Title 315 WAC

LOTTERY COMMISSION

 Chapters
 315-02 General provisions and definitions.
 315-04 Licensing procedure.
 315-30 Draw games—General rules.
 315-39 Hit 5 game rules.

DISPOSITION OF CHAPTERS FORMERLY CODIFIED IN THIS TITLE

Chapter 315-33A
QUINTO RULES

315-33A-010 Definitions for Quinto. [Statutory Authority: Chapter 67.70 RCW. 05-07-100, § 315-33A-010, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-153, filed 5/22/07, effective 6/22/07.]

315-33A-020 Price of Quinto play. [Statutory Authority: Chapter 67.70 RCW. 05-07-100, § 315-33A-020, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-153, filed 5/22/07, effective 6/22/07.]

315-33A-030 Play for Quinto. [Statutory Authority: Chapter 67.70 RCW. 05-07-100, § 315-33A-030, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-153, filed 5/22/07, effective 6/22/07.]

WAC 315-02-010 Washington state lottery commission. The Washington state lottery commission, hereinafter called "the commission," is the commission appointed by the governor pursuant to RCW 67.70.030 as the regulatory agency charged with the authority and duty to regulate lottery activities.

WAC 315-02-050 Director of the Washington state lottery. The director of the Washington state lottery, hereinafter called "the director," is the director appointed by the governor pursuant to RCW 67.70.050, to be responsible for the supervision and administration of the operation of the lottery in accordance with the RCW 67.70.060 and with the rules of the commission. The director may delegate to his or her employees such responsibilities as the director may deem necessary to carry out the duties and responsibilities of this chapter.

WAC 315-02-100 Definitions. Words and terms used in these rules shall have the same meaning as each has under chapter 67.70 RCW, unless otherwise specifically provided in these rules, or the context in which they are used clearly indicates that they be given some other meaning.

WAC 315-02-200 Ticket defined. "Ticket" means a lottery ticket or share issued by the director for sale to the general public.

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Chapter 315-04 WAC: Lottery Commission

LICENSING PROCEDURE

WAC
315-04-010 Lottery retailers.
315-04-040 General license.
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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER


315-04-150 License to be displayed. [Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-150, filed 12/16/85. Statutory Authority: 1982 2nd ex.s.c. 7, 82-21-039 (Order 4), § 315-04-150, filed 10/15/82.] Repealed by 07-11-154, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040.

WAC 315-04-010 Lottery retailers. The director shall license lottery retailers such persons who will best serve the public interest and convenience, promote the sale of tickets and meet the eligibility criteria for application and licensure. "Lottery retailer," formerly known as "licensed agent" means a person licensed by the director and shall have the same meaning as licensed agent. Said lottery retailers shall be authorized to sell such tickets as in the director's opinion will promote the best interests of the commission and produce maximum revenue, but a lottery retailer need not be authorized to sell tickets for all games operated by the director. A lottery retailer may be required to post a bond or cash in lieu of a bond in such terms and conditions as the director may require.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-010, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-010, filed 12/16/85; 85-09-004 (Order 72), § 315-04-010, filed 4/5/85; 84-01-002 (Order 41), § 315-04-010, filed 12/8/83. Statutory Authority: 1982 2nd ex.s.c. 7, 82-21-039 (Order 4), § 315-04-010, filed 10/15/82.]

WAC 315-04-040 General license. The director may issue a general license, which authorizes a lottery retailer to conduct the routine sale of tickets at a fixed structure or facility, to an applicant who qualifies for licensure. The general license shall authorize the lottery retailer to conduct the routine sale of tickets at the location specified on the general license. An addendum to the general or provisional license may be obtained as provided for in WAC 315-04-220, permitting the lottery retailer to sell tickets in locations other than that specified on its license. The general license shall be valid until terminated by the lottery or the lottery retailer, provided, the lottery retailer shall provide periodic updates of license information as required by the director.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-040, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-040, filed 12/16/85; 85-09-004 (Order 72), § 315-04-040, filed 4/5/85. Statutory Authority: RCW 67.70.040 and 67.70.050. 83-05-029 (Order 14), § 315-04-040, filed 2/10/83. Statutory Authority: 1982 2nd ex.s.c. 7, 82-21-039 (Order 4), § 315-04-040, filed 10/15/82.]

WAC 315-04-060 Provisional license. A provisional license temporarily authorizes a lottery retailer to conduct the sale of tickets pending processing of the general license or application renewal.

(1) The director may issue a provisional license to an applicant for a general license after receipt of a person's fully completed lottery retailer's application, the authorization of a complete personal background check, and completion of a preliminary background check. The provisional license shall expire at the time of issuance of the general license or ninety days from the date the provisional license is issued, whichever occurs first. The provisional license may be extended by the director for one additional ninety-day period of time.

(2) If the ownership of an existing lottery retailer location changes, the director may issue a provisional license to the new owner. The provisional license shall expire twenty working days from the date of issuance if the director has not received the new owner's fully completed lottery retailer's application and authorization of a complete personal background check. If the required materials have been timely received by the director and a preliminary background check has been completed, the provisional license shall expire at the time of issuance of the general license or ninety days from the date the provisional license is issued, whichever occurs first.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-060, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-060, filed 12/16/85; 85-09-004 (Order 72), § 315-04-060, filed 4/5/85; 84-22-047 (Order 68), § 315-04-060, filed 11/7/84. Statutory Authority: 1982 2nd ex.s.c. 7, 82-21-039 (Order 4), § 315-04-060, filed 10/15/82.]

WAC 315-04-080 Bad checks submitted as payment for fees. The payment of a fee with a check which for any reason is not promptly paid by the drawee bank shall be grounds for immediate denial of an application for the license, or for the suspension or revocation of a license issued for which the fee is due. The director may add the bank return item charge as a fee when payment of a check originally submitted is denied by the drawee bank, or when the check is required to be resubmitted for payment for any reason.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-080, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-080, filed 12/16/85; 85-09-004 (Order 72), § 315-04-080, filed 4/5/85; 84-22-047 (Order 68), § 315-04-080, filed 11/7/84. Statutory Authority: 1982 2nd ex.s.c. 7, 82-21-039 (Order 4), § 315-04-080, filed 10/15/82.]

WAC 315-04-090 License issuance eligibility. (1) The director may issue a license to any person to act as a lottery retailer who meets the eligibility criteria established by chapter 67.70 RCW, and these rules.

(2) Before issuing a license, the director shall consider:

(a) The financial responsibility and security of the person and its business or activity;
(b) The background and reputation of the person in the community for honesty and integrity;
(c) The type of business owned or operated by the person to ensure consonance with the dignity of the state, the general welfare of the people and the operation and integrity of the lottery;
(d) The conformance of businesses located in residential areas to local land use and zoning codes, regulations, and ordinances;
(e) The accessibility of the person's place of business or activity to the public;
(f) The sufficiency of existing licenses to serve the public convenience;
(g) The volume of expected sales;
(h) The veracity of the information supplied in the application for a lottery retailer license; and
(i) The person's indebtedness to the state of Washington, local subdivisions of the state and/or the United States government.

(3) The director may condition the issuance of any license upon the posting of a bond or cash in lieu of a bond in such terms and conditions as the director may require.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-095, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 98-20-015, § 315-04-090, filed 9/25/98, effective 10/26/98; 87-10-043 (Order 101), § 315-04-090, filed 5/4/87; 86-01-060 (Order 83), § 315-04-090, filed 12/16/85. Statutory Authority: RCW 67.70.040 and 67.70.050. 83-05-029 (Order 14), § 315-04-090, filed 2/10/83. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-037 (Order 2), § 315-04-090, filed 10/15/82.]

WAC 315-04-095  Retailer credit criteria. (1) The director shall deny a lottery retailer license to any applicant whose credit is found to be poor.

(2) The director may grant a lottery retailer license to an applicant whose credit is rated as marginal or minimum as defined in this section. Provided, the director shall require:
(a) Applicants whose credit is rated as marginal as defined in this section to obtain a surety bond or savings certificate under terms and conditions established by the director prior to issuance of the license. Such surety bond must be secured from a company licensed to do business in the state of Washington. The bond or certificate shall be in the amount of three thousand five hundred dollars unless the director determines a higher amount is required.
(b) Applicants whose credit is rated as minimum as defined in this section may be required to obtain a surety bond or post cash in lieu of a bond under terms and conditions established by the director or submit three letters of credit to the lottery prior to issuance of the a lottery retailer license. Such surety bond must be secured from a company licensed to do business in the state of Washington. The bond or cash shall be in the amount of three thousand five hundred dollars unless the director determines a higher amount is required, based on sales volume and financial solvency of the retailer.

(3) In the event the retailer's credit is rated as poor or marginal subsequent to the issuance of the license the director may:
(a) Revoke or suspend a retailer's license; and/or
(b) Require such a retailer to secure a surety bond from a company licensed to do business in the state of Washington or post a savings certificate under terms and conditions established by the director. The surety bond or saving certificate shall be in the amount of three thousand five hundred dollars unless the director determines, based on sales volume and financial solvency of the retailer, a higher amount is required.

(4) Credit rating is defined as the ability to meet financial obligations when they become due. It includes current reporting accounts payable and public financial record information including, but not limited to, court records, other public records and reports from credit bureaus or other credit reporting agencies up to three years prior to the lottery's credit check request. A significant incident shall be defined as public financial record information which includes any lien, judgment, bankruptcy, involuntary collection action or any similar incident which reflects on the individual's willingness and ability to pay creditors. A numerical rating of "one" represents excellent credit. A numerical rating of "nine" represents involuntary collection.

(a) A "poor" credit rating indicates public record showing three or more significant incidents within the past three years.
(b) A "marginal" credit rating indicates public record information showing one or more significant incidents within the past three years.
(c) A "minimum" credit rating indicates the information is insufficient for evaluation.
(d) An "acceptable" credit rating indicates that there have been no significant incidents in the past three years. Provided, at least three accounts must be evaluated in order to receive an "acceptable" rating.

(5) Credit rating checks shall be conducted as follows:
(a) Corporation business credit ratings shall be checked. Personal credit ratings of the corporate officers and owners of ten percent or more equity in the corporation may also be checked.
(b) Sole proprietors and partnership business credit ratings shall be checked. Personal credit ratings of:
(i) The sole proprietor and his or her spouse; or
(ii) All partners and their spouses shall also be checked.
(c) Findings shall be applied in accordance with subsections (1), (2) and (3) of this section.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-095, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 98-20-015, § 315-04-090, filed 9/25/98, effective 10/26/98.]

WAC 315-04-125  Change of name or location. Every change of business name or change of location without a change of ownership of a lottery retailer must be reported to the lottery prior to the change. The lottery shall review the change considering standard licensing criteria and compliance with WAC 315-04-090. Upon the lottery's approval, the lottery shall issue a license in the new name or with the new location address.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-125, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-125, filed 12/16/85; 85-09-004 (Order 72), § 315-04-125, filed 4/5/85; 84-01-002 (Order 41), § 315-04-125, filed 12/10/83.]

WAC 315-04-130  Death or incapacity of licensee. (1) In the event of the proven incapacity, death, receivership, bankruptcy or assignment for benefit of creditors of any lot-
lottery retailer, upon approval of the director, the license may be transferred to a court appointed or court confirmed guardian, executor or administrator, receiver, trustee, or assignee for the benefit of creditors, who may continue to operate the activity under the license, subject to the provisions of chapter 67.70 RCW and these rules.

(2) The person to whom a license is transferred hereunder must be otherwise qualified to hold a license.

(3) The license following transfer shall be void upon that person ceasing to hold such a court appointed or court confirmed position.

(4) The director may condition the transfer of any license under this section upon the posting of a bond or cash in lieu of a bond in such terms and conditions as the director may require.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-130, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 98-20-013, § 315-04-130, filed 9/25/98, effective 10/26/98; 86-01-060 (Order 83), § 315-04-130, filed 12/16/85; 85-09-004 (Order 72), § 315-04-130, filed 4/5/85. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-039 (Order 4), § 315-04-130, filed 10/15/82.]

WAC 315-04-132 Change of business structure, ownership, or officers. (1) Every change of business structure of a person to whom a license has been issued must be reported to the lottery prior to the change. A change of business structure shall mean the change from one form of business organization to another, such as from sole proprietorship to partnership or corporation.

(2) Every substantial change of ownership of a person to whom a license has been issued must be reported to the lottery prior to the change. A substantial change of ownership shall mean the transfer of ten percent or more equity, or the addition or deletion of an owner of ten percent or more of the person.

(3) Every change of officers of a person to whom a license has been issued must be reported to the lottery not later than ten days following the effective day of the change.

(4) If the substantial change of ownership involves the addition or deletion of one or more owners or officers, the lottery retailer shall submit a license application reflecting the change(s) and any other documentation the director may require.

(5) If the substantial change of ownership involves the addition of one or more owners or officers who does not have on file with the lottery current "personal history information" and "criminal history information" forms, the director may require each such owner or officer to submit the required forms.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-132, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 90-11-040, § 315-04-132, filed 5/10/90, effective 6/10/90; 87-01-058 (Order 97), § 315-04-132, filed 12/16/86; 86-01-060 (Order 83), § 315-04-132, filed 12/16/85; 85-09-004 (Order 72), § 315-04-132, filed 4/5/85; 84-12-057 (Order 58), § 315-04-132, filed 6/4/84.]

WAC 315-04-140 License capacity. The possession of a license issued by the director to any person to act as a lottery retailer in any capacity does not entitle that person to sell tickets or obtain materials for any particular game.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-140, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-140, filed 12/16/85; 85-09-004 (Order 72), § 315-04-140, filed 4/5/85; 84-01-002 (Order 41), § 315-04-140, filed 12/8/83. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-039 (Order 4), § 315-04-140, filed 10/15/82.]

WAC 315-04-170 Tickets convenient to public. (1) Every lottery retailer shall make the purchase of tickets convenient and readily accessible to the public.

(2) Each lottery retailer shall make tickets available for sale during its normal business hours at the location designated on its lottery retailer license, master business license, and lottery retailer contract.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-170, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 86-01-060 (Order 83), § 315-04-170, filed 12/16/85. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-039 (Order 4), § 315-04-170, filed 10/15/82.]

WAC 315-04-180 Obligations of lottery retailers. (1)(a) Upon acceptance of a pack of instant tickets from the director, the retailer shall be responsible for the condition and security of the pack. The retailer shall hold the pack in its own safekeeping until it is ready to begin sale of the pack. Immediately prior to beginning sale, the retailer shall place the pack in "activated" status in the lottery's instant ticket accounting system (ITAS). Placement in activated status designates that the tickets in the pack may be sold, and prizes in the pack may be paid.

(b) In the event that instant tickets accepted by the retailer are lost, stolen or in any way unaccounted for prior to their being placed in activated status on ITAS, the retailer shall, upon discovery of their disappearance, immediately notify the director of each pack or portion of a pack so unaccounted for, lost or stolen. The retailer may be required to provide the director a police report or other evidence of the pack's disappearance. The retailer may be charged twenty-five dollars for each pack or portion of a pack unaccounted for, lost or stolen.

(c) A retailer may return an unopened pack, at no charge, to the director at any time prior to the pack having been placed in activated status. Within thirty days of the official end of an instant game, a retailer shall return to the director all packs never activated in that game.

(d) Upon placement of a pack in activated status, the retailer shall be liable to the director for payment for the pack, in the amount calculated under WAC 315-06-035. Payment for a pack shall be due to the director no later than fifty calendar days after the pack has been placed in activated status or when eighty percent of the low tiered prizes have been validated, thereby validating the pack. The director shall not reimburse the retailer for any ticket losses which occur after activation of the pack from which the tickets came, except as allowed by WAC 315-04-210(2) or 315-06-190.

(e) Each lottery retailer and lottery license applicant shall sign and comply with a lottery instant retailer agreement. Failure to sign or to comply shall result in revocation or denial of a retailer's lottery license.

(2) Each lottery retailer shall abide by the law, these rules and all other directives or instructions issued by the director.

(3) Each lottery retailer grants to the director an irrevocable license to enter upon the premises of the lottery retailer in
which tickets may be sold or any other location under the control of the lottery retailer where the director may have good cause to believe lottery materials and/or tickets are stored or kept in order to inspect said lottery materials and/or tickets and the licensed premises.

(4) All property given, except tickets, to a lottery retailer remains the property of the director, and, upon demand, the lottery retailer agrees to deliver forthwith the same to the director.

(5) All books and records pertaining to the lottery retailer's lottery activities shall be made available for inspection and copying, during the normal business hours of the lottery retailer and between 8:00 a.m. and 5:00 p.m., Monday through Friday, upon demand by the director.

(6) All books and records pertaining to the lottery retailer's lottery activities shall be subject to seizure by the director without prior notice.

(7) No lottery retailer shall advertise or otherwise display advertising in any part of the lottery retailer's premises as a licensed location which may be considered derogatory or adverse to the operations or dignity of the lottery.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-180, filed 5/22/07, effective 6/22. Statutory Authority: RCW 67.70.040. 98-11-091, § 315-04-180, filed 5/20/98, effective 6/20/98; 94-11-027, § 315-04-180, filed 5/6/94, effective 6/6/94; 94-03-020, § 315-04-180, filed 1/7/94, effective, see (1) of this section; 86-01-060 (Order 83), § 315-04-180, filed 12/16/85; 84-05-008 (Order 51), § 315-04-180, filed 2/7/84; 83-19-019 (Order 36), § 315-04-180, filed 9/12/83. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-039 (Order 4), § 315-04-190, filed 10/5/84; 84-01-060 (Order 83), § 315-04-190, filed 5/22/86; 84-21-013 (Order 66), § 315-04-190, filed 10/5/84; 84-01-004 (Order 42), § 315-04-190, filed 12/8/83. Statutory Authority: RCW 67.70.040 and 67.70.050. 83-05-029 (Order 14), § 315-04-190, filed 2/10/83. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-039 (Order 4), § 315-04-190, filed 10/15/82.]

WAC 315-04-190 Compensation. (1) Lottery retailers shall be entitled to a discount on the retail price of the instant game tickets. The commission must approve the discount paid to the retailers.

(2) Lottery retailers authorized to sell draw game tickets shall be entitled to a discount on the total gross draw game ticket sales less draw game ticket cancellations. The commission must approve the discount paid to the retailers.

(3) Lottery retailers may receive additional compensation through programs including but not limited to additional discounts, retailer games, retailer awards, and retailer bonuses.

(a) The commission must approve each such program prior to its implementation.

(b) The director shall establish and publish the procedures necessary to implement any such program approved by the commission prior to initiation of the program.

(4) The lottery, when selling instant or draw game tickets, as a lottery retailer, may use the proceeds from the applicable discount on the retail price of the tickets sold to pay fees or other charges associated with those sales.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-190, filed 5/22/07, effective 6/22. Statutory Authority: RCW 67.70.040. 00-24-102, § 315-04-190, filed 12/6/00, effective 1/6/01; 92-19-057, § 315-04-190, filed 9/11/92, effective 10/12/92; 91-20-062, § 315-04-190, filed 9/25/91, effective 10/26/91; 87-17-012 (Order 103), § 315-04-190, filed 8/10/87; 87-05-005 (Order 99), § 315-04-190, filed 2/6/87; 86-12-001 (Order 91), § 315-04-190, filed 5/22/86; 86-01-060 (Order 83), § 315-04-190, filed 12/16/85; 84-21-013 (Order 66), § 315-04-190, filed 10/5/84; 84-01-004 (Order 42), § 315-04-190, filed 12/8/83. Statutory Authority: RCW 67.70.040 and 67.70.050. 83-05-029 (Order 14), § 315-04-190, filed 2/10/83. Statutory Authority: 1982 2nd ex.s. c 7. 82-21-039 (Order 4), § 315-04-190, filed 10/15/82.]

WAC 315-04-200 Denial, suspension or revocation of a license. The director may deny an application for or suspend or revoke any license issued pursuant to these rules for one or more of the following reasons:

(1) Failure to meet or maintain the eligibility criteria for license application and issuance established by chapter 67.70 RCW, or these rules;

(2) Failure to account for lottery tickets received or the proceeds of the sale of tickets or to post a bond if required by the director or to comply with the instructions of the director concerning the licensed activity;

(3) Failure to pay to the lottery any obligation when due;

(4) Violating any of the provisions of chapter 67.70 RCW, or these rules;

(5) Failure to file any return or report or to keep records required by the director or by these rules;

(6) Failure to pay any federal, state or local tax or indebtedness;

(7) Fraud, deceit, misrepresentation or conduct prejudicial to public confidence in the lottery;

(8) If public convenience is adequately served by other licensees;

(9) Failure to sell a sufficient number of tickets to meet administrative costs;

(10) If there is a history of thefts or other forms of losses of tickets or revenue there from;

(11) Failure to follow the instructions of the director for the conduct of any particular game or special event;

(12) Failure to follow security procedures of the director for the handling of tickets or for the conduct of any particular game or special event;

(13) Makes a misrepresentation of fact to the purchaser, or prospective purchaser, of a ticket, or to the general public with respect to the conduct of a particular game or special event;

(14) Failure to comply with lottery point-of-sale requirements which have been published and disseminated to lottery retailers;

(15) Failure or inability to meet financial obligations as they fall due in the normal course of business;

(16) If there is a delay in accounting or depositing in the designated depository the revenues from the ticket sales;

(17) Has violated, failed or refused to comply with any of the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW (Gambling Act), or chapter 7, Laws of 1982 2nd ex. sess., or when a violation of any provisions of chapter 7, Laws of 1982 2nd ex. sess., has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(18) Knowingly causes, aids, abets or conspires with another to cause any person to violate any of the laws of this state;

(19) Has obtained a license by fraud, misrepresentation, concealment or through inadvertence or mistake;

(20) Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, wilful failure to make required payments or reports to a governmental agency at any level, or filing false reports, or of any similar offense or offenses, or of bribing or otherwise unlawfully influencing a public official or employee of any state or the United States, or of any mis-
demeanor, involving any gambling activity or physical harm to individuals or involving moral turpitude, or of any misdemeanor within the past six months of the license application date, or of any felony within ten years of the license application date; except as specifically provided by law, the provisions of chapter 9.96A RCW apply. However, RCW 9.96A.020 does not apply to a person who is required to register as a sex offender under RCW 9A.44.130;

(21) Makes a misrepresentation of, or fails to disclose, a material fact to the commission or director on any report, record, application form or questionnaire required to be submitted to the commission or director. Misrepresentation of, or failure to disclose criminal history shall be considered a material fact for purposes of this section;

(22) Denies the commission or director or their authorized representatives, including authorized local law enforcement agencies, access to any place where a licensed activity is conducted, or fails to promptly produce for inspection or audit any book, record, document or item required by law or these rules;

(23) Is subject to current prosecution or pending charges, or a conviction which is under appeal, for any of the offenses indicated under subsection (20) of this section: Provided, That at the request of an applicant for an original license, the director may defer decision upon the application during the pendency of such prosecution or appeal;

(24) Has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates probable cause to believe that the participation of such person in lottery or gambling or related activities would be inimical to the proper operation of an authorized lottery or gambling or related activity in this state. For the purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain;

(25) Is a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in such a manner which creates probable cause to believe that the association is of such a nature as to be inimical to the policy of this state or to the proper operation of the authorized lottery or gambling or related activities in this state. For the purposes of this section, career offender shall be defined as any person whose behavior is pursued in an occupational manner or context for the purpose of economic gain utilizing such methods as are deemed criminal violations of the public policy of this state. A career offender cartel shall be defined as any group of persons who operate together as career offenders.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-200, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040, 99-01-038, § 315-04-200, filed 12/9/98, effective 1/9/99; 94-23-047, § 315-04-200, filed 11/10/94, effective 12/11/94; 87-01-058 (Order 97), § 315-04-200, filed 12/16/86; 85-16-031 (Order 77), § 315-04-200, filed 7/30/85; 85-09-004 (Order 72), § 315-04-200, filed 4/5/85. Statutory Authority: RCW 67.70.040 and 67.70.050. 83-07-022 (Order 17), § 315-04-200, filed 3/11/83. Statutory Authority: 1998 2nd ex.s.c. 7. 82-21-037 and 82-21-068 (Orders 2 and 2A), § 315-04-200, filed 10/15/82 and 10/20/82.]

WAC 315-04-220 Limited off premises sales permit.

(1) The director may permit any lottery retailer who has been issued a general or provisional license to sell tickets in loca-

tions other than that specified on its license and to employ persons to make such sales provided that:

(a) A lottery retailer requesting a "limited off premises sales permit" shall submit an application, completed in its entirety, using a form approved by the director.

(b) An application for a "limited off premises sales permit" for lottery tickets must be submitted to the lottery a minimum of thirty days prior to the event to provide adequate time for processing. Applications received after these time limits may not be approved.

(c) The geographical area and type of location in which such sales are requested shall be individually approved by the director.

(d) Each lottery retailer making such sales shall be individually approved by the director and shall display identification in such form and manner as shall be prescribed by the director.

(e) The lottery retailer and its employees shall abide by such other instructions and restrictions as may be prescribed by the director to govern such sales.

(2) Lottery retailers must redeem all tickets winning $600 or less presented for redemption at the off premises location and at their licensed location. The location of the licensed location must be posted at the off premises location. Lottery retailers must also provide claim forms to holders of tickets winning more than $600 at both locations.

(3) The "limited off premises sales permit" shall be valid for not more than thirty days and may be renewed twice, if approved by the director, for periods not to exceed thirty days each.

(4) Lottery retailers granted "limited off premises sales permits" will not be required to conduct other licensed business activities at the off premises locations.

(5) Lottery retailers granted "limited off premises sales permits" shall bear all costs associated with such sales including but not limited to construction of booths, stands, etc.; telephone line installation; telephone line charges and installation of a dedicated electric circuit, provided, that the director, in his/her sole discretion, may agree that the lottery will bear some or all of said associated costs.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-11-154, § 315-04-220, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. 96-03-039, § 315-04-220, filed 1/10/96, effective 2/10/96; 86-01-060 (Order 83), § 315-04-220, filed 12/16/85; 85-13-015 (Order 75), § 315-04-220, filed 6/10/85. Statutory Authority: RCW 67.70.040 and 67.70.050. 83-05-029 (Order 14), § 315-04-220, filed 2/10/83.]

Chapter 315-30 WAC

DRAW GAMES—GENERAL RULES

WAC 315-30-010 Draw games—Authorized—Director's authority.

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director to select and operate draw games which meet the criteria set forth in this chapter.

(1) The director may contract for the development and operation of draw games, as determined necessary by the director.

(2) The director shall establish and approve the final draw game specifications, as executed in working papers or software requirement specifications, including the determination of winning tickets, prior to presentation of any new draw game proposal to the commission for a vote of the commission.

(3) New draw games shall not be made available for sale without approval of the commission.

(4) All draw game procedures and play criteria shall be made available to the public on the agency internet web site and on request.

[Statutory Authority:  RCW 67.70.040 and 67.70.040 (1), (3). 07-11-037, § 315-30-010, filed 5/8/07, effective 6/8/07. Statutory Authority: RCW 67.70.040. 84-01-005 (Order 44), § 315-30-010, filed 12/8/83.]

WAC 315-30-020 Definitions. (1) Draw game. A lottery game in which a player pays a fee to a lottery retailer and selects a combination of digits, numbers, or symbols; type and amount of play; and drawing date and receives a computer generated ticket with those selections printed on it; or pays for a ticket with predetermined numbers, symbols or characters selected by the lottery terminal; or pays for a raffle ticket. The lottery will conduct a drawing to determine the winning ticket or the winning combination(s) in accordance with the specific draw game procedures and play criteria. Each ticket bearer whose valid ticket includes a winning combination shall be entitled to a prize if claim is submitted within the specified time period.

(2) Draw game retailer. A lottery retailer authorized by the lottery to sell draw game tickets. All draw game retailers may also sell other lottery game tickets offered by the lottery and approved by the commission.

(3) Draw game ticket. A computer-generated ticket issued by a lottery retailer to a player as a receipt for the combination(s) a player has selected, or as a receipt of the predetermined numbers, symbols or characters selected by the lottery terminal, or a raffle ticket. That ticket shall be the only acceptable evidence of the combination(s) of digits, numbers, or symbols selected. Draw game tickets may be purchased only from a lottery retailer authorized to sell draw game tickets.

(4) Lottery terminal. The computer hardware through which tickets are generated and validated.

(5) Drawing. The procedure determined by the director by which the lottery selects the winning combination in accordance with the rules of the game.

(6) Certified drawing. A drawing about which the lottery and an independent certified public accountant attest that the drawing equipment functioned properly and that a random selection of a winning combination occurred; or the random selection of a winning ticket occurred.

(7) Winning combination. One or more digits, numbers, or symbols randomly selected by the lottery in a drawing which has been certified.

(8) Validation. The process of determining whether a ticket presented for payment is a winning ticket.

(9) Validation number. A unique number printed on each ticket, which is used to determine whether the ticket is a winning ticket.

(10) Ticket bearer. The person who has signed the ticket or who has possession of an unsigned ticket.

(11) Raffle. A draw game variation in which the player receives a computer generated ticket with the numbers, symbols, or characters predetermined on it. The lottery will conduct a drawing to determine the winning combination(s) in accordance with the specific raffle game procedures and criteria. All raffle draw game tickets issued during a specific raffle draw game shall be entered into the drawing for that game. Each ticket bearer whose valid raffle draw game ticket includes a winning combination shall be entitled to a prize if the claim is submitted within the specified time period.


WAC 315-30-030 Draw game criteria. (1) The base price of a play shall not be less than $.50 and not more than $20.00.

(2) On the average the total of all prizes available to be won in a draw game shall not be less than forty-five percent of the game's projected revenue.

(3) The manner and frequency of drawings may vary with the type of game, except that no draw game shall have a drawing more than once in a twenty-four hour period.

(4) The times, locations, and drawing procedures shall be determined by the director.

(5) A ticket bearer claiming a prize shall submit the apparent winning ticket as specified by the director. The ticket must be validated pursuant to WAC 315-30-050 by the lottery or a lottery retailer through use of the validation number and any other means as specified by the director.

(6) Procedures for claiming prizes are as follows:

(a) To claim a game prize of $600.00 or less, the claimant shall present the winning ticket to any lottery retailer authorized to sell draw game tickets or to the lottery.

(i) If the ticket is presented to a lottery retailer authorized to sell draw game tickets, the retailer shall validate the ticket and, if determined to be a winning ticket, may make payment of the amount due the claimant. If the retailer cannot validate the ticket, the claimant may submit the disputed ticket to the lottery by mail or in person. Upon determination that the ticket is a winning ticket, the lottery shall pay the prize. If the ticket is determined to be a nonwinning ticket, the claim shall be denied and the claimant shall be promptly notified.

(ii) If the ticket is presented to the lottery, the claimant shall submit the ticket to the lottery by mail or in person. Upon determination that the ticket is a winning ticket, the lottery shall pay the prize. If the ticket is determined to be a nonwinning ticket, the claim shall be denied and the claimant shall be promptly notified.

(b) To claim a prize of more than $600.00, the claimant shall obtain and complete a claim form or otherwise provide necessary information, as provided in WAC 315-06-120, and submit it with the ticket to the lottery by mail or in person.

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Upon determination that the ticket is a winning ticket, the lottery shall pay the prize. Prizes greater than $600.00 are subject to federal income tax withholding requirements according to the Internal Revenue Service publications for state lotteries. If the ticket is determined to be a nonwinning ticket, the claim shall be denied and the claimant shall be promptly notified.

WAC 315-30-040 Drawings and end of sales prior to drawings. (1) Drawings shall be conducted in a location and at days and times designated by the director. Each drawing script shall contain the statement, "Digits/numbers/symbols drawn are not official until validated."

(2) The director shall announce for each type of game the time for the end of sales prior to the drawings. Lottery terminals will not process orders for tickets for that drawing after the time established by the director.

(3) The director shall designate the type of equipment to be used and shall establish procedures to randomly select the winning combination for each type of game.

(4) The equipment used to determine the winning combination shall not be electronically or otherwise connected to the central computer or to any tapes, discs, files, etc., generated or produced by the central computer. The equipment shall be tested prior to and after each drawing to assure proper operation and lack of tampering or fraud. Drawings shall not be certified until all checks are completed. No prizes shall be paid until after the drawing is certified.

(5) The director shall establish procedures governing the conduct of drawings for each type of game. The procedures shall include provisions for deviations which include but are not limited to: (a) Drawing equipment malfunction before validation of the winning combination; (b) video and/or audio malfunction during the drawing; (c) fouled drawing; (d) delayed drawing; and (e) other equipment, facility and/or personnel difficulties.

(6) In the event a deviation occurs, the drawing will be completed under lottery supervision. If the drawing was to be broadcast, the drawing shall be video taped for later broadcast, if broadcast time is available. The drawing shall be certified and the deviation documented on the certification form. The winning combination will be provided to the television network for dissemination to the public.

(7) If during any live-broadcasted drawing for a game, a mechanical failure or operator error causes an interruption in the selection of all digits, numbers, or symbols, a "foul" shall be called by the lottery drawing official. Any digit/number/symbol drawn prior to a "foul" being called will stand and be deemed official after passing lottery validation tests.

(8) The director shall delay payment of all prizes if any evidence exists or there are grounds for suspicion that tampering or fraud has occurred. Payment shall be made after an investigation is completed and the drawing certified. If the drawing is not certified, another drawing will be conducted to determine the actual winner.

WAC 315-30-050 Validation requirements. (1) To be a valid winning on-line ticket, all of the following conditions must be met:

(a) All printing on the ticket shall be present in its entirety, be legible, and correspond, using the computer validation file, to the combination and date printed on the ticket.
(b) The ticket shall be intact.
(c) The ticket shall not be mutilated, altered, or tampered with in any manner.
(d) The ticket shall not be counterfeit or an exact duplicate of another winning ticket.
(e) The ticket must have been issued by an authorized on-line retailer in an authorized manner.
(f) The ticket must not have been stolen.
(g) The ticket must not have been canceled or previously paid.
(h) The ticket shall pass all other confidential security checks of the lottery.

(2) Any ticket failing any validation requirement listed in WAC 315-30-050(1) is invalid and ineligible for a prize. Provided, if a court of competent jurisdiction determines that a claim based on a ticket which has failed to validate solely because of subsection (1)(g) of this section is valid, the claim shall be paid as a prize pursuant to WAC 315-06-120, 315-30-030, and the rules for that specific type of game. The agent that cancelled or paid such ticket shall indemnify the lottery for payment of the prize and from any other claim, suit, or action based on that ticket.

(3) The director may replace an invalid ticket with a ticket for a future drawing of the same game. The director may pay the prize for a ticket that is partially mutilated or is not intact if the ticket can still be validated by the other validation requirements.

(4) In the event a ticket is issued in error or a defective ticket is purchased, the only responsibility or liability of the lottery, its vendors or the lottery retailer shall be the replacement of the erroneous or defective ticket with another ticket for a future drawing of the same game.

WAC 315-30-060 Payment of prizes by lottery retailers. (1) A lottery retailer authorized to sell draw games may pay to the ticket bearer prizes of $600.00 or less for any validated claims presented to that lottery retailer regardless of where the ticket was purchased. These prizes may be paid during all normal business hours of that lottery retailer, provided, the draw game system is operational and claims can be validated. The lottery retailer shall not charge the claimant any fee for payment of the prize or for cashing a business check drawn on the lottery retailer's account.

(2) A lottery retailer may pay prizes in cash or by business check, certified check, or money order. A lottery retailer
that pays a prize with a check which is dishonored may be subject to suspension or revocation of its license, pursuant to WAC 315-04-200.

[WAC 315-30-070 Retailer settlement. (1) Each lottery retailer authorized to sell draw games shall establish an account for deposit of moneys derived from draw games with a financial institution that has the capability of electronic funds transfer (EFT). Funds generated from the sale of draw game tickets shall be held in trust by the retailer for the lottery.

(2) Each lottery retailer shall make a deposit to that account at least once each week. The amount deposited shall be sufficient to cover moneys due the lottery for that weekly accounting period. The lottery will withdraw by EFT the amount due the lottery on the day specified by the director. In the event the day specified for withdrawal falls on a legal holiday, withdrawal will be accomplished on the following business day.

[WAC 315-30-075 Lottery retailer agreement. Each lottery retailer shall enter into an agreement with the lottery containing such terms and conditions as the director may require pursuant to WAC 315-30-080. Failure to enter into such an agreement may result in denial of a lottery terminal; immediate discontinuance of a lottery terminal operation, or removal of a lottery terminal from an on-line location.

[WAC 315-30-080 Retailer selection criteria. (1) The selection and distribution of draw game retailers throughout the state will be based on:

(a) The number of licensed retailers in each of the regions identified in WAC 315-12-030, and then;
(b) The potential for revenue generation, demographics, and public accessibility within that region.

(2) Only a person who possesses a valid provisional or general license may be authorized by the director to sell draw game tickets.

(3) In addition, the director may consider the following factors in the selection of lottery retailers authorized to sell draw games.

(a) Business and security considerations which include but are not limited to: (i) Instant game accounts receivable record, (ii) criminal history of owners and officers, (iii) history of criminal activity at the business establishment, (iv) past security problems, (v) credit rating as defined in WAC 315-04-095, (vi) licensing requirements, and (vii) history of administrative or regulatory actions.

(b) Marketing considerations which include but are not limited to: (i) Instant ticket sales history, (ii) outside vehicle traffic, (iii) retail customer count, (iv) access to location, and (v) management attitude and willingness to promote lottery products.

(4) The director shall determine the total number of lottery terminals to be installed throughout the state and shall establish procedures for draw game site selection. In determining the order in which TDMs will be installed within a given geographic area, an on-line site selection survey will be completed in which, the factors considered will include but not be limited to:

(a) General information;
(b) Description of proposed site;
(c) Proposed lottery terminal location;
(d) Products sold;
(e) Services available;
(f) Store's hours;
(g) Estimated draw game sales;
(h) Instant sales per week;
(i) Nearest four draw game lottery retailer sales per week;
(j) District sales representative's assessment; and
(k) Regional sales manager's assessment.

(5) The director may, after a lottery terminal has been in operation for six months, order the removal of a lottery terminal from a low producing retailer location after considering marketing factors which include but are not limited to:

(a) Sales volume not increasing at statewide average;
(b) Weekly sales volume below that of similar businesses with similar market potential;
(c) Sales volume below $5,000 per week in metropolitan areas;
(d) Public is adequately served by other draw game retailer locations; and
(e) Failure to generate sufficient sales volume to cover the lottery's administrative costs.

(6) The director may immediately discontinue a lottery retailer operation, order removal of a lottery terminal from a draw game lottery retailer location, or take any other action authorized under WAC 315-04-200 in the event that the lottery retailer authorized to sell draw game tickets:

(a) Fails to comply with any rule established by the commission, any instruction issued by the director;
(b) Tampers with or attempts to tamper with the lottery terminal;
(c) Fails to make payment of a prize;
(d) Makes payment with a business check and the check is dishonored for any reason; or
(e) Fails to enter into the uniform agreement with the lottery as required in WAC 315-30-075.

[WAC 315-30-080, filed 5/8/07, effective 6/8/07. Statutory Authority: RCW 67.70.040 and 67.70.040 (1), (3). 07-11-037, § 315-30-070, filed 12/8/83; 84-21-013 (Order 66), § 315-30-080, filed 10/5/84; 84-05-008 (Order 51), § 315-30-075, filed 4/10/89.]
Chapter 315-39 WAC
HI T 5 GAME RULES

WAC
315-39-010 Definitions for Hit 5 Game. (1) Number: Any play integer from 1 through 39 inclusive. (2) Game grids: A field of 39 numbers found on the play slip. (3) Play: One selection of five numbers. (4) Play slip: A mark-sensitive game card used by players of Hit 5 Game to select plays. (5) Hit 5 Game ticket: A computer-generated receipt evidencing payment for one or more plays in the Hit 5 Game. Tickets shall be issued by a licensed lottery retailer and shall list the set of five-number plays that belong to the ticket holder. (6) Cashpot: The game's top prize. (7) Lottery drawing official: Lottery personnel designated by the director to conduct drawings.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-03-113, § 315-39-010, filed 1/22/07, effective 2/22/07.]

WAC 315-39-020 Price of Hit 5 Game play. The price of each Hit 5 Game play shall be $1.00. Each Hit 5 Game ticket shall contain at least one Hit 5 Game play.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-03-113, § 315-39-020, filed 1/22/07, effective 2/22/07.]

WAC 315-39-030 Play for Hit 5 Game. (1) Type of play: A Hit 5 Game player must select five numbers in each play. A winning play is achieved only when 2, 3, 4, or 5 of the numbers selected by the player match, in any order, the five winning numbers drawn by the lottery. (2) Method of play: The player will use play slips to make number selections. The lottery terminal will read the play slip and issue ticket(s) with corresponding plays. If a play slip is not available, the lottery retailer may enter the selected numbers via the keyboard. A player may choose to have the number selections made by the lottery terminal, a random number generator operated by the computer, commonly referred to as "quick pick."

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-03-113, § 315-39-030, filed 1/22/07, effective 2/22/07.]

WAC 315-39-040 Prizes for Hit 5 Game. (1) The prize amount to be paid to each Hit 5 Game player who holds a winning combination of numbers in the first prize category shall vary due to the parimutuel calculation of prizes. The prize amount to be paid to each Hit 5 Game player who holds a winning combination of numbers in the second prize category shall be $100. The prize amount to be paid to each Hit 5 Game player who holds a winning combination of numbers in the third prize category shall be $10.00. The prize amount to be paid to each Hit 5 Game player who holds a winning combination of numbers in the fourth prize category shall be $1.00.

WAC 315-39-050 Ticket purchases. (1) Hit 5 Game tickets may be purchased daily in accordance with a schedule to be determined by the director. Licensed lottery retailers shall sell and redeem tickets only during their normal business hours. Hit 5 Game tickets may be purchased only from a licensed lottery retailer.

(2) Hit 5 Game tickets shall, on the front of the ticket, contain the selection of numbers, amount, drawing date, ticket serial number and reference numbers. The back of the ticket shall contain overall odds of winning, player instructions, player information, signature area, governing statutes and rules, and the ticket stock number. The front of the ticket may include the overall odds of winning.

WINNING COMBINATIONS

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WAC 315-39-060 Drawings. (1) The Hit 5 Game drawings shall be held pursuant to WAC 315-30-040.

(2) The drawing will be conducted by lottery drawing officials.

(3) Each drawing shall randomly select five winning numbers. The drawing method shall be tested before and after each drawing. Any drawn numbers are not declared winners until the drawing is certified by the lottery. The winning numbers shall be used in determining all Hit 5 Game winners for that drawing. If a drawing is not certified, another drawing will be conducted to determine actual winners.

(4) The drawing shall not be invalidated based on the liability of the lottery.

[Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. 07-03-113, § 315-39-060, filed 1/22/07, effective 2/22/07.]