

WSR 22-23-030

PERMANENT RULES

WASHINGTON STATE LOTTERY

[Filed November 7, 2022, 1:10 p.m., effective December 8, 2022]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Amendments to WAC 315-04-180 Procedural rules—Obligations of lottery retailers, which currently requires licensed lottery retailers to reimburse the lottery for lost or stolen tickets. The amended rules grant the director discretion to waive payment or reimbursement for stolen tickets if the retailer can show they have consistently and demonstrably stored them in a safe and secure manner, in addition to reporting the loss promptly and cooperating with all investigations.

Citation of Rules Affected by this Order: New WAC 315-04-180.

Statutory Authority for Adoption: RCW 67.70.040 (1) and (3), 67.70.050(4).

Adopted under notice filed as WSR 22-17-136 on August 23, 2022.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 1, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 1, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 1, Amended 0, Repealed 0.

Date Adopted: November 7, 2022.

Kristi Weeks  
Director of Legal Services

**OTS-4055.1**

AMENDATORY SECTION (Amending WSR 21-06-052, filed 2/25/21, effective 3/28/21)

**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 on the lottery-issued terminal. Placement in activated status designates that the tickets in the pack may be sold, and prizes in the pack may be paid. Tickets must not be sold before being placed in active status.

(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, 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~~) \$25 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~~) 30 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 (~~(+1)~~) (i) no later than (~~fifty~~) 50 calendar days after the pack has been placed in activated status or when (~~eighty~~) 80 percent of the low tiered prizes have been validated, thereby validating the pack; or (~~(+2)~~) (ii) payment for a pack shall be due to the director no later than (~~twenty-one~~) 21 days after activation. 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 subsection (2) of this section, WAC 315-04-210(2), or 315-06-190.

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

(2)(a) A retailer shall maintain and store all activated instant tickets in a secure manner. For purposes of this subsection "secure manner" means:

(i) Instant tickets are removed from the in-counter dispenser and secured in a locked room or container when the retail location is closed for business;

(ii) Instant tickets are not allowed to hang loosely from, or otherwise be located outside of, the in-counter dispenser when the retail location is open for business; and

(iii) Instant tickets are given, or otherwise made accessible, to customers only after the purchase is complete.

(b) In the case of theft of activated instant tickets from a retailer or retail location, the director may waive payment or reimburse the retailer for some or all of those stolen instant tickets if, in the sole discretion of the director, each of the following conditions is fully met:

(i) Prior to the theft, the retailer consistently and demonstrably maintained and stored activated instant tickets in a secure manner.

(ii) The retailer reported the theft to the lottery, including an accurate accounting of the stolen instant tickets (i.e., game, pack, and ticket number(s)), within two hours of discovery of the event and cooperates fully with any lottery investigation.

(iii) The retailer reported the theft to appropriate law enforcement within two hours of discovery of the event and cooperates fully with any investigation and prosecution.

(iv) The retailer reported the theft to their appropriate insurance company, if any, and cooperates fully with any investigation and recovery. Waived payment or reimbursement from the lottery under this subsection may supplement, but shall not be used in place of, available insurance coverage.

(v) The retailer has not been reimbursed or had payment waived by the director for a separate theft within the 12 months immediately preceding the current event.

(vi) The person who committed, or is reasonably suspected to have committed, the theft is not an employee of the retailer or other person known to the retailer and who had more access to the instant tickets than a typical retail customer.

(c) A retailer whose request for waiver of payment or reimbursement under this subsection is denied by the director may request a brief adjudicative proceeding pursuant to WAC 315-20-125.

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

~~((3))~~ (4) 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))~~ (5) 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. The lottery retailer also agrees to be responsible for the maintenance and security of such property.

~~((5))~~ (6) 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))~~ (7) All books and records pertaining to the lottery retailer's lottery activities shall be subject to seizure by the director without prior notice.

~~((7))~~ (8) 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). WSR 21-06-052, § 315-04-180, filed 2/25/21, effective 3/28/21. Statutory Authority: RCW 67.70.040 (1) and (3). WSR 16-13-090, § 315-04-180, filed 6/15/16, effective 7/16/16. Statutory Authority: RCW 67.70.040 (1), (3) and 67.70.040. WSR 07-11-154, § 315-04-180, filed 5/22/07, effective 6/22/07. Statutory Authority: RCW 67.70.040. WSR 98-11-091, § 315-04-180, filed 5/20/98, effective 6/20/98; WSR 94-11-027, § 315-04-180, filed 5/6/94, effective 6/6/94; WSR 94-03-020, § 315-04-180, filed 1/7/94, effective 2/9/94; WSR 86-01-060 (Order 83), § 315-04-180, filed 12/16/85; WSR 84-05-008 (Order 51), § 315-04-180, filed 2/7/84; WSR 83-19-019 (Order 36), § 315-04-180, filed 9/12/83. Statutory Authority: 1982 2nd ex.s. c 7. WSR 82-21-037 (Order 2), § 315-04-180, filed 10/15/82.]