutes.
  - (c) The cash slip is presented to the retailer within 28 days of the date it was properly issued.
  - (d) It is intact and legible and meets all the Lottery's security requirements.
  - (e) It is not counterfeit, fraudulent, lacking the correct captions, altered, tampered with in any manner, or obtained from the Lottery or Lottery retailer by any fraudulent means.
  - (f) The information appearing on the cash slip corresponds with the computer record of the cash slip data recorded in the Lottery's central computer system.
  - (g) It has not been previously paid, and
  - (h) It is not a prize that must be validated and paid ~~at Lottery Headquarters~~ by the Lottery, such as a Jackpot Prize.
- (3) Retailer Validation Exception: If a cash slip is not intact or legible, the prize or credits that would have otherwise appeared on the cash slip may nevertheless be paid by the retailer as follows:

- (a) Software Validation: Upon notification by a player that a Video Lottery game terminal issued a cash slip that is not intact or legible, the retailer shall obtain a validation number from the terminal. If the retailer is able to obtain a validation number from the terminal that corresponds to the time and amount of the credits claimed by the player, then the retailer shall validate the prize or credits that would otherwise have appeared on the cash slip through the validation terminal and pay the player.
    - (A) Software Validation Report: If the retailer pays the player pursuant to section (3)(a) of this rule, the retailer must complete a Retailer Software Validation Report signed by the player and the retailer. The retailer must retain the report for one month. The retailer must make them available for audit by the Lottery immediately upon request. The retailer must retain and attach the damaged or illegible cash slips to the reports.
    - (B) Validation Number Unavailable: If the retailer is unable to obtain a validation number from the terminal that corresponds to the time and amount of the credits claimed by the player as required by subsection (3)(a), the player may request payment of the cash slip from the Lottery as provided in section (8) of this rule.
  - (b) Jackpot Prize Cash Slip Not Issued, Intact, or Legible: If a cash slip for a Jackpot Prize is not intact or legible, the player and the retailer must complete a Video Problem Report form, attach the cash slip or all available portions of the cash slip to the form if available, and must submit the form and the cash slip to the Lottery for investigation. The Jackpot Prize may be paid as set forth in section (7) and (8) of this rule.
- (4) Limitation on Retailer Validation and Payment of Cash Slip: A retailer must not attempt to validate, and may not pay, a cash slip for any Jackpot Prize. A retailer shall only validate and pay non-Jackpot Prize cash slips issued by Video Lottery game terminals located on its premises.
- (5) Retailer Payment of Cash Slip: Upon validation of a cash slip as set forth in sections (2) and (3) of this rule, a retailer may pay the amount due. A retailer must not pay a cash slip in tokens, chips, or merchandise, or charge a fee for paying a cash slip or for issuing payment.
- (a) Dishonored Retailer Check: If a retailer's check is dishonored, the player may seek payment from the Lottery by presenting a copy of the dishonored check using the methods provided in [OAR 177-046-0110\(4\)](#).
  - (b) Possible Contract Termination: A retailer that pays a cash slip with a check that is dishonored may be subject to termination of the Lottery Retailer Contract.
- (6) Lottery Validation and Payment of Cash Slips:
- (a) Submitting a Claim: ~~Except for a Jackpot Prize, t~~The owner of a winning cash slip may submit the cash slip ~~personally presenting the cash slip at Lottery Headquarters or a Lottery Branch, by private express carrier, or by mail to the Lottery~~ in accordance with the methods described in [OAR 177-046-0110](#) for winning tickets or shares. The claimant

of a prize bears all risk associated with the choice of method to submit a claim, the timeliness of the claim submission and, in the case of submission by mail or delivery service, failure of the claim to be received by the Lottery. ~~A Jackpot Prize may be claimed only by personally presenting the cash slip at Lottery Headquarters.~~

- (b) Timing and Deadline for submitting a Claim: The cash slip must be presented within the deadlines specified in [OAR 177-046-0110](#) for tickets or shares.
  - (c) Validation and Payment: A cash slip must meet all of the requirements of this rule before Lottery will pay the prize claimed. Upon validation of a cash slip, the Lottery will pay the amount due. A retailer may pay a cash slip of \$1250 or less. Lottery will pay prizes for cash slips as set forth in [OAR 177-046-0110](#) for tickets and shares. The general provisions in OAR 177-046-0110(1) for tickets and shares apply to cash slips.
  - (d) Retroactive Application: It is the Lottery's intent that subsection (6)(a) of this rule apply retroactively to cash slips submitted to the Lottery for payment beginning March 8, 2020.
- (7) Lack of Cash Slip or Validation Number: If a player does not have a cash slip, or a retailer was unable to obtain a validation number, the Lottery will conduct an investigation of a claim presented for payment to the Lottery. The investigation will determine the reasons or causes for the failure of the terminal to produce a cash slip or to print an intact and legible cash slip, and why the retailer was unable to obtain a validation number.
- (a) Payment: The Lottery may pay the claim if the Lottery can determine from its investigation that the credit was on the terminal identified by the player at the time claimed, and that no cash slip has been paid on the claim.
  - (b) Signed Statement: The Lottery will not pay any such claim without a signed statement by a player. The player's statement must contain game play information that can be compared to data in the Lottery's central computer system that substantiates that the player won a prize in the amount and at the time claimed, and information from which the Lottery reasonably can determine that the claim has not been paid.
  - (c) Jackpot Prize: The Lottery will not pay the claim for a Jackpot Prize without receipt of a Video Problem Report form as described in section (3)(b) of this rule.
- (8) Lottery Validation Exceptions: If a cash slip cannot be validated because the cash slip data is not recorded on the Lottery's central computer system, the Director may still authorize payment if:
- (a) The Lottery conducts an investigation of the claim, and
  - (b) The Director concludes that the claimant was an authorized player and that the absence of a record of the cash slip data in the Lottery's central computer system was the result of either a technical problem in the Video Lottery game terminal or a communications problem that prevented the recording of the credits in the Lottery's central computer system.

- (9) Subsequent Claims: If a cash slip improperly paid by a retailer is later submitted for payment to the Lottery, the Lottery may collect the amount of the cash slip from the retailer's EFT account. The Lottery may conduct an investigation to determine if the Lottery properly paid the claim.
- (10) Withholding of Payment: The Lottery may withhold payment of any cash slip claim presented to it until the expiration of the 28-day prize claim period at the retailer's location for prizes payable by the retailer or until the completion of any investigation by the Lottery to determine if payment is proper.
- (11) Power of Attorney: The owner of a cash slip may designate in a written power of attorney an agent to act on the owner's behalf to redeem a cash slip in accordance with the provisions of [OAR 177-046-0110\(108\)](#) for tickets and shares, except that the form of power of attorney to redeem a cash slip must at a minimum: (i) be in written form, (ii) specify the name, address and telephone number of the owner of the ticket or share; (iii) be dated with a date that is later than the date of the cash slip, (iv) specifically identify the cash slip being redeemed, (v) specify the name, address and telephone number of the agent who is authorized to claim the prize for the owner; and (vi) clearly state that the agent may complete a claim form and sign the cash slip, claim form or other documents required to redeem the cash slip in the name of the owner and receive payment of the prize for the owner. The Director, in his or her discretion, may also accept a general power of attorney form for a disabled or incompetent player if the Director determines that the general power of attorney is valid under Oregon law and that payment to the agent of a Lottery prize is within the authority conferred upon the agent under the general power of attorney.

Statutory/Other Authority: [OR Const. Art. XV & Sec. 4\(4\)](#)

Statutes/Other Implemented: [ORS 461.250](#)

[177-200-0032](#)

#### **Collection from EFT Account for Cash Slips Not Paid by Retailer and Limitation on Reimbursement**

SUMMARY: The Lottery is proposing to repeal this rule about collection of unpaid cash slips from Lottery retailers. This process is no longer applicable under the new retailer commission structure. Previously, the Lottery would collect the amounts played at a retailer's Video Lottery Terminals (VLTs) minus any non-jackpot cash slips because the Lottery assumed the retailer would pay those cash slips. This rule applied whenever a cash slip had not been paid by a retailer within 28 days, in which case, the Lottery would have to pay the prize or the prize would be unclaimed and accrue to the public purpose. In such cases, the prize amount would be debited from the retailer. However, under the new structure effective June 28, 2020, the Lottery collects all cash put into a VLT without deducting any amounts for prize payment. Instead, whenever a retailer pays a prize, the money credits back to the retailer. Thus, there is no need for this rule that would allow Lottery to debit a retailer for a non-jackpot prize. Therefore, the rule is proposed to be repealed.

THIS RULE IS REPEALED. SEE OAR 177-040-0051.

- (1) ~~Jackpot Prize Cash Slips: The Lottery shall collect the amount of any Jackpot Prize cash slip issued at a retailer establishment through the retailer's EFT account for the same business week the Jackpot Prize cash slip is issued.~~
- (2) ~~All Other Cash Slips:~~
- (a) ~~For a non-Jackpot Prize cash slip that is presented to the Lottery and which has been recorded in the Lottery's central computer system, the Lottery shall collect the amount of the cash slip through the retailer's EFT account for the business week that the Lottery issues payment, unless the amount has already been collected through the retailer's EFT account under subsection (c) of this section.~~
- (b) ~~For a non-Jackpot Prize cash slip payment made by the Lottery under OAR 177-200-0020(7) or (8), the Lottery shall collect the amount of the cash slip through the retailer's EFT account for the business week the Lottery issues payment, unless the amount has already been collected through the retailer's EFT account.~~
- (c) ~~If a non-Jackpot Prize cash slip is not redeemed within 28 days of the date it was issued, the Lottery will collect the amount of the cash slip through the retailer's EFT account during the business week following the end of the 28 day period.~~
- (d) ~~If a cash slip that is not properly validated and is paid by a retailer is later submitted for payment to the Lottery and the Lottery pays the cash slip, the Lottery may collect the amount of the cash slip from the retailer's EFT account.~~
- (3) ~~Limitation on Reimbursement for Payment of Cash Slip: As set forth in OAR 177-200-0020, a retailer may not attempt to validate and may not pay a cash slip for any Jackpot Prize, and may only validate and pay a non-Jackpot Prize cash slip issued by a Video Lottery game terminal located on its premises of \$1250 or less. If a retailer pays a cash slip issued from another location, pays a cash slip for a Jackpot Prize, the Lottery will not reimburse the retailer's EFT account for the payment.~~

Statutory/Other Authority: [OR Const. Art. XV, Sec. 4\(4\)](#) & [ORS 461](#)

Statutes/Other Implemented: [ORS 461.250](#)

### [177-200-0077](#)

#### Specialty Games

SUMMARY: The Lottery is proposing to amend this rule about specialty games to remove reference to an obsolete requirement that Jackpot prizes be claimed only in person at Lottery headquarters. It has been the Lottery's practice to process such claims by mail or at Lottery branches, so this reference needs to be deleted to avoid confusion. The Lottery is open to public comment on this rule and may make additional or alternative amendments during the public rulemaking process if needed to ensure the rule is clear and supports current practices.

- (1) General: The Lottery may offer Specialty Games. Specialty Games may be offered as poker games or video line games.
- (2) Validation of Jackpot Prize Cash Slip: A cash slip issued for a Jackpot Prize may only be validated and paid ~~at Lottery Headquarters or a~~ by the Lottery ~~Branch~~, pursuant to section (3) of this rule.
- (3) Payment of Jackpot Prizes: A Jackpot Prize must be claimed by an individual by completing a winner claim form and submitting the form and cash slip to the Lottery as provided in [OAR 177-200-0020](#). The winner claim form may be obtained from any Lottery retailer, ~~a Lottery kiosk~~, from the Lottery Headquarters or a Lottery Branch, or downloaded from the Lottery's website.
- (4) Claiming a Jackpot Prize Jointly: If more than one name appears in the designated area on a cash slip issued for a Jackpot Prize, the cash slip must be redeemed in accordance with the provisions of [OAR 177-046-0110\(1\)](#) and ~~(65)(a) through (h)~~ for tickets and shares.

Statutory/Other Authority: [ORS 461](#) & [OR Constitution Art. XV & Sec. 4\(4\)](#)

Statutes/Other Implemented: [ORS 461 & 461.250](#)