



INTEROFFICE MEMO

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

	Approved	Denied
To: J. Winston Krause, Chairman Carmen Arrieta-Candelaria, Commissioner Peggy A. Heeg, Commissioner Doug Lowe, Commissioner Robert Rivera, Commissioner		
From: Ryan S. Mindell <i>RSM</i>		
Date: October 5, 2017		
Re: Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §§401.158 (Suspension or Revocation of License), 401.160 (Standard Penalty Chart), 401.301 (General Definitions), 401.302 (Instant Game Rules), 401.304 (On-Line Game Rules (General)), 401.307 ("Pick 3" On-Line Game Rule), 401.308 ("Cash Five" On-Line Game), 401.312 ("Texas Two Step" On-Line Game), 401.316 ("Daily 4" On-Line Game Rule), 401.320 ("All or Nothing" On-Line Game Rule), 401.322 ("Texas Triple Chance" Lottery Game), 401.353 (Retailer Settlements, Financial Obligations, and Commissions), 401.361 (Required Purchases of Lottery Tickets), 401.364 (Training), and 401.370 (Retailer's Financial Responsibility for Lottery Tickets Received and Subsequently Stolen or Lost)		

Attached for your consideration is Commission staff's proposal for the above-referenced rule amendments. There are two purposes for the proposed amendments. The first purpose is to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems. Specifically, these amendments change the way tickets are issued, including revising the definition of terminals, clarifying language on Quick Pick selection, and updating how tickets are printed on third-party point-of-sale systems. Certain retailer requirements are amended to facilitate these types of sales as well.

Second, these proposed amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology. These amendments include changing the references to lottery games from "on-line" and "instant" to "draw" and "scratch." There are multiple other clarifications of meanings and terms, both to conform usage of those terms throughout the rules and to match current Commission practice. Some of these changes were identified in the most recent Commission rule review and are being implemented with these amendments.

Recommendation: Staff recommends the Commission initiate the rulemaking process by publishing the attached proposal in the *Texas Register* to receive public comment for a period of 30 days.

1 The Texas Lottery Commission (Commission) proposes amendments to 16 TAC
2 §§401.158 (Suspension or Revocation of License), 401.160 (Standard Penalty Chart), 401.301
3 (General Definitions), 401.302 (Instant Game Rules), 401.304 (On-Line Game Rules (General)),
4 401.307 (“Pick 3” On-Line Game Rule), 401.308 (“Cash Five” On-Line Game), 401.312
5 (“Texas Two Step” On-Line Game), 401.316 (“Daily 4” On-Line Game Rule), 401.320 (“All or
6 Nothing” On-Line Game Rule), 401.322 (“Texas Triple Chance” Lottery Game), 401.353
7 (Retailer Settlements, Financial Obligations, and Commissions), 401.361 (Required Purchases of
8 Lottery Tickets), 401.364 (Training), and 401.370 (Retailer’s Financial Responsibility for
9 Lottery Tickets Received and Subsequently Stolen or Lost).

10 There are two purposes for the proposed amendments. The first purpose is to facilitate
11 the potential future sale of lottery tickets using Commission-approved third-party point-of-sale
12 systems. Specifically, these amendments change the way tickets are issued, including revising
13 the definition of terminals, clarifying language on Quick Pick selection, and updating how tickets
14 are printed on third-party point-of-sale systems. Certain retailer requirements are amended to
15 facilitate these types of sales as well.

16 Second, these proposed amendments make conforming changes that match rule language
17 to current Commission (and industry) practice and terminology. These amendments include
18 changing the references to lottery games from “on-line” and “instant” to “draw” and “scratch.”
19 There are multiple other clarifications of meanings and terms, both to conform usage of those
20 terms throughout the rules and to match current Commission practice. Some of these changes
21 were identified in the most recent Commission rule review and are being implemented with these
22 amendments.

1 Kathy Pyka, Controller, has determined that for each year of the first five years the
2 amendments will be in effect, there will be no significant fiscal impact for state or local
3 governments as a result of the proposed amendments. There will be no adverse effect on small
4 businesses or rural communities, micro businesses, or local or state employment. There will be
5 no additional economic cost to persons required to comply with the amendments, as
6 proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is
7 not required because the proposed amendments will not have an adverse economic effect on
8 small businesses or rural communities as defined in Texas Government Code §2006.001(1-a)
9 and (2).

10 Michael Anger, Director of Lottery Operations, has determined that for each year of the
11 first five years the proposed amendments will be in effect, the public benefit anticipated is to
12 allow for increased convenience for lottery ticket purchasers through the use of Commission-
13 approved third-party point-of-sale systems. In addition, the public will benefit from more
14 understandable rules aligned with Commission practice and applicable statutes. These
15 amendments will increase the clarity and comprehensibility of the Commission's rules.

16 The Commission requests comments on the proposed amendments from any interested
17 person. Comments on the proposed amendments may be submitted to Ryan Mindell, Assistant
18 General Counsel, by mail at Texas Lottery Commission, P.O. Box 16630, Austin, Texas 78761-
19 6630; by facsimile at (512) 344-5189; or by email at *legal.input@lottery.state.tx.us*. Comments
20 must be received within 30 days after publication of this proposal in the Texas Register in order
21 to be considered.

22 These amendments are proposed under Texas Government Code §466.015, which
23 authorizes the Commission to adopt rules governing the operation of the lottery; and §467.102,

1 which authorizes the Commission to adopt rules for the enforcement and administration of the
2 laws under the Commission's jurisdiction.

3 This proposal is intended to implement Texas Government Code, Chapter 466.
4 §401.158. Suspension or Revocation of License.

5 (a) (No change.)

6 (b) Without limiting the commission's ability to consider factors listed in §401.153(b) of this title
7 as grounds for suspension or revocation of a license issued under this subchapter, the
8 commission may also suspend or revoke a license for reasons including, but not limited to, any
9 of the following:

10 (1) – (6) (No change.)

11 (7) licensee endangers the security and/or ~~and~~ integrity of the lottery games operated by
12 the commission;

13 (8) licensee violates any directive or instruction issued by the director of the Lottery
14 Operations Division; ~~director;~~

15 (9) (No change.)

16 (10) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of
17 funds within a 12-month period;

18 (11) licensee sells a scratch ~~an instant~~ ticket from a game that has closed after the date
19 designated for the end of the game;

20 (12) – (16) (No change.)

21 (17) licensee fails to keep accurate and complete records of all tickets from confirmed,
22 active, and settled packs that have not been sold;

1 ~~(18) licensee fails to offer a minimum of two instant ticket games for sale if two or more~~
2 ~~instant games are available from the Lottery;~~

3 ~~(18)(19) licensee fails to order or accept delivery of the required minimum number of~~
4 ~~lottery tickets or fails or refuses to meet minimum sales criteria;~~

5 ~~(19)(20) licensee fails to meet any requirement under §401.368 of this title (relating to~~
6 ~~Lottery Ticket Vending Machines), Machine), if the licensee has been supplied with a self-~~
7 ~~service lottery ticket vending machine by the commission;~~

8 ~~(20)(21) licensee fails to take readily achievable measures within the allowed time period~~
9 ~~to comply with the barrier removal requirements regarding the ADA;~~

10 ~~(21)(22) licensee fails to prominently post license;~~

11 ~~(22)(23) licensee knowingly sells a ticket or pays a lottery prize to another person who is:~~

12 (A) an officer or an employee of the commission;

13 (B) an officer, member, or employee of a lottery operator;

14 (C) an officer, member, or employee of a contractor or subcontractor that is
15 excluded by the terms of its contract from playing lottery games;

16 (D) the spouse, child, brother, sister, or parent of a person described by
17 ~~subparagraph (A), (B), or (C) above of this paragraph~~ who resides within the same household as
18 that person;

19 ~~(23)(24) licensee intentionally or knowingly sells a ticket at a price the licensee knows is~~
20 ~~greater than the price set by the executive director;~~

21 ~~(24)(25) licensee sells tickets issued to a licensed location at another location that is not~~
22 ~~licensed;~~

1 ~~(25)(26)~~ licensee intentionally or knowingly sells a ticket by extending credit or lends
2 money to enable a person to buy a ticket;

3 ~~(26)(27)~~ licensee intentionally or knowingly sells a ticket to a person that the licensee
4 knows is younger than 18 years;

5 ~~(27)(28)~~ licensee intentionally or knowingly sells a ticket and accepts anything for
6 payment not specifically allowed under the State Lottery Act;

7 ~~(28)(29)~~ licensee sells tickets over the telephone or via mail order sales, establishes or
8 promotes a group purchase or pooling arrangement under which tickets are purchased on behalf
9 of the group or pool and any prize is divided among the members of the group or pool, and the
10 licensee ~~person~~ intentionally or knowingly:

11 (A) uses any part of the funds solicited or accepted for a purpose other than
12 purchasing tickets on behalf of the group or pool; or

13 (B) retains a share of any prize awarded as compensation for establishing or
14 promoting the group purchase or pooling arrangement;

15 ~~(29)(30)~~ licensee intentionally or knowingly alters or forges a ticket;

16 ~~(30)(31)~~ licensee intentionally or knowingly influences or attempts to influence the
17 selection of the winner of a lottery game;

18 ~~(31)(32)~~ licensee intentionally or knowingly claims a lottery prize or a share of a lottery
19 prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or
20 persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or
21 misrepresentation;

1 ~~(32)~~(33) licensee intentionally or knowingly tampers with, damages, defaces, or renders
2 inoperable any vending machine, electronic computer terminal, or other mechanical device used
3 in a lottery game, or fails to exercise due care in the treatment of commission property;

4 ~~(33)~~(34) licensee:

5 (A) induces another person to assign or transfer a right to claim a prize;

6 (B) initiates or accepts an offer to sell the right to claim a prize;

7 (C) initiates or accepts an offer of compensation from another person to claim a
8 lottery prize; or

9 (D) purchases a lottery ticket from a person who is not a licensed lottery retailer;

10 ~~(34)~~(35) licensee intentionally or knowingly makes a statement or entry that the person
11 knows to be false or misleading on a required report;

12 ~~(35)~~(36) licensee fails to maintain or make an entry the licensee knows is required to be
13 maintained or made for a required report;

14 ~~(36)~~(37) licensee knowingly refuses to permit the director of the Lottery Operations
15 Division, the executive director, commission, or the state auditor to examine the agent's books,
16 records, papers or other objects, or refuses to answer any question authorized under the State
17 Lottery Act;

18 ~~(37)~~(38) licensee intentionally or knowingly makes a material and false or incorrect, or
19 deceptive statement, written or oral, to a person conducting an investigation under the State
20 Lottery Act or a commission rule adopted by the commission;

21 ~~(38)~~(39) licensee commits an offense of conspiracy as defined in the State Lottery Act;

1 (39)(40) licensee sells or offers for sale any interest in a lottery of another state or state
 2 government or an Indian tribe or tribal government, including an interest in an actual lottery
 3 ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest; or

4 (40)(41) licensee has violated a provision of the State Lottery Act, Government Code,
 5 Chapter 466, or a commission rule adopted under the State Lottery Act.

6 §401.160. Standard Penalty Chart.

7 (a) – (f) (No change.)

8 (g) Based upon consideration of the following factors, the commission may impose penalties
 9 other than the penalties recommended in §401.158 of this title (relating to Suspension or
 10 Revocation of License) and/or this section:

11 (1) – (9) (No change.)

12 (10) Any other mitigating or aggravating circumstances.

13 Figure: 16 TAC §401.160(g)(10)

14

TEXAS LOTTERY COMMISSION RETAILER REGULATORY VIOLATIONS AND RELATED PENALTIES			
DESCRIPTION OF VIOLATION	1 ST OCCURRENCE	2 ND OCCURRENCE	3 RD OCCURRENCE
Licensee engages in telecommunication or printed advertising that the director determines to have been false, deceptive or misleading.	Notification in writing to the licensee of the detected violation, including a warning that future violations will result in more severe administrative penalties including Suspension and/or revocation of the license. (Warning Letter)	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee conditions redemption of a lottery prize upon the purchase of any other item or service.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee imposes a restriction upon the redemption of a lottery prize not specifically authorized by the director.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation

Licensee fails to follow instructions and procedures for the conduct of any particular lottery game, lottery special event or promotion.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee and/or its employee(s) exhibit discourteous treatment including, but not limited to, abusive language toward customers, commission employees or commission vendors.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to establish or maintain reasonable security precautions with regard to the handling of lottery tickets and other materials.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee endangers the security and/or integrity of the lottery games <u>operated</u> run by the commission.	Warning Letter - Revocation	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocations
Licensee violates any directive or instruction issued by the director of <u>Lottery Operations</u> .	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee violates any express term or condition of its license not specifically set forth in this subchapter.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee incurs four (4) notices of nonsufficient fund transfers <u>or non-transfer of funds</u> within a 12-month period.	Revocations	n/a	n/a
Licensee sells <u>a scratch</u> an instant ticket from a game that has closed after the date designated for the end of the game.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to pay a valid prize in the amount specified on the validation slip generated on the licensee's terminal or to pay the authorized amount.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to pay a valid prize the licensee is required to pay.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee refuses to and/or fails to properly cancel a Pick 3 or	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension

Daily 4 ticket.			to Revocation
Licensee fails to return an exchange ticket to a prize claimant claiming a prize on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to keep accurate and complete records of all tickets from confirmed, active, and settled packs that have not been sold.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to offer a minimum of two instant ticket games for sale if two or more instant games are available from the Lottery.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to order or accept delivery of the required minimum number of lottery tickets, or fails or refuses to meet minimum sales criteria.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to meet any requirement under §401.368, Lottery Ticket Vending Machines rule, Machine rule if the licensee has been supplied with a <u>self-service</u> lottery ticket vending machine by the commission.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding <u>the ADA</u> .	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee fails to prominently post license.	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation
Licensee knowingly sells a ticket or pays a lottery prize to another person who is (A) an officer or an employee of the commission; (B) an officer, member, or employee of a lottery operator; (C) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games; (D) the spouse, child, brother, sister, or parent of a person described by paragraph (A), (B), or (C) <u>above</u> who resides within the same household as	Warning Letter	10-90 day Suspension	30-90 <u>day</u> Suspension to Revocation

that person.			
Licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set fixed by the executive director.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee sells tickets issued to a licensed location at another location that is not licensed.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years.	10-90 <u>day</u> Suspension to Revocation	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation
Licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee sells tickets over the telephone or, via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the <u>licensee person</u> intentionally or knowingly: (A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or (B) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly alters or forges a ticket.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation

Licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission or-commission property.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee (A) induces another person to assign or transfer a right to claim a prize, (B) initiates or accepts an offer to sell the right to claim a prize, (C) initiates or accepts an offer of compensation from another person to claim a lottery prize, or (D) purchases a lottery ticket from a person who is not a licensed lottery retailer.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee intentionally or knowingly makes a material	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation

and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a <u>commission</u> rule adopted by the commission.			
Licensee commits an offense of conspiracy as defined in the State Lottery Act.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation
Licensee sells or offers for sale any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest.	10-90 <u>day</u> Suspension to Revocation	30-90 <u>day</u> Suspension to Revocation	Revocation

1

2 §401.301. General Definitions.

3 The following words and terms, when used in this chapter, shall have the following meanings,
4 unless the context clearly indicates otherwise.

5 (1) Caption--The letters appearing below the play symbols in the play area of a ticket that
6 verify the correctness of the play symbols.

7 (2) Certified drawing--A drawing in which a lottery drawing representative ~~the lottery~~
8 ~~drawing supervisor, security representative,~~ and an independent certified public accountant attest
9 that the drawing equipment functioned properly and that a random selection of a winning
10 combination occurred.

11 (3) – (5) (No change.)

12 (6) Commission--The Texas Lottery Commission. Unless the context clearly requires
13 otherwise, “commission” includes authorized Texas Lottery commission staff
14 members/employees.

1 (7)(6) Current draw period--The period of time in which the player selections and Quick
2 Pick selections are accumulated into a pool of plays eligible for winning in a drawing held at the
3 end of the designated period.

4 (8)(7) Director--The Director A ~~director~~ of the Texas Lottery Commission, Lottery
5 Operations, Commission.

6 (9)(8) Direct prize category contribution--A specified percentage of net sales allocated to
7 the prize categories as described in the rules of the specific game being played.

8 (10)(9) Division--Lottery Operations A ~~division~~ of the Texas Lottery Commission.

9 (11)(10) Draw break--A period of time before a drawing for a draw ~~an on-line~~ game
10 during which player selections for that drawing may not be entered into the lottery gaming on-
11 line system and during which no requests for Quick Pick selections for that drawing may be
12 entered into the lottery gaming on-line system.

13 (12) Draw game--A lottery game which utilizes a computer system to administer plays,
14 the type of game, and amount of play for a specified drawing date, and in which a player either
15 selects a combination of numbers or allows number selection by a random number generator
16 approved by the commission, referred to as Quick Pick. The commission, or other authorized
17 entity, will conduct a drawing to determine the winning combination(s) in accordance with the
18 rules of the specific game being played and the draw procedures for the specific game.
19 Sometimes, draw games are called "on-line games."

20 (13) Draw game ticket--A ticket issued to a player, by a retailer, and generated by a
21 terminal provided by the commission or commission's vendor on official Texas Lottery paper
22 stock, or, for third-party point-of-sale systems approved by the commission, printed on paper
23 stock or otherwise issued in a manner approved by the commission to provide tangible evidence

1 of participation in a lottery game. That ticket shall be the only acceptable evidence of the
2 combination of digits, numbers, or symbols selected. Draw game tickets may be purchased only
3 from retailers.

4 (14)(11) Drawing--The procedure by which the commission randomly selects winning
5 combinations of digits, numbers, or symbols in accordance with the rules of the game as set forth
6 in the rules of the specific game being played and the draw ~~drawing~~ procedures for the specific
7 game.

8 (15)(12) Drawing pool--The amount of money available for all prize categories for a
9 specific drawing.

10 (16)(13) Draw procedures--The written document approved by the executive director that
11 specifies the draw procedures for a particular game, if a drawing is designed as part of the game.

12 (17)(14) Duplicate ticket--A ticket produced by photograph, xerography, or any other
13 method other than a ticket generated by a terminal, ~~an on-line terminal~~.

14 (18)(15) Executive director--The executive director of the Texas Lottery Commission.

15 (19)(16) Game number--The number on the back of the scratch ~~instant~~ ticket which refers
16 to the number associated with the particular scratch ticket ~~instant~~ game.

17 (20)(17) Game procedures--The written document approved by the director ~~of the~~
18 ~~marketing division of the commission~~ that includes, among other things, the game name, how a
19 prize is won, game prize structure, play style, ~~playstyle~~, and eligibility for a drawing, if any.

20 (21)(18) High-tier prize--A prize of \$600 or more.

21 (22)(19) Indirect prize category contribution--Amounts allocated from the prize reserve
22 fund, roll-over and prize breakage for a specific draw ~~online~~ game drawing.

1 ~~(20) Instant game~~—An instant ticket lottery game, developed and offered for sale to the
2 public in accordance with commission rules, that is played by removing the latex covered play
3 area on an instant ticket to reveal the ticket play symbols.

4 ~~(21) Instant retailer~~—A commission retailer authorized by the commission to sell instant
5 tickets only.

6 ~~(23)~~(22) Invalid ticket--Any ticket that fails to meet all validation requirements of the
7 commission.

8 (24) Lottery gaming system--The commission or commission's vendor's computer system
9 consisting of terminals, central processing equipment, and a communication network.

10 ~~(25)~~(23) Lottery retailer or retailer--A licensed sales agent, as contemplated by Chapter
11 466, Government Code.

12 ~~(26)~~(24) Low-tier prize--A prize of less than \$25.

13 ~~(27)~~(25) Mid-tier prize--A prize of \$25 or more but less than \$600.

14 ~~(28)~~(26) Minor--An individual younger than 18 years of age.

15 ~~(27) On-line game~~—A lottery game which utilizes a computer system to administer plays,
16 the type of game, and amount of play for a specified drawing date, and in which a player either
17 selects a combination of numbers or allows number selection by a random number generator
18 operated by the computer, referred to as Quick Pick. The commission will conduct a drawing to
19 determine the winning combination(s) in accordance with the rules of the specific game being
20 played and the drawing procedures for the specific game.

21 ~~(28) On-line retailer~~—A lottery retailer authorized by the commission to sell on-line
22 tickets. On-line retailers shall sell all on-line lottery games and at least two instant ticket games
23 offered by the commission.

1 ~~(29) On-line system--The commission or commission's vendor's on-line computer system~~
2 ~~consisting of on-line terminals, central processing equipment, and a communication network.~~

3 ~~(30) On-line terminal--The commission or commission's vendor's computer hardware~~
4 ~~through which an on-line retailer enters player selections or Quick Pick selections and by which~~
5 ~~on-line tickets are generated and claims are validated.~~

6 ~~(31) On-line ticket--A computer-generated ticket issued to a player, by an on-line retailer,~~
7 ~~as a receipt for the combination of numbers a player has selected, and generated on an on-line~~
8 ~~terminal provided by the commission or commission's vendor on official Texas Lottery paper~~
9 ~~stock, by either selecting his or her own numbers or selecting Quick Pick, which is a random~~
10 ~~number generator operated by the computer. That ticket shall be the only acceptable evidence of~~
11 ~~the combination of digits, numbers, or symbols selected. On-line tickets may be purchased only~~
12 ~~from on-line retailers.~~

13 ~~(29)(32) Pack number--The unique number on the back of the scratch instant ticket that~~
14 ~~designates the number of the pack within a specific scratch ticket instant game.~~

15 ~~(30)(33) Play area--The latex-covered area of a scratch an instant ticket that when~~
16 ~~removed, reveals the ticket play symbols.~~

17 ~~(31)(34) Play style Playstyle--The method of play to determine a winner for an individual~~
18 ~~game.~~

19 ~~(32)(35) Play symbol--The printed data under the latex on the front of a scratch an instant~~
20 ~~ticket that is used to determine eligibility for a prize. The symbols for individual games will be~~
21 ~~specified in individual scratch ticket instant game procedures.~~

22 ~~(36) Preliminary drawing--An event in which entries received by a specific deadline are~~
23 ~~utilized for the selection of contestants for a promotional drawing.~~

1 (33)(37) Present at the terminal--A player remains physically present at the ~~on-line~~
2 terminal from the time the player's order for the purchase of draw game ~~on-line lottery~~ tickets is
3 paid for and accepted by the ~~lottery on-line~~ retailer until the processing of the order is completed
4 and the tickets are delivered to the player at the ~~licensed on-line~~ retailer terminal location.

5 (34)(38) Prize amounts--The amount of money payable to each share in a prize category,
6 the annuitized future value of each share in a prize category, or the net present cash value of each
7 share in a prize category for each draw ~~on-line~~ game drawing. Prize amounts are calculated by
8 dividing the prize category contribution, the annuitized future value of the prize category
9 contribution, or the net present cash value of the prize category contribution by the number of
10 shares determined for the prize category.

11 (35)(39) Prize breakage--The money which is left over from the rounding down of the
12 pari-mutuel prize levels to the next lowest whole dollar amount or money which is in excess of
13 the amount needed to pay a prize.

14 (36)(40) Prize category--The matching combinations of numbers and their corresponding
15 prize levels as described in rules for the specific game being played.

16 (37)(41) Prize category contributions--Refers to contributions for each drawing to each
17 prize category, ~~category~~ including direct and indirect prize category contributions.

18 (38)(42) Prize fund--The monies allocated to be returned to players in winning tickets
19 within a specific scratch ticket ~~instant~~ game.

20 (39)(43) Prize pool--In a draw game, the ~~The~~ total amount of money available for prizes
21 as a percentage of the total sales for the current draw period.

22 (40)(44) Prize structure--The number, value, prize pay out percentage, and odds of
23 winning prizes for an individual game as approved by the executive director.

1 (41)(45) Promotion--One or more events ~~An event~~ coordinated or conducted by the
2 commission ~~Texas Lottery Commission~~ at retail sites, fairs, festivals and other appropriate
3 venues, or in conjunction with one or more particular Texas Lottery games, to educate players
4 about Texas Lottery products and/or sell Texas Lottery games through a ~~licensed~~ Lottery retailer
5 in specific markets to maximize Texas Lottery sales and statewide awareness.

6 (42)(46) Promotional drawing--A drawing in which qualified contestants are awarded
7 prizes in a random manner in accordance with the procedures set forth for a specific promotional
8 event.

9 (43)(47) Quick Pick--A play option that generates random numbers in a manner approved
10 by the commission. ~~by the computer.~~

11 (44)(48) Roll-over--The amount in a specific draw game prize pool category resulting
12 from no matching combinations and/or prize breakage from the previous drawing.

13 (45)(49) Sales agent--A person licensed under the State Lottery Act to sell Texas Lottery
14 tickets.

15 (46) Scratch ticket--A scratch ticket lottery game, developed and offered for sale to the
16 public in accordance with commission rules, that is played by removing the latex covered play
17 area on a scratch ticket to reveal the ticket play symbols. Sometimes, scratch ticket games are
18 called "instant games."

19 (47)(50) Shares--In a draw game, the ~~The~~ total number of matching combinations within
20 each prize category as determined for each drawing.

21 (48)(51) Sign-on slip--The receipt produced by a dedicated lottery ticket ~~the on-line~~
22 terminal when the retailer signs on to the lottery gaming system.

1 (49) Terminal--A device authorized by the commission for the purpose of issuing draw
2 game tickets and/or validating claims, including the commission or commission's vendor's
3 computer hardware as well as commission-authorized third-party point-of-sale systems.

4 ~~(52) Texas Lottery Commission--The agency created by House Bill 54, 72nd Legislature,~~
5 ~~First Called Session, as amended by House Bill 1587 and House Bill 1013, 73rd Legislature,~~
6 ~~Regular Session.~~

7 ~~(50)(53) Ticket--Any tangible evidence issued by the commission to provide allow~~
8 ~~participation in a lottery game or activity authorized by the State Lottery Act.~~

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

11 (52) Ticket number--The number on the back of the scratch ticket that refers to the ticket
12 sequence within a specific pack of a scratch ticket game.

13 ~~(54) Ticket number--The number on the back of the instant ticket that refers to the ticket~~
14 ~~sequence within a specific pack of an instant game.~~

15 ~~(55) Ticket bearer--The person who has signed the Lottery game ticket or who has~~
16 ~~possession of an unsigned Lottery game ticket.~~

17 (53)(56) Validation number--The unique number sequence printed on a ticket that
18 provides for the verification of the ticket as a valid winner.

19 (54)(57) Valid ticket--A ticket which meets all specifications and validation requirements
20 and entitles the holder to a specific prize amount.

21 (55)(58) Void ticket--Any ticket that is stolen, unissued, illegible, mutilated, altered,
22 counterfeit in whole or part, misregistered, defective, incomplete, printed or produced in error,

1 multiply printed, fails any of the commission's confidential validation tests, or is a ticket
2 produced by or for the commission for education and training purposes.

3 ~~(56)(59)~~ Winning combination--One or more digits, numbers, or symbols randomly
4 selected by the commission in a drawing which has been certified.

5 §401.302. Scratch Ticket ~~Instant~~ Game Rules.

6 (a) Sale of scratch ~~instant game~~ tickets.

7 (1) Only retailers who have been licensed by the commission are authorized to sell
8 scratch ~~instant game~~ tickets, and tickets may be sold only at a licensed location.

9 (2) Each scratch ~~instant game~~ ticket shall sell for the retail sales price authorized by the
10 executive director and stated in the individual game procedures.

11 (3) Each scratch ~~instant game~~ ticket shall state the overall estimated odds of winning a
12 prize of any kind, including a break-even ~~break even~~ prize.

13 (b) Game procedures.

14 (1) The director ~~of the marketing division~~ may approve and publish individual game
15 procedures prior to each scratch ticket ~~instant~~ game being introduced for sale to the public. Game
16 procedures shall be published in the *Texas Register* and shall be made available upon request to
17 the public.

18 (2) At a minimum, the game procedures for each game shall contain the following
19 information:

20 (A) confirming captions;

21 (B) game name;

22 (C) game number;

23 (D) prize structure;

- 1 (E) ~~play style~~ playstyle;
- 2 (F) play symbols;
- 3 (G) ticket order quantity;
- 4 (H) retail sales price;
- 5 (I) dollar amount of prizes that may be paid by retailers; and
- 6 (J) eligibility requirements for a prize drawing, if any.

7 (3) (No change.)

8 (c) Determination of prize winner.

9 (1) The play symbols shall be used by a player to determine eligibility for ~~instant~~ prizes.
10 Qualifying play symbols are stated in the game procedures.

11 (2) A player's eligibility to win a prize is subject to the ticket validation requirements
12 provided in subsection (d) of this section.

13 (3) For each individual game, the player shall rub off the latex covering on ~~the front of~~
14 the ticket to reveal the play symbols. Eligibility to win a prize is based on the approved play style
15 as follows.

16 (A) – (J) (No change.)

17 (i) - (ii) (No change.)

18 (iii) Double and Double Doubler. If the player reveals one of these
19 designated play symbols as part of the winning combination of the game, the player either
20 doubles or quadruples their prize respectively, ~~respectfully~~, as stated in the game card itself. The
21 player may also reveal the "double" or "double doubler" play symbols in a prize box, in which
22 case the prize amount that the player won is either doubled or quadrupled respectively,
23 ~~respectfully~~, as stated in the game card itself.

1 (iv) – (vi) (No change.)

2 (K) Any other approved play style or bonus game feature developed by the
3 commission. ~~Texas Lottery~~. If the player reveals the designated play symbols or bonus play
4 features, the player shall win the prize(s) as indicated.

5 (d) Ticket validation requirements.

6 (1) Each scratch ~~instant game~~ ticket shall be validated according to validation procedures
7 prior to payment of a prize.

8 (2) ~~A scratch~~ ~~An instant game~~ ticket shall comply with all of the following.

9 (A) – (E) (No change.)

10 (F) The ticket shall pass all the ~~confidential~~ validation and security tests
11 appropriate to the applicable play style. ~~playstyle~~.

12 (G) (No change.)

13 (3) – (4) (No change.)

14 (5) If a defective ticket is purchased and is void, the sole remedy available against the
15 commission and the commission's sole liability shall be, at the executive director's sole
16 discretion, reimbursement for the cost of the void ticket, or replacement of the defective ticket
17 with another ~~unplayed~~ ticket in that scratch ticket game ~~Instant Game~~ (or a ticket of equivalent
18 sales price from any other current scratch ticket game). ~~Instant Game~~.

19 (e) Payment of low-tier and mid-tier prizes.

20 (1) – (5) (No change.)

21 (6) If a low- ~~low~~ or mid-tier claim is presented to the commission, the claimant shall
22 follow all procedures of the commission related to claiming a prize, including but not limited to
23 filling out a claim form, presenting appropriate identification if required, completing the back of

1 the ticket, and submitting these items including the apparent winning ticket to the commission by
2 mail or in person. Upon validation of a winning ticket, the commission shall present or mail a
3 check to the claimant in payment of the amount due. If the ticket is determined to be a non-
4 winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will
5 not be returned to the claimant.

6 (f) Payment of high-tier prizes.

7 (1) High-tier prizes must be presented for payment to the commission. For purposes of
8 this provision, the term "commission" includes claim centers located throughout Texas. In
9 connection with certain scratch ticket ~~instant~~ games, the top-level ~~top-level~~ prizes must be
10 claimed at commission headquarters.

11 (2) If a high-tier ~~high-tier~~ claim is presented to the commission, the claimant shall follow
12 all procedures of the commission related to claiming a prize, including but not limited to filling
13 out a claim form, presenting appropriate identification as ~~if~~ required, completing the back of the
14 ticket, and submitting these items including the apparent winning ticket to the commission by
15 mail or in person. Upon validation of the ticket as a winning ticket, the commission shall pay the
16 claimant the amount due in accordance with commission procedures. If the ticket is determined
17 to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified.
18 Tickets will not be returned to the claimant.

19 (3) – (7) (No change.)

20 (8) The director shall recognize only one person as claimant of a particular prize. A claim
21 may be made in the name of a person other than an individual only if the person possesses a
22 federal employer identification number (FEIN) issued by the Internal Revenue Service and such
23 number is shown on the claim form. Groups, family units, clubs, organizations, or other persons

1 without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim
2 is erroneously entered with multiple claimants, the claimants shall designate one of them as the
3 individual recipient of the prize, or, if they fail to designate an individual recipient, the director
4 may designate any one of the claimants as the sole recipient. In either case, the claim shall then
5 be considered as if it were originally entered in the name of the designated individual and
6 payment of any prizes won shall be made to that single individual. Once a ticket is submitted as a
7 claim, validated, it will not be returned to the winner, ~~but will be forwarded to the lottery, along~~
8 ~~with the completed claim form.~~

9 (9) (No change.)

10 (g) – (i) (No change.)

11 (j) Game closing.

12 (1) The executive director or his/her designee shall determine the closing date for an
13 individual scratch ticket ~~instant~~ game in accordance with a scratch ticket ~~an instant~~ game closing
14 procedure that defines the criteria used to monitor scratch ticket ~~Instant Ticket~~ sales performance
15 and that identifies when scratch ticket ~~instant~~ games should be closed.

16 (A) The procedure shall provide for the timely closing of a scratch ticket ~~an~~
17 ~~instant~~ game after all top-level ~~top-level~~ prizes in the game have been claimed or on an earlier
18 date as determined by the executive director.

19 (B) The procedure shall provide for ending ticket sales in a scratch ticket ~~an~~
20 ~~instant~~ game within 45 days after game closing procedures have been initiated.

21 (2) No tickets in a scratch ticket ~~an instant~~ game may be sold after the scratch ticket
22 ~~instant~~ game closing date.

1 (k) Governing law. In purchasing a scratch ~~an instant game~~ ticket, the lottery player agrees to
2 comply with and abide by Texas law, all rules, procedures, and final decisions of the
3 commission, and all procedures and instructions established by the executive director for the
4 conduct of the scratch ticket ~~instant~~ game.

5 §401.304. Draw On-Line Game Rules (General).

6 (a) Price of tickets and prizes.

7 (1) The purchase price of each draw game ~~on-line~~ ticket shall be as set forth in the rules
8 of the specific game being played.

9 (2) The total amount of prize money allocated to the prize pool for draw ~~on-line~~ games
10 from the total of draw game ~~on-line~~ sales shall be a minimum of 50%.

11 (3) The prize pool for draw ~~on-line~~ games shall have contributions to prize categories as
12 set forth in the rules of the specific game being played.

13 (b) Sale of tickets.

14 (1) Except to the extent that sales in draw ~~on-line~~ games are impeded by draw breaks,
15 draw game ~~on-line~~ tickets may be sold during all normal business hours of the lottery ~~on-line~~
16 retailer during draw ~~on-line~~ game operating hours. Retailers ~~On-line retailers~~ must give prompt
17 service to lottery customers present and waiting at the ~~on-line~~ terminal to purchase tickets for
18 draw ~~on-line~~ games. Prompt service includes interrupting processing of draw game ~~on-line~~ ticket
19 orders for which the customer is not present at the terminal.

20 (2) Draw game ~~On-line~~ tickets shall be sold only at the location listed on each retailer's
21 license from the commission. For purposes of this section, the sale of a draw game ~~an on-line~~
22 lottery ticket at the licensed location means a lottery transaction in which all elements of the sale
23 between the retailer ~~licensee~~ and the purchaser must take place at the retailer location using their

1 ~~on-line terminal~~ terminal, including the exchange of consideration, the exchange of the playslip
2 if one is used, and the exchange of the draw game ~~on-line~~ ticket. No part of the sale may take
3 place away from the ~~on-line~~ terminal.

4 (c) Drawings and end of sales prior to drawings.

5 (1) The manner and frequency of drawings shall be as set forth in the rules of the specific
6 game being played and the draw drawing procedures for the specific game.

7 (2) The drawings shall be conducted at times and locations to be announced by the
8 executive director.

9 (3) The executive director shall establish the times for draw breaks for each draw ~~on-line~~
10 game.

11 (4) The executive director or his/her designee shall designate the type of drawing
12 equipment to be used and shall establish draw drawing procedures to randomly select the
13 winning combination for each type of draw ~~on-line~~ game. Draw Drawing procedures shall
14 include provisions for the substitution of backup drawing equipment in the event the primary
15 drawing equipment malfunctions or fails for any reason.

16 (5) ~~The executive director shall designate a drawing supervisor who shall oversee each~~
17 ~~drawing and may also serve as the commission security representative. A lottery drawing~~
18 ~~representative~~ The drawing supervisor, along with a commission security representative and an
19 independent certified public accountant, ~~accountant~~ shall be responsible for conducting the
20 drawing in compliance with the lottery's draw drawing procedures. A lottery drawing
21 representative ~~The drawing supervisor, along with a commission security representative and an~~
22 ~~independent certified public accountant, shall attest whether the drawing was conducted in~~
23 ~~accordance with proper~~ draw drawing procedures at the end of each drawing.

1 (d) Procedures for claiming draw game on-line prizes.

2 (1) All apparent winning tickets presented for payment to the lottery or a retailer ~~an on-~~
3 ~~line retailer~~ must meet the commission's validation requirements as set forth in subsection (e) of
4 this section.

5 (2) To claim a draw on-line game prize of less than \$600, the claimant shall present the
6 winning draw game on-line ticket to a retailer ~~an on-line retailer~~ or to the commission. All tickets
7 validated by a retailer must be paid by that retailer.

8 (3) If a claim of less than \$600 is presented to a retailer, ~~an on-line retailer~~, the ~~on-line~~
9 retailer must validate the claim, and, if determined to be a winning ticket, make payment of the
10 amount due the claimant.

11 (4) To claim a draw ~~an on-line~~ game prize of \$600 or more, ~~more~~ the claimant shall
12 present the winning draw game on-line ticket to the commission. For purposes of this provision,
13 the term "commission" includes claim centers located throughout Texas. In connection with
14 certain draw on-line games, the top-level ~~top-level~~ prizes must be claimed at commission
15 headquarters. For any claim presented to the commission, the claimant shall follow all
16 procedures of the commission related to claiming a prize, including but not limited to filling out
17 a claim form, presenting appropriate identification as if required, completing the back of the
18 ticket, and submitting these items including the apparent winning ticket to the commission by
19 mail or in person. Upon validation of the ticket as a winning ticket, the commission shall pay the
20 claimant the amount due in accordance with commission procedures. If the ticket is determined
21 to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified.
22 Tickets will not be returned to the claimant.

23 (5) – (8) (No change.)

1 (9) Payment of a prize will be made to the bearer of the validated winning ticket for that
2 prize upon presentation of proper identification following the completion of all procedures of the
3 commission related to claiming a prize.

4 (10) The commission ~~director~~ shall recognize only one person as claimant of a particular
5 prize. A claim may be made in the name of a person other than an individual only if the person
6 possesses a federal employer identification number (FEIN) issued by the Internal Revenue
7 Service and such number is shown on the claim form. Groups, family units, clubs, organizations,
8 or other persons without an FEIN shall designate one individual in whose name the claim is to be
9 filed. If a claim is erroneously entered with multiple claimants, the claimants shall designate one
10 of them as the individual recipient of the prize, or, if they fail to designate an individual
11 recipient, the director may designate any one of the claimants as the sole recipient. In either case,
12 the claim shall then be considered as if it were originally entered in the name of the designated
13 individual and payment of any prizes won shall be made to that single individual. Once a ticket is
14 submitted as a claim, validated, it will not be returned to the winner, ~~but will be forwarded to the~~
15 ~~commission, along with the completed claim form.~~

16 (11) (No change.)

17 (e) Validation requirements.

18 (1) To be a valid winning draw game ~~on-line~~ ticket, all of the following conditions must
19 be met.

20 (A) – (C) (No change.)

21 (D) The ticket must have been issued by an authorized ~~on-line~~ retailer in an
22 authorized manner on official Texas Lottery ~~lottery~~ paper stock, or, for third-party point-of-sale

1 systems approved by the commission, printed on paper stock or otherwise issued in a manner
2 approved by the commission to provide tangible evidence of participation in a lottery game.

3 (E) The ticket shall not be stolen. Neither the commission nor its retailers shall be
4 responsible for the payment of prizes for lost or stolen tickets.

5 (F) – (H) (No change.)

6 (2) The commission may pay the prize for a draw game ticket that is partially mutilated
7 or not intact if the ~~on-line~~ ticket can still be validated by the other validation requirements.

8 (3) Liability for void tickets, if any, is limited to the replacement of ticket or refund of the
9 sales price.

10 (4) A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a
11 playslip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of
12 numbers selected.

13 (5) In submitting an official draw game ~~on-line~~ ticket for validation, the player agrees to
14 abide by applicable laws, all commission rules, regulations, policies, directives, instructions,
15 conditions, procedures, and final decisions of the executive director.

16 (6) All prizes shall be subject to tax withholdings, offsets, and other withholdings as
17 provided by law.

18 (f) Payment of prizes by ~~on-line~~ retailers.

19 (1) A retailer ~~An on-line retailer~~ may pay to the ticket bearer ~~on-line~~ game prizes of \$599
20 or less for any valid claims presented to that ~~on-line~~ retailer. All tickets validated by a retailer
21 must be paid by that retailer. These prizes may be paid during normal business hours of a
22 retailer, provided the lottery gaming ~~on-line~~ system is operational and claims can be validated.

1 The ~~on-line~~ retailer shall not charge the claimant any fee for payment of the prize or for cashing
2 a business check drawn on the licensed retailer's account.

3 ~~(2) An on-line retailer may pay prizes in cash or by certified check, money order, or by~~
4 ~~business check if acceptable by the claimant. An on-line retailer that pays a prize with a check~~
5 ~~which is dishonored may be subject to suspension or revocation of its license.~~

6 (2)(3) Retailers may pay prizes in cash or by certified check, cashier's check, or money
7 order. Retailers may also pay prizes by business check if acceptable to the claimant. If a retailer
8 decides to pay a prize with a business check, the retailer shall inform the claimant prior to ticket
9 validation. A retailer that pays a prize with a check that is dishonored may be subject to
10 suspension or revocation of its license.

11 (g) (No change.)

12 (h) Game termination and prize claim period.

13 (1) The executive director or his/her designee, at any time, may announce the termination
14 date for a draw ~~an on-line~~ game. If this occurs, no ~~on-line~~ tickets for that draw game shall be sold
15 past the termination date.

16 (2) Draw ~~On-line~~ game prizes shall be claimed no later than 180 days after the applicable
17 draw date of the draw on-line game. In the event any player who has a valid winning ticket does
18 not claim the prize within 180 days after the drawing in which the prize was won, the prize
19 amount shall be deposited in accordance with Government Code, §466.408.

20 §401.307. "Pick 3" Draw ~~On-Line~~ Game Rule.

21 (a) Pick 3. The executive director is authorized to conduct a game known as "Pick 3." The
22 executive director may issue further directives and procedures for the conduct of Pick 3 that are

1 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this
2 title (relating to Draw On-Line Game Rules (General)).

3 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
4 General Definitions), and unless the context in this rule otherwise requires, the following
5 definitions apply. When used in this rule, the following words and terms shall have the following
6 meanings, unless the context clearly indicates otherwise.

7 (1) – (4) (No change.)

8 (c) Play types.

9 (1) Pick 3 may include the following play types: exact order, any order, exact/any order,
10 combo, and Sum It Up.

11 (A) – (B) (No change.)

12 (C) An "exact order/any order" play is a winning play if either if the player's three
13 single-digit numbers match in exact order the numbers drawn in the applicable drawing or if the
14 player's three single-digit numbers match in any order the numbers drawn in the applicable
15 drawing.

16 (i) – (iii) (No change.)

17 (D) A "combo" play combines all of the possible straight (exact) plays that can be
18 played with the three single-digit numbers selected for the play.

19 (i) A combo play may be a 3-way combo play or a 6-way combo play.

20 (ii) 3-way combo play is a combo play in connection with a set of three
21 single-digit numbers that includes two occurrences of one single-digit number and one
22 occurrence of one other single-digit number. A 3-way combo play involves three possible
23 winning combinations.

1 (iii) 6-way combo play is a combo play in connection with a set of three
2 single-digit numbers that includes a single occurrence of three different single-digit numbers. A
3 6-way combo play involves six possible winning combinations.

4 (iv) Combo play is not permitted in connection with a set of numbers that
5 includes three occurrences of one single-digit number.

6 (E) (No change.)

7 (2) The executive director may allow or disallow any type of play described in this
8 subsection. ~~Currently available play types must be posted on the commission's web site.~~

9 (d) Plays and tickets.

10 (1) A ticket may be sold only by a retailer ~~an on-line retailer~~ and only at the location
11 listed on the retailer's license. A ticket sold by a person other than a retailer ~~an on-line retailer~~ is
12 not valid.

13 (2) – (9) (No change.)

14 (10) Acceptable methods to select numbers for a play may include: ~~A person may only~~
15 ~~select numbers for a play by:~~

16 (A) - (C) (No change.)

17 (D) requesting a retailer to manually enter numbers; ~~numbers into an on-line~~
18 ~~terminal;~~

19 (E) using a previously-generated "Pick 3" ticket provided by the player; or

20 (F) using a QR code generated through a Texas Lottery Mobile Application
21 offered and approved by the commission. ~~Texas Lottery.~~

22 (11) Acceptable methods to ~~A player may~~ select the play type, base play amount, and
23 draw date and time for a play may include: ~~by:~~

1 (A) – (D) (No change.)

2 (E) using a QR code generated through a Texas Lottery Mobile Application
3 offered and approved by the commission. ~~Texas Lottery~~.

4 (12) Playslips must be completed manually. A ticket generated from a playslip that was
5 not completed manually, or using a selection method that is not approved by the commission
6 ~~Texas Lottery~~, is not valid.

7 (13) A retailer ~~An on-line retailer~~ may only accept a request for a play using a
8 commission-approved ~~Texas Lottery-approved~~ method of play, and if the request is made in
9 person.

10 (14) Consecutive plays.

11 (A) ~~Subject to subparagraph (B) of this paragraph, a player may purchase one or~~
12 ~~more plays for any one or more of the next 12 drawings after the purchase and may purchase up~~
13 ~~to 12 consecutive night plays or 12 consecutive day plays.~~

14 (B) ~~Beginning on the date when Pick 3 drawings will be held four times a day~~
15 ~~pursuant to subsection (f)(1)(A) of this section, a~~ A player may purchase one or more plays for
16 any one or more of the next 24 drawings after the purchase and may purchase up to 24
17 consecutive plays for a particular drawing time.

18 (15) A retailer ~~An on-line retailer~~ shall issue a ticket as evidence of one or more plays. A
19 ticket must show the numbers, play type and base play amount selected for each play; the
20 number of plays, the draw date(s) for which the plays were purchased; and the security and
21 transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for
22 third-party point-of-sale systems approved by the commission, printed on paper stock or

1 otherwise issued in a manner approved by the commission to provide tangible evidence of
2 participation in a lottery game.

3 (16) – (18) (No change.)

4 (e) Cancellation of plays.

5 (1) A retailer ~~An on-line retailer~~ may cancel a Pick 3 play only in accordance with the
6 following provisions:

7 (A) (No change.)

8 (B) The ~~on-line~~ retailer must have possession of the ticket evidencing the play;

9 (C) – (F) (No change.)

10 (2) ~~An on-line~~ A retailer must retain the ticket and the cancellation receipt for the play(s)
11 evidenced by that ticket for at least 30 days after the cancellation.

12 (f) Drawings.

13 (1) ~~Subject to subparagraph (A) of this paragraph, Pick 3 drawings shall be held twice a~~
14 ~~day, Monday through Saturday, at 12:27 p.m. and 10:12 p.m., central time.~~

15 (A) ~~Beginning on a date determined by the executive director, but no later than~~
16 ~~October 13, 2013, (1) Pick 3 drawings shall be held four times a day, Monday through Saturday,~~
17 ~~at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. , ~~central time.~~ (B) The~~
18 ~~executive director may change the drawing schedule, if necessary.~~

19 (2) (No change.)

20 (3) Numbers drawn and the order in which the numbers are drawn must be certified by
21 the commission in accordance with the commission's draw ~~drawing~~ procedures.

22 (4) (No change.)

1 (5) Each drawing shall be witnessed by an independent certified public accountant. All
2 drawing equipment used shall be examined by a lottery drawing commission drawings
3 representative and the independent certified public accountant immediately before each drawing
4 and immediately after each drawing.

5 (g) Prizes.

6 (1) – (11) (No change.)

7 (h) The executive director may authorize promotions in connection with Pick 3. ~~Current~~
8 ~~promotions must be posted on the commission's web site.~~

9 (i) Announcement of incentive or bonus program. The executive director shall announce each
10 incentive or bonus program prior to its commencement. The announcement shall specify the
11 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
12 award.

13 §401.308. "Cash Five" Draw On-Line Game Rule.

14 (a) Cash Five. A Texas Lottery draw on-line game to be known as "Cash Five" is authorized to
15 be conducted by the executive director under the following rules and under such further
16 instructions and directives as the executive director may issue in furtherance thereof. If a conflict
17 arises between this rule and §401.304 of this title (relating to Draw On-Line Game Rules
18 (General)), this section shall have precedence.

19 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
20 General Definitions), and unless the context in this rule otherwise requires, the following
21 definitions apply.

22 (1) Advance Play--A player may purchase a Cash Five ticket for any of the five Cash
23 Five drawings immediately following the current drawing. Example: On Monday, before the

1 drawing, a Cash Five ticket can be purchased for Tuesday, Wednesday, Thursday, Friday, or
2 Saturday drawings.

3 (2) Multi-draw ~~Multi-draw~~--A player may purchase a Cash Five ticket for up to 12
4 consecutive drawings beginning with the current draw.

5 (3) – (5) (No change.)

6 (6) Playslip--An optically readable card issued by the commission ~~Texas Lottery~~ used by
7 players of Cash Five to select plays. There shall be five play boards on each playslip identified as
8 A, B, C, D, and E. A playslip has no pecuniary value and shall not constitute evidence of ticket
9 purchase or of numbers selected.

10 (c) (No change.)

11 (d) Play for Cash Five.

12 (1) Type of play. A Cash Five player must select five numbers in each play or allow
13 number selection by a random number generator approved by the commission, ~~operated by the~~
14 ~~computer~~, referred to as Quick Pick. A winning play is achieved only when two, three, four, or
15 five of the numbers selected by the player match, in any order, two, three, four, or five,
16 respectively, of the five winning numbers drawn by the lottery.

17 (2) Method of play. The player may use playslips, or other commission-approved ~~Texas~~
18 ~~Lottery-approved~~ method of play, to make number selections. A ticket generated using a
19 selection method that is not approved by the commission ~~Texas Lottery~~ is not valid. A selection
20 of a play may be made only if the request is made in person. Acceptable methods to select
21 numbers for a play may include: A player may only select a play:

22 (A) ~~by~~ using a self-service terminal;

23 (B) ~~by~~ using a playslip;

- 1 (C) by using a previously-generated "Cash Five" ticket provided by the player;
- 2 (D) by requesting a retailer to use Quick Pick; ~~to select numbers;~~
- 3 (E) by requesting a retailer to manually enter numbers; or
- 4 (F) by using a QR code generated through a Texas Lottery Mobile Application
- 5 offered and approved by the commission. ~~Texas Lottery.~~

6 (3) One prize per play. The holder of a winning ticket may win only one prize per play in

7 connection with the winning numbers ~~number~~ drawn and shall be entitled only to the highest

8 prize category won by those numbers.

9 (e) Prizes for Cash Five.

10 (1) – (2) (No change.)

11 (3) Prize categories.

12 (A) First prize--The prize amount shall be calculated by dividing the prize

13 category contributions by the number of shares for the prize category. A share is the matching

14 combination, in one play, of all five numbers of the five numbers drawn (in any order). Each first

15 prize will be paid in one lump-sum ~~lump sum~~ payment. The five-of-five ~~five of five~~ first prize of

16 \$600 to \$2,500,000 ~~\$999,999~~ must be claimed at a ~~Lottery~~ claim center. Five-of-five ~~Five of five~~

17 prizes of over \$2,500,000 ~~\$1,000,000 or larger~~ must be claimed at the commission ~~Lottery~~

18 ~~Commission~~ headquarters in Austin. The total prize category contribution for a drawing will

19 include the following: ~~following~~.

20 (i) – (ii) (No change.)

21 (B) Second prize--The prize amount shall be calculated by dividing the prize

22 category contributions by the number of shares for the prize category. A share is the matching

1 combination, in one play, of any four of the five numbers drawn (in any order). The total prize
2 category contribution will include the ~~following:~~ following.

3 (i) – (ii) (No change.)

4 (C) Third prize--The prize amount shall be calculated by dividing the prize
5 category contributions by the number of shares for the prize category. A share is the matching
6 combination, in one play, of any three of the five numbers drawn (in any order). The total prize
7 category contribution will include the ~~following:~~ following.

8 (i) – (ii) (No change.)

9 (D) (No change.)

10 (4) ~~Unclaimed Prizes. In the event any player who has a valid winning ticket does not~~
11 ~~claim the prize within 180 days after the drawing in which the prize was won, the prize amount~~
12 ~~shall be deposited in accordance with Government Code, §466.408.~~

13 (f) Ticket purchases.

14 (1) Cash Five tickets may be purchased only at a licensed location from a lottery retailer
15 authorized by the lottery director to sell draw game on-line tickets.

16 (2) – (3) (No change.)

17 (4) Except as provided in subsection (d)(2) of this section, Cash Five tickets must be
18 purchased using official Cash Five playslips. Playslips which have been mechanically completed
19 are not valid. Cash Five tickets must be printed on official Texas Lottery lottery paper stock or
20 for third-party point-of-sale systems approved by the commission, printed on paper stock or
21 otherwise issued in a manner approved by the commission to provide tangible evidence of
22 participation in a lottery game. Cash Five tickets must be and purchased at a licensed location
23 through an authorized Texas lottery retailer's ~~on-line~~ terminal.

1 (g) Drawings.

2 (1) The Cash Five drawings shall be held each week on Monday, Tuesday, Wednesday,
3 Thursday, Friday, and Saturday evenings at 10:12 ~~9:59~~ p.m. Central Time except that the
4 drawing schedule may be changed by the executive director, if necessary.

5 (2) (No change.)

6 (3) Each drawing shall determine, at random, five winning numbers in accordance with
7 Cash Five draw ~~drawing~~ procedures. Any numbers drawn are not declared winning numbers
8 until the drawing is certified by the lottery in accordance with the draw ~~drawing~~ procedures. The
9 winning numbers shall be used in determining all Cash Five winners for that drawing.

10 (4) Each drawing shall be witnessed by an independent certified public accountant. All
11 drawing equipment used shall be examined by a lottery drawing representative ~~at least one~~
12 ~~lottery security representative, the drawing supervisor,~~ and the independent certified public
13 accountant immediately prior to a drawing and immediately after the drawing.

14 (5) A drawing will not be invalidated based on the financial liability of the lottery.

15 (h) The executive director may authorize promotions in connection with Cash Five.

16 ~~(i)(h)~~ Announcement of incentive or bonus program. The executive director shall announce each
17 incentive or bonus program prior to its commencement. The announcement shall specify the
18 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
19 award.

20 §401.312. "Texas Two Step" Draw ~~On-Line~~ Game Rule.

21 (a) Texas Two Step. The executive director is authorized to conduct a game known as "Texas
22 Two Step." The executive director may issue further directives for the conduct of Texas Two

1 Step that are consistent with this rule. In the case of conflict, this rule takes precedence over
2 §401.304 of this title (relating to Draw On-Line Game Rules (General)).

3 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
4 General Definitions), and unless the context in this rule otherwise requires, the following
5 definitions apply. When used in this rule, the following words and terms shall have the following
6 meanings, unless the context clearly indicates otherwise.

7 (1) – (4) (No change.)

8 (c) Plays and tickets.

9 (1) A ticket may be sold only by a ~~an on-line~~ retailer and only at the location listed on the
10 retailer's license. A ticket sold by a person other than a ~~an on-line~~ retailer is not valid.

11 (2) – (3) (No change.)

12 (4) A player may use a single playslip, or other commission-approved ~~Texas Lottery-~~
13 ~~approved~~ method of play, to purchase the same play(s) for up to 10 consecutive drawings, to
14 begin with the next drawing after the purchase.

15 (5) Acceptable methods to select a play may include: ~~A person may only select a play:~~

16 (A) ~~by~~ using a self-service terminal;

17 (B) ~~by~~ using a playslip;

18 (C) ~~by~~ requesting a retailer to use the Quick Pick; ~~option;~~

19 (D) ~~by~~ requesting a retailer to manually enter numbers;

20 (E) ~~by~~ using a previously-generated "Texas Two Step" ticket provided by the
21 player; or

22 (F) ~~by~~ using a QR code generated through a Texas Lottery Mobile Application
23 offered and approved by the commission. ~~Texas Lottery.~~

1 (6) Playslips must be completed manually. A ticket generated from a playslip that was
2 not completed manually, or using a selection method that is not approved by the commission,
3 ~~Texas Lottery~~, is not valid.

4 (7) A retailer ~~An on-line retailer~~ may only accept a request for a play using a
5 commission-approved ~~Texas Lottery-approved~~ method of play, and if the request is made in
6 person.

7 (8) A retailer ~~An on-line retailer~~ shall issue a ticket as evidence of one or more plays. A
8 ticket must show the numbers selected for each play, the number of plays, the draw date(s) for
9 which the plays were purchased, and the security and transaction serial numbers. Tickets must be
10 printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved
11 by the commission, printed on paper stock or otherwise issued in a manner approved by the
12 commission to provide tangible evidence of participation in a lottery game.

13 (9) – (11) (No change.)

14 (d) Drawings.

15 (1) Texas Two Step drawings shall be held each week on Monday and Thursday at 10:12
16 p.m. Central Time. ~~central time.~~ The executive director may change the drawing schedule, if
17 necessary.

18 (2) (No change.)

19 (3) Numbers drawn must be certified by the commission in accordance with the
20 commission's draw ~~drawing~~ procedures.

21 (4) (No change.)

22 (5) Each drawing shall be witnessed by an independent certified public accountant. All
23 drawing equipment used shall be examined by a lottery drawing ~~commission drawings~~

1 representative and the independent certified public accountant immediately before each drawing
2 and immediately after each drawing.

3 (e) Prizes.

4 (1) Jackpot prize (first prize).

5 (A) – (C) (No change.)

6 (2) Second prize.

7 (A) – (B) (No change.)

8 (C) A payment made to a person for a share of the second prize for a drawing
9 shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be
10 rounded up to the nearest whole dollar amount.

11 (D) (No change.)

12 (3) – (11) (No change.)

13 (f) (No change.)

14 (g) Jackpot information on commission ~~Commission~~ website. After the commission has
15 approved an advertised estimated jackpot under subsection (e) of this section, the commission
16 shall post the following information on the agency website:

17 (1) – (2) (No change.)

18 ~~(h) This rule takes effect May 26, 2008.~~

19 (h) The executive director may authorize promotions in connection with Texas Two Step.

20 (i) Announcement of incentive or bonus program. The executive director shall announce each
21 incentive or bonus program prior to its commencement. The announcement shall specify the
22 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
23 award.

1 §401.316. "Daily 4" ~~Draw On-Line~~ Game Rule.

2 (a) Daily 4. The executive director is authorized to conduct a game known as "Daily 4." The
3 executive director may issue further directives and procedures for the conduct of Daily 4 that are
4 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this
5 title (relating to ~~Draw On-Line~~ Game Rules (General)).

6 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
7 General Definitions), and unless the context in this rule otherwise requires, the following
8 definitions apply. When used in this rule, the following words and terms shall have the following
9 meanings, unless the context clearly indicates otherwise.

10 (1) Play--A Daily 4 play other than a Sum It Up play consists of:

11 (A) – (E) (No change.)

12 (2) – (4) (No change.)

13 (c) Play types.

14 (1) Daily 4 may include the following play types: straight, box, straight/box, combo,
15 front-pair, mid-pair, back-pair, and Sum It Up.

16 (A) – (C) (No change.)

17 (D) A "combo" play combines into a single play all of the possible straight plays
18 that can be played with the four single-digit numbers selected for the play.

19 (i) A combo play may be a 4-way combo play, a 6-way combo play, a 12-
20 way combo play, or a 24-way combo play.

21 (I) 4-way combo play is a combo play in connection with a set of
22 four single-digit numbers that includes three occurrences of one single-digit number and one

1 occurrence of one other single-digit number. A four-way combo play involves four possible
2 winning combinations.

3 (II) 6-way combo play is a combo play in connection with a set of
4 four single-digit numbers that includes two occurrences of one single-digit number and two
5 occurrences of another single-digit number. A six-way combo play involves six possible winning
6 combinations.

7 (III) 12-way combo play is a combo play in connection with a set
8 of four single-digit numbers that includes two occurrences of one single-digit number and one
9 occurrence of two other single-digit numbers. A 12-way combo play involves 12 possible
10 winning combinations.

11 (IV) 24-way combo play is a combo play in connection with a set
12 of four single-digit numbers that includes a single occurrence of four different single-digit
13 numbers. A 24-way combo play involves 24 possible winning combinations. (D) (No change.)

14 (ii) (No change.)

15 (E) Pair play.

16 (i) –(iii) (No change.)

17 (F) (No change.)

18 (2) The executive director may allow or disallow any type of play described in this
19 subsection. ~~Currently available play types must be posted on the commission's web site.~~

20 (d) Plays and tickets.

21 (1) A ticket may be sold only by a retailer ~~an on-line retailer~~ and only at the location
22 listed on the retailer's license. A ticket sold by a person other than a retailer ~~an on-line retailer~~ is
23 not valid.

1 (2) – (4) (No change.)

2 (A) – (E) (No change.)

3 (F) The cost of a Sum It Up play is the same as the Sum It Up base play amount
4 selected for the Sum It ~~It~~ Up play. The cost of a Sum It Up play is in addition to the cost of the
5 Daily 4 play with which the Sum It Up play is connected.

6 (5) – (6) (No change.)

7 (7) Acceptable methods to select numbers for a play may include: ~~A person may only~~
8 ~~select numbers for a play by:~~

9 (A) using a self-service terminal;

10 (B) using a playslip;

11 (C) requesting a retailer to use Quick Pick;

12 (D) requesting a retailer to manually enter numbers; ~~numbers into an on-line~~
13 ~~terminal;~~

14 (E) using a previously-generated "Daily 4" ticket provided by the player; or

15 (F) using a QR code generated through a Texas Lottery Mobile Application
16 offered and approved by the commission. ~~Texas Lottery.~~

17 (8) Acceptable methods to ~~A player may only~~ select the play type, base play amount, and
18 draw date and time for a play may include: ~~by:~~

19 (A) using a self-service terminal;

20 (B) using a playslip;

21 (C) requesting a retailer to manually enter the selections;

22 (D) using a previously-generated "Daily 4" ticket provided by the player; or

1 (E) using a QR code generated through a Texas Lottery Mobile Application
2 offered and approved by the commission, Texas Lottery.

3 (9) Playslips must be completed manually. A ticket generated from a playslip that was
4 not completed manually, or using a selection method that is not approved by the commission,
5 Texas Lottery, is not valid.

6 (10) A retailer ~~An on-line retailer~~ may only accept a request for a play using a
7 commission-approved ~~Texas Lottery-approved~~ method of play, and if the request is made in
8 person.

9 (11) ~~Consecutive plays~~

10 (A) ~~Subject to subparagraph (B) of this paragraph, a player may purchase one or~~
11 ~~more plays for any one or more of the next 12 drawings after the purchase and may purchase up~~
12 ~~to 12 consecutive night plays or 12 consecutive day plays.~~

13 (B) ~~Beginning on the date when Daily 4 drawings will be held four times a day~~
14 ~~pursuant to subsection (f)(1)(A) of this section, a~~ A player may purchase one or more plays for
15 any one or more of the next 24 drawings after the purchase and may purchase up to 24
16 consecutive plays for a particular drawing time.

17 (12) A retailer ~~An on-line retailer~~ shall issue a ticket as evidence of one or more plays. A
18 ticket must show the numbers, play type and base play amount selected for each play; the
19 number of plays, the draw date(s) for which the plays were purchased; and the security and
20 transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for
21 third-party point-of-sale systems approved by the commission, printed on paper stock or
22 otherwise issued in a manner approved by the commission to provide tangible evidence of
23 participation in a lottery game.

1 (13) - (15) (No change.)

2 (e) Cancellation of plays. ~~(1) A retailer~~ ~~An on-line retailer~~ may cancel a Daily 4 play only in
3 accordance with the following provisions:

4 ~~(1)(A)~~ The ticket evidencing the play must have been sold at the retail location at which it
5 is cancelled;

6 ~~(2)(B)~~ The ~~on-line~~ retailer must have possession of the ticket evidencing the play;

7 ~~(3)(C)~~ All Daily 4 plays evidenced by a single ticket must be cancelled;

8 ~~(4)(D)~~ Cancellation must ~~may~~ occur no later than 60 minutes after sale of the ticket
9 evidencing the play;

10 ~~(5)(E)~~ Cancellation must occur before the beginning of the next draw break after the sale
11 of the ticket evidencing the play; and

12 ~~(6)(F)~~ Cancellation must occur before midnight on the day the ticket evidencing the play
13 was sold.

14 ~~(2) An on-line retailer must retain the ticket and the cancellation receipt for the play(s)~~
15 ~~evidenced by that ticket for at least 30 days after the cancellation.~~

16 (f) Drawings.

17 (1) ~~Subject to subparagraph (A) of this paragraph, Daily 4 drawings shall be held twice a~~
18 ~~day, Monday through Saturday, at 12:27 p.m. and 10:12 p.m., central time.~~

19 ~~(A) Beginning on a date determined by the executive director, but no later than~~
20 ~~October 13, 2013, Daily 4 drawings shall be held four times a day, Monday through Saturday, at~~
21 ~~10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. , central time.~~ (B) The executive
22 director may change the drawing schedule, if necessary.

23 (2) (No change.)

1 (3) Numbers drawn and the order in which the numbers are drawn must be certified by
2 the commission in accordance with the commission's ~~draw~~ drawing procedures.

3 (4) (No change.)

4 (5) Each drawing shall be witnessed by an independent certified public accountant. All
5 drawing equipment used shall be examined by a lottery drawing commission drawings
6 representative and the independent certified public accountant immediately before each drawing
7 and immediately after each drawing.

8 (g) Prizes.

9 (1) – (2) (No change.)

10 (3) A Sum It ~~it~~ Up play is a separate play from the play with which it is connected.

11 (4) – (16) (No change.)

12 ~~(h) Start of Play. The executive director shall determine the start date for Daily 4. The start date~~
13 ~~shall be no later than August 31, 2008.~~

14 ~~(h)(i) The executive director may authorize promotions in connection with Daily 4. Any current~~
15 ~~promotions must be posted on the commission's web site.~~

16 (i) Announcement of incentive or bonus program. The executive director shall announce each
17 incentive or bonus program prior to its commencement. The announcement shall specify the
18 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
19 award.

20 §401.320. "All or Nothing" Draw On-Line Game Rule.

21 (a) "All or Nothing." The executive director is authorized to conduct a game known as "All or
22 Nothing." The executive director may issue further directives for the conduct of "All or Nothing"

1 that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304
2 of this title (relating to Draw On-Line Game Rules (General)).

3 (b) (No change.)

4 (c) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
5 General Definitions), and unless the context in this rule otherwise requires, the following
6 definitions apply. When used in this rule, the following words and terms shall have the following
7 meanings, unless the context clearly indicates otherwise.

8 (1) – (3) (No change.)

9 (d) Plays and tickets.

10 (1) A ticket may be sold only by a retailer ~~an on-line retailer~~ and only at the location
11 listed on the retailer's license. A ticket sold by a person other than a retailer ~~an on-line retailer~~ is
12 not valid.

13 (2) – (3) (No change.)

14 (4) A player may use a single playslip or other commission-approved ~~Texas Lottery-~~
15 ~~approved~~ method of play to purchase the same play(s) for up to 24 consecutive drawings, to
16 begin with the next drawing after the purchase.

17 (5) Acceptable methods to select a play may include: ~~A person may only select a play:~~

18 (A) ~~by~~ using a playslip to select numbers;

19 (B) requesting a retailer to use Quick Pick; ~~by selecting a Quick Pick and~~
20 ~~allowing a random number generator operated by the terminal to select numbers;~~

21 (C) ~~by~~ requesting a retailer to manually enter numbers;

22 (D) ~~by~~ using a self-service terminal;

1 (E) ~~by~~ using a previously-generated "All or Nothing" ticket provided by the
2 player; or

3 (F) ~~by~~ using a QR code generated through a Texas Lottery Mobile Application
4 offered and approved by the commission. ~~Texas Lottery~~.

5 (6) Playslips must be completed manually. A ticket generated from a playslip that was
6 not completed manually, or using a selection method that is not approved by the commission,
7 ~~Texas Lottery~~, is not valid.

8 (7) A retailer ~~An on-line retailer~~ may only accept a request for a play using a
9 commission-approved ~~Texas Lottery-approved~~ method of play, and if the request is made in
10 person.

11 (8) A retailer ~~An on-line retailer~~ shall issue a ticket as evidence of one or more plays. A
12 ticket must show the numbers selected for each play, the number of plays, the draw date(s) and
13 time(s) for which the plays were purchased, the cost of the ticket and the security and transaction
14 serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party
15 point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in
16 a manner approved by the commission to provide tangible evidence of participation in a lottery
17 game.

18 (9) A playslip, or any document other than a ticket issued as described in paragraph (8) of
19 this subsection, has no monetary value and is not evidence of a play.

20 (10) (No change.)

21 (11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
22 ticket meets all applicable validation requirements. ~~Neither the commission nor its sales agents~~
23 ~~shall be responsible for lost or stolen tickets.~~

1 (12) The executive director may authorize promotions in connection with All or Nothing.
2 the "All or Nothing" On-Line game. ~~Current promotions will be posted on the commission's~~
3 ~~web site, and published in the "In Addition" section of the Texas Register.~~

4 (e) Drawings.

5 (1) "All or Nothing" drawings will be held four times a day, (at 10:00 a.m., 12:27 p.m.,
6 6:00 p.m., and 10:12 p.m. Central Time) six days a week (Monday through Saturday). The
7 executive director may change the drawing schedule, if, ~~in the executive director's sole~~
8 ~~discretion, it is deemed necessary, or expedient.~~

9 (2) (No change.)

10 (3) Numbers drawn must be certified by the commission in accordance with the
11 commission's draw ~~drawing~~ procedures.

12 (4) – (5) (No change.)

13 (f) (No change.)

14 (g) Prizes.

15 (1) The Top Prize.

16 (A) (No change.)

17 (B) All payments shall be made upon completion of commission ~~Commission~~
18 validation procedures.

19 (C) A claim for any prize of \$600 or more must be presented at a ~~Texas Lottery~~
20 claim center.

21 (2) (No change.)

22 §401.322. "Texas Triple Chance" Draw Game Rule. ~~Lottery Game.~~

1 (a) "Texas Triple Chance." The executive director is authorized to conduct a game known as
2 "Texas Triple Chance." The executive director may issue further directives for the conduct of
3 "Texas Triple Chance" that are consistent with this rule. In the case of conflict, this rule takes
4 precedence over §401.304 of this title (relating to Draw On-Line Game Rules (General)).

5 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
6 General Definitions), and unless the context in this rule otherwise requires, the following
7 definitions apply. When used in this rule, the following words and terms shall have the following
8 meanings, unless the context clearly indicates otherwise:

9 (1) (No change.)

10 (2) Play--The three separate Chances, each representing an opportunity to win a prize in
11 "Texas Triple Chance," and the purchase of a ticket evidencing same. The first Chance consists
12 of 7 numbers either chosen by the player or by Quick Pick allowing a random number generator
13 approved by the commission operated by the terminal to select the numbers. The remaining two
14 Chances consist of two sets of 7 numbers always automatically selected by Quick Pick.

15 (3) – (4) (No change.)

16 (c) – (d) (No change.)

17 (e) Plays and tickets.

18 (1) A ticket may be sold only by a retailer ~~an on-line retailer~~ and only at the location
19 listed on the retailer's license. A ticket sold by a person other than a retailer ~~an on-line retailer~~ is
20 not valid.

21 (2) – (3) (No change.)

1 (4) A player may use a single playslip or other commission-approved ~~Texas Lottery-~~
2 ~~approved~~ method of play to purchase the same play(s) for up to 12 consecutive drawings, to
3 begin with the next drawing after the purchase.

4 (5) Acceptable methods to ~~A person may only~~ select a play may include: as follows:

5 (A) For the first Chance, the set of 7 numbers may be selected by:

6 (i) using a playslip; ~~playslip;~~

7 (ii) requesting a retailer to use Quick Pick; ~~selecting a Quick Pick and~~
8 ~~allowing a random number generator operated by the terminal to select numbers;~~

9 (iii) requesting a retailer to manually enter numbers;

10 (iv) using a self-service terminal;

11 (v) using a previously-generated "Texas Triple Chance" ticket provided by
12 the player; or

13 (vi) using a QR code generated through a Texas Lottery Mobile
14 Application offered and approved by the commission. ~~Texas Lottery.~~

15 (B) (No change.)

16 (6) Playslips must be completed manually. A ticket generated from a playslip that was
17 not completed manually, or using a selection method that is not approved by the commission,
18 ~~Texas Lottery,~~ is not valid.

19 (7) A retailer ~~An on-line retailer~~ may only accept a request for a play using a
20 commission-approved ~~Texas Lottery-approved~~ method of play, and if the request is made in
21 person.

22 (8) A retailer ~~An on-line retailer~~ shall issue a ticket as evidence of one or more plays. A
23 ticket must show the numbers selected for each play, the number of plays and the draw date(s)

1 for which the plays were purchased, the cost of the ticket and the security and transaction serial
2 numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-
3 of-sale systems approved by the commission, printed on paper stock or otherwise issued in a
4 manner approved by the commission to provide tangible evidence of participation in a lottery
5 game.

6 (9) – (10) (No change.)

7 (11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
8 ticket meets all applicable validation requirements. ~~Neither the commission nor its sales agents~~
9 ~~shall be responsible for lost or stolen tickets.~~

10 (12) The executive director may authorize promotions in connection with "Texas Triple
11 Chance." ~~the "Texas Triple Chance" game. Current promotions will be posted on the~~
12 ~~commission's web site.~~

13 (f) Drawings.

14 (1) "Texas Triple Chance" drawings will be held daily at 10:12 p.m. Central Time,
15 Monday through Saturday. The executive director may change the drawing schedule if it is
16 deemed necessary. ~~, in the executive director's sole discretion, it is deemed necessary or~~
17 ~~expedient.~~

18 (2) (No change.)

19 (3) Numbers drawn must be certified by the commission in accordance with the
20 commission's draw ~~drawing~~ procedures.

21 (4) – (5) (No change.)

22 (g) – (h) (No change.)

23 §401.353. Retailer Settlements, Financial Obligations, and Commissions.

1 (a) (No change.)

2 (b) Each retailer shall maintain an account balance sufficient to cover monies due the
3 commission ~~Commission~~ for the established billing period. The commission ~~Commission~~ shall
4 withdraw by EFT the amount due the commission ~~Commission~~ on the day specified by the
5 executive director. In the event a bank holiday falls on or before the day specified for withdrawal
6 during the same business week, the withdrawal shall occur one day later in the week than
7 normally scheduled. "Business week" means Sunday through Saturday. In the event the
8 commission changes the beginning and ending days of the business week, the commission shall
9 notify the retailers prior to the change.

10 (c) – (d) (No change.)

11 (e) If a retailer fails to maintain a sufficient account balance to cover monies due the commission
12 ~~Commission~~ for the established billing period, the retailer's license shall be summarily
13 suspended. If a retailer's license is summarily suspended for insufficient funds or non-transfer of
14 funds four times in a 12-month period, the retailer's license shall be revoked.

15 (f) A retailer ~~An on-line retailer~~ must retain all sign-on slips for a minimum of seven weeks from
16 the date the sign-on slip is produced. Sign-on slips must be surrendered to commission
17 ~~Commission~~ security personnel upon request.

18 §401.361. Required Purchases of Lottery Tickets.

19 (a) (No change.)

20 (b) ~~Each retailer shall offer for sale to the public at all times at least two instant games, provided~~
21 ~~that the commission makes available at least two games.~~ The executive director may prohibit a
22 retailer from using a method of marketing lottery games other than those methods provided by
23 the commission.

1 (c) – (d) (No change.)

2 §401.364. Training.

3 Retailers shall be required to send at least one person to lottery training to be conducted by the
4 commission and/or the lottery operator. All expenses or costs of attendance by employees of a
5 retailer shall be paid by such retailer, including, but not limited to, costs of salaries, travel,
6 lodging, meals, and materials. If employees of a retailer have previously attended lottery
7 training, the commission may not require attendance of such employees. In this event, the retailer
8 shall certify to the commission that at least one employee at the retailer's location has previously
9 attended lottery training. Additionally, the commission may require a retailer to participate in
10 ~~attend~~ lottery training as determined by the Commission. ~~at any time if the executive~~

11 §401.370. Retailer's Financial Responsibility for Lottery Tickets Received and Subsequently
12 Stolen or Lost.

13 (a) (No change.)

14 (1) Available--The status in the lottery management system for a pack of scratch instant
15 tickets that is stored in the scratch instant ticket distribution warehouse and is available to be
16 assigned to a retailer's account. Scratch Instant tickets in a pack in this status shall not be sold to
17 the public and prizes contained in scratch instant tickets in the pack cannot be validated.

18 (2) Issued--The status in the lottery management system for a pack of scratch instant
19 tickets that has been assigned to a retailer's account and is pending confirmation of delivery to
20 the retailer's location. Scratch Instant tickets in a pack in this status shall not be sold to the public
21 and prizes contained in scratch instant tickets in the pack cannot be validated.

22 (3) Confirmed--The status in the lottery management system for a pack of scratch instant
23 tickets that has been physically received at the retailer's location. A retailer is required to

1 "confirm" receipt of a pack of scratch instant tickets upon delivery to the retailer's location.
2 Scratch Instant tickets are confirmed using the lottery terminal located in the retailer's business
3 location and the status is recorded ~~in on~~ the lottery management system. Scratch Instant tickets in
4 a pack in this status shall not be sold to the public and prizes contained in scratch instant tickets
5 in the pack cannot be validated.

6 (4) Active--The status in the lottery management system for a pack of scratch instant
7 tickets that has been physically received at the retailer's location and that is being offered for sale
8 to the public. A retailer is required to "activate" a pack of scratch instant tickets prior to selling
9 the tickets to the public. A pack of scratch instant tickets is activated using the lottery terminal
10 located in the retailer's location and the status is recorded on the lottery management system. A
11 pack of scratch instant tickets shall be placed in this status prior to being sold to the public and
12 prizes contained in scratch instant tickets in the pack may be validated.

13 (5) Settled--The status in the lottery management system for a pack of scratch instant
14 tickets that has been physically received at the retailer's location, has been activated and the cost
15 of the tickets in the pack has been or is being charged to the retailer's account. Scratch Instant
16 tickets "settle" against a retailer's account and the value of the settled packs are swept from the
17 retailer's ~~retailers'~~ bank account through an electronic funds transfer. Settled scratch instant
18 tickets are recorded in the lottery management system. Scratch Instant tickets in a pack in settled
19 status may be sold to the public and prizes contained in scratch tickets instant ticket in the pack
20 may be validated.

21 (6) Unactivated Scratch Instant Tickets--Unactivated scratch instant tickets are tickets in
22 Available, Issued or Confirmed status. Unactivated tickets have never been activated or settled
23 and no prizes have been validated. ~~for unactivated tickets.~~

1 (b) (No change.)

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