

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 as defined in this section.

(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, security deposit, 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, security deposit, 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 security deposit under terms and conditions established by the director prior to issuance of 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 financial solvency of the retailer.

(3) In the event the retailer's credit is rated as poor or marginal as defined in this section 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, submit a security deposit, or post a savings certificate under terms and conditions established by the director. The surety bond, security deposit, or savings 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 and other public records up to three years prior to the lottery's credit check request, and reports from credit bureaus or other credit reporting agencies up to two years prior to the lottery's credit check request. A significant incident may include a lien, judgment, bankruptcy, involuntary collection action, or any similar incident that 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 public record within 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.

(d) Financial solvency status for licensees previously required to post a surety bond, security deposit, or savings certificate under this section shall be reviewed annually by the lottery for status improvement and possible reduction or release of the requirement.

[Statutory Authority: RCW 67.70.040 (1), (3). WSR 21-06-052, § 315-04-095, filed 2/25/21, effective 3/28/21; WSR 10-14-010, § 315-04-095, filed 6/24/10, effective 7/25/10. Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. WSR 07-11-154, § 315-04-095, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. WSR 98-20-013, § 315-04-095, filed 9/25/98, effective 10/26/98.]