

# 2025

## CVR 01-130-001. Proposed Updates to Lottery Rules and Regulations



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Vermont Department of Liquor and Lottery

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# PURPOSE

Title 31 VSA § 651 gives statutory authority to the Board of Liquor and Lottery to adopt rules governing the establishment and operation of the State Lottery. As such, one administrative rule is kept under the Vermont Code of Rules, which includes several groups of regulations which are prudent and consonant with the dignity of the State, the general welfare of the people, and the dignity and integrity of the Lottery Gaming options offered in the state.

These Regulations have been updated periodically over the years to reflect changes in statute and realities in the regulatory landscape, with the most recent update having occurred in late 2016. Since then, several changes in the realm of lottery sales, play, and redemption have necessitated updates. Additionally, the Vermont Legislature have amended significant portions of Title 31 coinciding with the consolidation of the Departments of Liquor and Lottery. As such, contradictions between statute and regulation have emerged. Additionally, the impact of modern business practices is ever-changing, and regulatory agencies must remain agile to respond. Therefore, the following executive summary and the attached documents propose changes to CVR 01-130-001.

# RESULTS

This document shall serve as a proposal to the Board to review the initial outcomes of the update process. Many individual alterations to the Administrative Rules were made, pointed directly at adjusting verbiage reflecting the consolidation of the departments of Liquor and Lottery. Aside from those, the following will highlight the substantive adjustments to regulations of significant impact. The remainder of this document includes the entire work product, annotating all amendments to the entirety of the Administrative Rule.

# HIGHLIGHTS

- **Lottery Policy**
  - Changed the "Vermont Lottery Commission" to "**Department of Liquor and Lottery**".
  - Changed "Director" to "**Commissioner**" and "Commission" to "**Board**" to reflect new terminology and governance structure. These changes are pervasive throughout the draft.
  - Removed the prohibited pecuniary interest and code of ethics section as these are more comprehensively addressed in Title 3, Chapter 31 post Act 171.
- **Rule No. 1: Definitions**
  - "Act" is renamed to "**Statute**".
  - Definition of "**Commission**" changed to "Board of Liquor and Lottery".
  - Added a new definition for "**Voucher**".
  - Expanded the definition of "**Person**" significantly.
  - Changed "Director" to "**Commissioner**", updating terminology consistent with organizational structure.
- **Rule No. 2: License Eligibility and Application**
  - Authority to issue licenses transferred explicitly to the "**Commissioner**".
  - A New subsection clearly states the Commissioner may deny applications based on Vermont Lottery's best interests.
- **Rule No. 3: Special and Seasonal Licenses**
  - Expanded authority explicitly to the **Commissioner**.
  - Added new special conditions including "Application or internet-based ordering" and a clause to provide limitations for other prudent conditions.
- **Rule No. 4: License Suspension or Revocation**
  - Expanded Commissioner's authority to **suspend licenses** for urgent public health, safety, or welfare.
  - Added explicit conditions for license suspension or revocation, including the failure to validate and pay winning tickets and failure to timely execute updated license agreements.
- **Rule No. 5: (Removed)**
  - This removes a formal hearing process, and grants oversight of enforcement of License Suspension or Revocation to Commissioner under updated Rule No. 4.
- **Rule No. 5 (previously Rule 6): Conditions of Licensing**
  - Agents are explicitly required to sign the "**Agent Agreement for Sale of Lottery Tickets**".
  - Added conditions prohibiting sales or claim payments to minors explicitly.
- **Rule No. 6 (previously Rule 7): License Display**
  - Clarified licenses must be displayed conspicuously to the general public on the premises.
- **Rule No. 7 (previously Rule 8): Notice of Change in Licensee; Nontransferability of License**
  - Replaced "Director" with "**Department**" for consistency.

- **Rule No. 8 (previously Rule 9): Fees**
  - Clarified "Commission" as "**Commissioner**" or "**Department**" and removed installation deposit reference.
  - Removed the charge of a refundable installation deposit requirement.
- **Rule No. 9 (previously Rule 10): Bonding of Agents**
  - Replaced "Commission" with "**Department**" for clarity.
- **Rule No. 10 (previously Rule 11): License Expiration and Renewal**
  - No substantive changes just replaced "Commission" with "**Department**".
- **Rule No. 11 (previously Rule 12): Missing, Stolen, Damaged Tickets**
  - Replaced "Commission" with "**Department**" for consistency and added procedural clarity on reporting missing tickets.
- **Rule No. 12 (previously Rule 13): Sale by Lottery Directly**
  - Clarified authority and methods explicitly to the "**Department**".
- **Rule No. 13 (previously Rule 14): Sales, Inspection, Compensation, Depositories and Ticket Purchases**
  - Increased maximum allowable bonus prize from **\$30,000 to \$75,000**.
  - Clarified department-level authority.
- **Rule No. 14 (previously Rule 15): Subscription Lottery Tickets**
  - Explicitly placed control and discretion with "**Commissioner**" and "**Department**".
- **Rule No. 15 (previously Rule 16): Lottery Instant Games**
  - Authority and operational clarification explicitly assigned to "**Department**".
- **Rule No. 16 (previously Rule 17): Lottery Draw Games**
  - Authority and operational clarification explicitly assigned to "**Department**".
- **Rule No. 17 (previously Rule 18): Prize Structure**
  - Clarified that claimants must be of legal age explicitly.
  - Authority is explicitly given to "**Department**" and "**Commissioner**".
- **Rule No. 18 (previously Rule 19): Drawings**
  - "**Department**" explicitly authorized to administer and announce procedures.
- **Rule No. 19 (previously Rule 20): Prize Payment and Claiming of Prizes**
  - Added explicit provision prohibiting prize payments to minors.
  - Clarified damaged ticket rules (must be attested as damaged at point of sale).
  - Responsibility is explicitly given to "**Department**".
- **Rule No. 20 (previously Rule 21): Eligibility to Buy**
  - clarified 2(a) to pertain to members of the "**Board**" and staff or vendors of the "**Department**".
- **Rule No. 21 (previously Rule 22): Severability of Provisions**
  - No changes

*Attached to this Summary are two addendums: An annotated text that shows changes to the existing rule titled “Annotated Text that Shows Changes.pdf” and a clean text of the proposed rule titled "Text of Proposed Rule.pdf".*

1 LOTTERY POLICY

2 The ~~Vermont Lottery Commission~~ Department of Liquor and Lottery shall set policy for the operation  
3 of the Lottery. It will consider for action any recommendation for the changes in policy.

4 The ~~Director~~ Commissioner shall implement the policy set by the ~~Commission~~ Board and recommend  
5 any changes thereto.

6 ~~No Commissioner shall have any pecuniary interest in any License or any contract awarded by the~~  
7 ~~Commission. Further, no Commissioner shall engage in conduct that creates a conflict of interest or~~  
8 ~~the appearance of a conflict of interest, or that constitutes any other action or creates any~~  
9 ~~circumstance, prohibited by the Vermont Executive Code of Ethics (Executive Order No. 3-53). In the~~  
10 ~~event that it should appear that a Commissioner has a prohibited pecuniary interest or has failed to~~  
11 ~~conform to the Vermont Executive Code of Ethics, the matter shall be discussed at a Commission~~  
12 ~~meeting and a vote taken. Should the vote reflect that a further review is required, the matter would~~  
13 ~~be turned over to the Director to investigate any allegations. After the investigation has been~~  
14 ~~completed, the Director shall submit findings to the Commission in writing. If the Commission~~  
15 ~~determines that a Commissioner is in violation of this section, the Commission shall forward the~~  
16 ~~matter to the Governor for action.~~

17  
18 **Rule No. 1. Definitions.-**

19 (1) "~~Act~~" "Statute" means Title 31, Chapter 14, Subchapter I, of the Vermont Statutes Annotated.

20 (2) "Agent" or "Sales Agent" means a person, including any representative(s) or employee(s),  
21 who has been licensed to sell lottery tickets under ~~the Act~~ Statute.

22 (3) "Claim Center" means a place the winner of a prize greater than ~~one hundred dollars~~ (\$  
23 100.00), but less than ~~five thousand and one dollars~~ (\$ 5,001.00) can go to fill out the  
24 appropriate forms and receive payment for the winning ticket.

25 (4) "Claim Form" is a Lottery-provided form to be used by players to submit winning tickets for  
26 payment of prizes.

27 (5) "~~Commission~~" "Board" means the ~~Vermont Lottery Commission~~ Board of Liquor and Lottery as  
28 ~~established by the Act~~ described in Statute.

29 (6) "~~Director~~" Commissioner means the ~~Executive Director~~ Commissioner of the  
30 ~~Commission~~ Department of Liquor and Lottery (otherwise referred to as the Department or the  
31 Vermont Lottery, or simply the Lottery).

32 (7) "~~Drop Box~~" is a container (box, jug, etc.) designated by the Commission as a receptacle  
33 ~~for tickets or any other form of entry as designated by the Lottery for the purpose of special~~  
34 ~~promotions.~~ "Voucher" means any printed receipt produced by the Department that is  
35 redeemable for cash or merchandise.

(8) "EFT account" is a checking or savings account maintained by a Sales Agent from which the ~~Commission-Department~~ is authorized to withdraw funds.

(9) "License", "sales license", or "lottery license" is evidence of the permission to sell Vermont Lottery products granted to a person under these Rules and Regulations and in accordance with ~~the Act~~ Statute.

(10) "Lottery" or "State Lottery" means the Lottery established and operated pursuant to ~~the Act~~ Sstatute.

(11) ~~"Person" shall include any natural person, corporation, municipality, the State of Vermont or any department, agency or subdivision of the State, and any partnership, unincorporated association or other legal entity. "Person" means an individual, association, corporation, club, trust, estate, society, company, receiver, trustee, assignee, referee or other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, or any combination of individuals. "Person" also means all departments, commissions, agencies, and instrumentalities of the State, including counties and municipalities and agencies and instrumentalities of counties or municipalities.~~

(12) "Ticket" means a lottery transaction issued by the ~~Commission-Department~~ for sale to the general public.

## Rule No. 2. License Eligibility and Application.

(1) No License shall be issued to any person to engage in business exclusively as a Sales Agent.

(2) A person interested in obtaining a License shall complete an application ~~in a form on~~ forms prescribed by the ~~Commission-Commissioner~~ and file it with the ~~Commission-Department~~.

(3) Before issuing a License, an agreement signed by the applicant and the ~~Director-Commissioner or a designee~~ must be on file with the ~~Commission-Department~~. In issuing Licenses, the ~~Commission-Department~~ Commissioner, ~~through its Director~~, shall consider factors including:

(a) The financial responsibility and security of the person and their business or activity;

(b) The accessibility of their place of business or activity to the public;

(c) The sufficiency of existing Licensees to serve the public convenience;

(d) The volume of expected sales;

(e) The honesty and integrity of the applicant;

(f) The credibility of the information supplied in the application; and

(g) the business experience and business practices of the applicant to include any prior history with the Vermont Lottery.

~~(5)~~ (4) The Commissioner or their designee may deny an applicant a license to act as an agent based on the determination that licensing of the applicant is not in the best interest of

1 the Vermont Lottery. The following shall be ineligible for a License; and, if any of the  
2 circumstances described below arise after License grant, such License shall be subject to  
3 suspension or revocation:

4 (a) Any person who has been convicted of a felony within five (5) years of date of making  
5 application;

6 (b) Any firm or corporation in which a person defined in (a) has a proprietary,  
7 equitable or credit interest of five percent (5%) or more;

8 (c) Any organization in which a person defined in (a) is an officer, director, partner,  
9 member, manager or managing agent, whether compensated or not;

10 (d) Any organization in which a person defined in (a) is to participate in the  
11 management or sales of lottery tickets or shares;

12 (e) Any applicant who has not attained the age of majority (18 years of age).

13 (f) Any applicant who is currently not in good standing with respect to or in full compliance  
14 with a plan to pay: (1) any and all taxes due the State of Vermont; (2) any child support  
15 obligation payable under a support order; (3) any criminal restitution obligation; (4) any and  
16 all unemployment insurance contributions or payments in lieu of contributions due to the  
17 Vermont Department of Labor; and/or (5) any final Court judgment establishing a debt of  
18 the applicant for which the State is a judgment creditor.

19  
20 **Rule No. 3.** Special and Seasonal Licenses.

21 (1) A special License may be issued subject to such special conditions or limitations as the  
22 ~~Director-Commissioner~~ deems prudent and determines to be consonant with the dignity of the  
23 State, the general welfare of the people and the dignity and integrity of the  
24 ~~Commission~~Department. These limitations or conditions include, but are not limited to:

25 (a) License period;

26 (b) Hours or days of sale;

27 (c) Location of sale;

28 (d) Specific business or organization which may sell tickets;~~and~~

29 ~~(e)~~ Specific sporting, charitable, social or other special events where Lottery tickets may be  
30 sold.

31 (f) Application or internet-based ordering; and

32 (g) Any other conditions or limitations considered prudent and determined to be in the best  
33 interests of the Vermont Lottery.

34 ~~(e)~~

35 (2) A seasonal License may be issued. Said License must be an existing and active agent



number and location and the seasonal license will exist only for a predetermined length of time and will be reviewed at least annually or as deemed necessary.

(3) The License fee described hereinafter shall be \$ 1.00, if the period of the License does not exceed 30 days.

(4) Sales Agents holding special Licenses are subject to all rules promulgated by the ~~Commission~~Board.

**Rule No. 4. License Suspension or Revocation.**

(1) ~~The Director Commissioner may suspend or revoke a License after providing the Sales Agent notice by mail of the facts or conduct that warrants the intended action, and action and providing the Sales Agent the opportunity to show compliance with all lawful requirements for the retention of the License. The Sales Agent shall be afforded at least 30 days' notice of such opportunity. Notwithstanding suspension or revocation of a license, the Department may terminate access to Lottery systems or remove equipment when deemed necessary by the Commissioner. The Commissioner shall have power to suspend or revoke any Lottery sales agent license granted pursuant to the Statute in the event the licensee shall at any time during the term of the license conduct its business in violation of the Statute, the conditions pursuant to which the license was granted, or any rule prescribed by the Board. For suspension or revocation proceedings involving a Lottery sales agent license under these Rules, the Commissioner shall conduct the hearing and render a decision. The Commissioner may summarily suspend a Lottery sale agent license in advance of a hearing in the event the Commissioner finds that public health, safety, or welfare imperatively requires emergency action, and incorporates a finding to that effect in an order, provided proceedings shall thereafter be promptly instituted and determined. Any decision to suspend or revoke a Lottery sales agent license shall be issued in writing by the Commissioner and set forth the reasons for the suspension or revocation and, if applicable, the duration of the suspension.~~

(2) A License may be suspended, revoked or rejected for any of the following causes, or any combination of the same:

(a) The prospective Sales Agent's application for a License contains knowingly false or misleading information, or the prospective Sales Agent's experience, character or past business practices such that a grant of a License would be inconsistent with the public interest, convenience or necessity;

(b) The Sales Agent violates any of the provisions of the Act, these Rules and Regulations, or any License condition;

(c) The Sales Agent fails to maintain a reasonable level of sales as determined by the ~~Director~~Commissioner;

(d) The Sales Agent fails to display Lottery marketing material and Lottery tickets so as to be readily seen by the public or fails to make handout materials readily available to the public as designated by the Lottery;

(e) The Sales Agent is delinquent or fails to pay on a timely basis all monies owed to the ~~Commission~~Department;

(f) The Sales Agent, or any of its officers, directors, partners, members, managers or managing agents, whether compensated or not, has been convicted of a crime as specified in Rule No. 2;

(g) A Sales Agent, or any of its officers, directors, partners, members, managers or managing agents, whether compensated or not, has been convicted for bookmaking or other forms of illegal gambling;

(h) The Sales Agent, or any of its officers, directors, partners, members, managers or managing agents, whether compensated or not, has been convicted of any fraud or misrepresentation; or

(i) The Sales Agent fails to take reasonable security precautions with regard to the handling of Lottery tickets and other materials.

(j) The Sales Agent fails to validate and pay winning tickets as prescribed in Rule 56(11) and Rule 1920(1).

(k) The Sales Agent fails to timely execute an updated License agreement when directed by the Commissioner.

(3) Upon expiration or revocation of a Sales Agent's License for any reason, the Sales Agent shall meet a ~~Vermont Lottery Marketing and Sales Representative or other designated lottery employee(s)~~ Lottery Sales Representative on a date designated by the ~~Director~~ Department for the purpose of surrendering their License and turning over all Lottery tickets, dispensers, and any other Lottery materials supplied to them by the ~~Commission~~ Department, in operational condition. The ~~Commission~~ Department will collect any balance due from the agent and utilize all necessary legal methods to obtain lottery products and equipment from the location.

(4) If a Sales Agent closes out or sells their business, the Sales Agent shall forthwith surrender their License to the ~~Commission~~ Department. Lottery tickets, dispensers, or any other Lottery materials supplied to them by the ~~Commission~~ Department shall not be included as a part of the business sale.

#### ~~Rule No. 5. Hearings on Suspension or Revocation of License.~~

~~Suspension or revocation. The Commissioner may suspend or revoke, after notice and hearing and in a manner consistent with the provisions of any license issued by the State Lottery to an agent.~~

~~An agent's license may be temporarily suspended by the Commissioner without prior notice, pending any prosecution, investigation or hearing.~~

~~A license may be suspended or revoked by the commission for just cause, which includes, but is not limited to, any one or more of the following reasons:~~

- ~~— Failure to account for tickets received or the proceeds of the sale of tickets, to file a bond if required by the Department or to comply with the instructions of the Department or the Commissioner concerning the licensed activity;~~
- ~~— Any conviction of a criminal offense of a person who becomes ineligible for a license under Rule Number 2 as a result of the conviction.~~
- ~~— Failure to file any return or report, to keep appropriate records or to pay any tax;~~
- ~~— Engaging in fraud, deceit, misrepresentation or conduct prejudicial to public confidence or to the Lottery;~~
- ~~— Insufficiency of the number of tickets sold by the agent;~~
- ~~— A material change, since issuance of the license, with respect to any of the matters considered by the director in issuing the license;~~
- ~~— The Sales Agent fails to validate and pay winning tickets as prescribed in Rule 6(11) and Rule 20(1); or~~
- ~~— Any violation or failure to comply with any provision of statute, these rules, or the terms or conditions of the “Agent Agreement to Sell Lottery Tickets”.~~
- ~~(1) The Director or Director's designee Commissioner shall hold hearings required by law and any such person entitled to a hearing before the Director Commissioner may request such a hearing.~~
- ~~(2) The request for a hearing shall:~~
  - ~~(a) Be in writing, signed by the petitioner or attorney on behalf of the petitioner and include the petitioner's mailing address;~~
  - ~~(b) Specify the rules, action or matter on which the hearing is requested and indicate what relief is desired.~~
- ~~(3) A petition or request to the Director Commissioner for hearing or other relief, unless otherwise required by law or these rules, must be received by the Director Commissioner within twenty (20) business days after the date of receipt of the notice by the petitioner of revocation of an agent's license.~~
- ~~(4) The Director Commissioner shall issue an order or directive fixing the date, time and place at which time the hearing will be held, and shall give at least five (5) business days' notice to the petitioner and other parties thereto by serving copies of such order or directive upon them personally or by certified mail or give such other notice as may be agreed upon and requested by all the parties.~~
- ~~(5) When the cause is reached for argument at a hearing and the petitioner, without sufficient reason, fails to appear, such failure may be treated as a withdrawal of the petition or request and the Director Commissioner may dismiss the petition. The hearing may be adjourned to a~~

1 future date or other just and proper action taken at the discretion of the ~~Director~~ Commissioner  
2 given the above circumstances.

3 ~~(6)~~ When the ~~director~~ Commissioner designates a person other than himself/herself as hearing  
4 officer, that person's recommended report and decision containing recommended findings of  
5 facts and conclusions of law shall be filed with the ~~Director~~ Commissioner and mailed to the  
6 parties of record, and all parties of record shall have ten (10) business days in which to file  
7 exceptions, objections and replies hereto, after which the ~~Director~~ Commissioner shall adopt,  
8 review or modify the recommended report and decision.

9 ~~(7)~~ If the hearing with the ~~Director~~ Commissioner does not render a decision to restore the  
10 agent's license, the agent or agent's attorney may request in writing within fifteen (15) business  
11 days of the ~~Director's~~ Commissioner's decision, a hearing with the ~~Commission~~ Board. The  
12 ~~Commission~~ Board must schedule, within thirty (30) business days of the receipt of the petition, a  
13 hearing. The ~~Commission~~ Board shall give at least five (5) business days' notice to the petitioner  
14 and other parties thereto by serving copies of such order upon them personally or by certified  
15 mail. The ~~Commission's~~ Board's decision shall be final and binding upon both parties.

16  
17 **Rule No. 56.** Conditions of Licensing.

18  
19 Upon issuance of a License the Sales Agent agrees to the following conditions:

20  
21 (1) The agent agrees to sign and be bound by the terms and conditions specified in the  
22 "Agent Agreement for Sale of Lottery Tickets."

23  
24 ~~(1)(2)~~ Lottery agents will be supplied with lottery computer equipment, products and  
25 supplies based on their agreement with the ~~Commission~~ Department.

26 ~~(2)(3)~~ To be bound by and comply with the Act and any rules, instructions and directives of  
27 the State and the ~~Commission~~ Department. A Sales Agent shall defend and hold the State and  
28 the ~~Commission~~ Department, and its officers and employees, harmless for any liability that  
29 results from any act or omission of the Sales Agent, including the Sales Agent's failure to comply  
30 with ~~the Act~~ Statute or these Rules;

31 ~~(3)(4)~~ To make tickets visible and conveniently available for sale to the public at all  
32 times during normal business hours;

33 ~~(4)(5)~~ To actively promote the sale of all Vermont Lottery products the Sales Agent is  
34 authorized to sell;

35 ~~(5)(6)~~ To maintain authorized displays, ~~drop boxes~~ and other materials used  
36 in conjunction with communications and sales in accordance with instructions  
37 issued by the ~~Commission~~ Department;

~~(6)~~(7) To accept physical and financial responsibility for all instant tickets accepted from the ~~Commission Department~~ or its representatives. Physical security shall include protecting tickets from validation prior to their sale.

~~(7)~~(8) To maintain current and accurate records of all operations in conjunction with lottery ticket inventory and sales in conformity with rules, regulations, instructions and directives of the ~~Commission Department~~ and its representatives. Such records shall be available to representatives of the Lottery upon request for inspection and/or audit for at least ~~three (3)~~ three calendar years;

~~(9)~~ Not to sell tickets at any price greater than that price stated on the ticket;

~~(8)~~(10) Not to sell or pay claims on tickets to persons who have not reached the age of majority (18 years of age)

~~(9)~~(11) To immediately report ~~to Lottery Security~~ using Department specified procedures, game numbers, book numbers, and ticket numbers of any missing or stolen lottery tickets consigned to the Sales Agent. Local law enforcement authorities must also be notified. (See Rule No. 11).

~~(10)~~(12) To validate and pay winning tickets up to and including \$ 100.00 and winning online tickets up to and including ~~four hundred, ninety nine dollars (\$ 499.00)~~. Validation of winning tickets ~~must~~ shall be performed using lottery ticket sales and validation equipment. Claim forms must be filed for winning instant tickets over \$ 100.00 and winning online tickets over ~~four hundred, ninety nine dollars (\$ 499.00)~~.

~~(13)~~ As a condition of the License, the Sales Agent agrees to the installation of a communication system necessary for the operation of ticket sales and validation equipment at no expense to the agent. Any costs incurred in the change of location of the sales and validation system shall be borne by the Sales Agent.

~~(14)~~

**Rule No. 67.** License to be Displayed.

~~Every Sales Agent shall display their License in a prominent area on the Sales Agent's premises. All licenses shall be displayed in a conspicuous location viewable to the general public on the licensed premises described therein.~~

**Rule No. 78.** Notice of Change in Licensee; Nontransferability of License.

Each entity holding a License must notify the ~~Director Department~~ no less than 20 days before any intended changes in the ownership of and/or financial interest of any individual or entity involved with the licensed entity can occur. Any such changes not approved by the ~~Director Department~~, may place the License in jeopardy.

Each entity holding a Licensee shall have prior approval from the ~~Director~~ Department of any change of directors, officers, members, managers, or affiliates, and of any change in shares that causes the holdings of any new or existing shareholder, including the holdings of that shareholder's immediate family, to equal ten percent or more of a corporation's voting shares. Notices shall be given in writing to the ~~Director~~ Department not later than 20 days prior to any change. The ~~Director~~ Department will consider changes in the same way that new Licenses are considered. If changes, other than changes caused by the death of a joint tenant, are concluded without obtaining prior ~~Director~~ Department approval, in writing, the license shall be subject to suspension or revocation.

The ~~Director~~ Department shall also be notified if any change in ownership results in ownership by a person or legal entity prohibited by Rule No. 2.

Licenses shall not be transferrable.

**Rule No. ~~89~~. Fees.**

(1) The Lottery shall charge a nonrefundable License fee in an amount determined by the ~~Commission~~ Commissioner, not to exceed the statutory limit.

(2) A new License fee shall not be charged if a business to which a License is issued changes its location or business name, but does not change ownership.

(3) The ~~Commission~~ Department may charge a nonrefundable application fee to be submitted upon application for a License in an amount determined by the ~~Commission~~ Commissioner, subject to 32 V.S.A. § 603. This fee is intended to cover the costs of processing an application including but not limited to criminal background checks and credit checks.

~~(4) The Commission shall charge a refundable installation deposit to be submitted upon application for a License in an amount determined by the Commission. The deposit will be returned to the Sales Agent after one year if the Sales Agent meets a minimum sales requirement, applicable to all Sales Agents, as determined by the Commission.~~

**Rule No. ~~910~~. Bonding of Agents.**

The ~~Commission~~ Department may require a surety bond from any Sales Agent in such amount as it may determine so as to avoid any monetary loss to the State because of a Sales Agent's activities in the sale of tickets. The bond, if required, is a condition of becoming or continuing as a Sales Agent. The ~~Commission~~ Department may require a financial statement revealing the financial condition of any person seeking to become or continue as a Sales Agent. In lieu of any surety bond which the ~~Commission~~ Department may require, it may seek any other guarantee or surety consistent with ~~the Act~~ Statute, including the acquisition of a blanket bond.

**Rule No. ~~101~~. License Expiration and Renewal.**

1 A License remains in full force and effect until such time as the agent terminates their relationship with  
2 the ~~Commission~~Department, or until the License is otherwise terminated pursuant to applicable statute  
3 or rule.

4  
5 **Rule No. ~~11~~2.** Missing, Stolen, Damaged Tickets.

6 (1) Stolen or missing tickets are considered void and shall not be eligible to win a prize.  
7 Whenever tickets are stolen or missing while in the possession of a Sales Agent, the agent will pay  
8 the ~~Commission~~Department for all such tickets less the applicable Sales Agent commission. Sales  
9 Agents will be responsible for filing claims with their insurance companies in the event that tickets  
10 are missing or stolen while in their possession.

11 (2) The Sales Agent is responsible for reporting these tickets ~~to Lottery Security as prescribed by~~  
12 ~~Department procedure~~to the Department and local law enforcement authorities immediately  
13 upon discovery. Law enforcement authorities must be notified and proof of deactivation on ~~our~~  
14 ~~the Lottery~~ system must be submitted before any credit for tickets can be considered. Agent  
15 must pay for the tickets on settlement date which may occur immediately once they are marked  
16 stolen in the gaming system.

17 (3) The Sales Agent responsible for the tickets must be able to provide the ~~Commission~~  
18 ~~Department~~ with the game numbers, game name, book numbers and ticket numbers of  
19 said tickets, as well as such information as deemed necessary by the ~~Commission~~  
20 ~~Department~~ to appropriately process a Stolen Ticket Report.

21 (4) In the case of theft of deactivated instant tickets, should the Lottery tickets be recovered by  
22 law enforcement, the Sales Agent is not liable for payment and will be issued a credit by the  
23 ~~Commission~~Department for the un-cashed tickets recovered.

24 (5) No prize shall be paid to any claimant of a ticket marked as stolen in the system.

25 (6) In the case of damaged tickets, a Sales Agent may be issued a credit for a damaged ticket  
26 provided that the ~~Commission~~Department finds it to be a valid claim.

27 (7) Where a Sales Agent has been issued a credit for recovered stolen tickets or damaged tickets,  
28 they must agree to defend and hold the ~~Commission~~Department and its officers and employees  
29 harmless.

30 (8) ~~Director~~The Commissioner will consider all information and circumstances presented in  
31 decisions resulting from missing, stolen or damaged tickets.

32  
33 **Rule No. ~~12~~3.** Sale by Lottery Directly.

34  
35 The ~~Commission~~Department may sell tickets in any manner at any selling point it establishes ~~in the~~  
36 ~~State~~.

1           **Rule No. 134.** Sale, Inspection, Compensation, Depositories and Ticket Purchases.

2           (1) All tickets, accepted by a Sales Agent from the ~~Commission Department~~ or its authorized  
3           representatives, are deemed to have been purchased by the agent, unless returned to the  
4           ~~Commission Department~~ at or prior to the official closing of the particular game account.

5           (2) No Lottery ticket may be sold by a Sales Agent unless the ticket has first been issued to the  
6           Sales Agent by the ~~Commission Department~~.

7           (3) Tickets shall be sold only on the premises at the specific location named in the license or  
8           attachments thereto.

9           (4) A Sales Agent shall allow inspection of his/her/its premises at any time upon reasonable  
10          request of authorized employees or agents of the Lottery. The inspections may be made  
11          without prior notice to the Sales Agent.

12          (5) A Sales Agent is entitled to a commission for tickets sold, not to exceed the statutory limit.

13          (6) All Sales Agents shall be entitled to a bonus prize not to exceed 1% of the prize of a winning  
14          ticket they sell (\$ 500.00 or higher). The maximum amount payable under this rule is \$  
15          ~~30,000.~~\$75,000.00.

16          (7) The ~~Director~~ Department may, with the approval of the Commissioner, award additional cash  
17          prizes or other incentives from time to time to Sales Agents.

18          (8) A Sales Agent shall deposit into their EFT account, on a timely basis, all monies received from  
19          the sale of tickets less the amount of commissions, fees and such sums of money retained as  
20          compensation and less the amount paid out to winners.

21          (9) A Sales Agent's employee under the age of eighteen (18) may sell lottery tickets but may  
22          not purchase such tickets.

23  
24           **Rule No. 145.** Subscription Lottery Tickets.

25          (1) The ~~Director~~ Department, with the approval of the Commissioner, shall be authorized to  
26          prepare Lottery subscriptions for sale to the public consistent with any and all rules or  
27          regulations governing the game for which the subscription is sold. Subscriptions shall be sold on  
28          a quarterly, semi-annual and annual basis. The ~~Director Department~~ shall determine the price of  
29          subscriptions and at the ~~Director's Commissioner's~~ discretion, with the consent of the  
30          ~~Commission Board~~, may discount the cost of a subscription to the public. The duration of the  
31          eligibility of each subscription shall be printed on the confirmation card.

32          (2) In the event that a Lottery game for which subscriptions have been sold is discontinued, the  
33          ~~Commission Department~~ shall, at the discretion of the ~~Director Commissioner~~, issue to all  
34          subscription holders tickets for an active Lottery game at comparable value or cash refunds for  
35          the period of subscription beyond the termination date of the game.



1  
2 **Rule No. 156.** Lottery Instant Games.

3 (1) The ~~Director~~Department, with the approval of the Commissioner, shall be authorized to  
4 prepare instant Lottery ~~tickets~~tickets games for sale to the public.

5 (2) All specifications of each instant lottery game will be determined by the ~~lottery~~  
6 Department and approved by the ~~Director~~Commissioner.

7 (3) Printed on each ~~game~~ ticket shall be a series of numbers or symbols concealed from view  
8 prior to purchase. According to the procedures as announced with each instant game, matching  
9 or adding the proper symbols or numbers when revealed, or other method employed to  
10 determine winners, shall entitle the bearer of a valid ticket to the prizes indicated on the ticket  
11 and in accordance with the prize structure previously announced in appropriate directives. No  
12 weekly drawing shall be required to determine the winner of the instant lottery tickets.  
13 However, drawings may be held to determine winners of prizes in any instant lottery game. All  
14 winning and non-winning tickets must be able to be validated in a secure and reliable manner.  
15 Each game's specifications will include instructions for game play and visual clues, but validation  
16 on the gaming system provides the ultimate determination of winning a prize.

17  
18 **Rule No. 167.** Lottery Draw Games.

19 (1) Lottery Draw games shall be sold at a price to be determined by the ~~Commission~~  
20 Department for draw days and times determined by the ~~Commission~~Department. Tickets shall  
21 be imprinted with the amount of the wager or price of the ticket as well as the drawing date or  
22 dates. All ticket sales must be made through official Lottery sales and validation ~~equipment,~~  
23 and equipment and must be printed and activated on ticket stock supplied by the lottery.

24 (2) Tickets shall be sold only by Sales Agents pursuant to the regulations provisions set forth in  
25 the Sales Agent License Agreement, Ticket Vending Machine Agreement (if applicable), ~~the~~  
26 ActStatute, and these Rules and Regulations.

27  
28 **Rule No. 178.** Prize Structure.

29 (1) Each Lottery games prize pool shall pay out no less than 50% of gross receipts.

30 (2) The prize pool shall be used to:

31 (a) Pay claimants of legal age possessing valid winning tickets.;

32 (b) Pay special prizes or bonuses as specified by the ~~Director~~Department, with the approval of  
33 the Commissioner.

34 (3) The ~~Director~~Department shall determine the distribution of the prize pool and, after  
35 approval from the Commissioner, shall announce the prize structure in appropriate directives.

36 (4) Prizes which are unclaimed for a period of one year from the official ending date of a

game or the drawing date on the ticket shall revert to the Prize Pool until such time as 50% of the gross receipts have been paid out in prizes, after which unclaimed prizes may revert to the lottery fund.

**Rule No. ~~189~~. Drawings.**

(1) From time to time drawings may be used to award prizes. In cases where finalists are drawn prior to a final drawing, verified finalists shall be invited to attend or send representatives to the drawing. The ~~Commission~~Department, upon verification of winners, will pay the winners the amounts specified at the drawing.

(2) Drawings shall be held in public and be open to representatives of the media.

(3) Open mechanical devices in full view of the public, or electronic devices certified by reliable, independent review shall be employed to determine winning numbers, finalists or winners.

(4) The ~~Commission~~Department may award prizes of cash or merchandise as prizes at drawings.

(5) The ~~Director~~Department shall determine the procedures for each drawing and announce them in appropriate directives prior to the drawing.

**Rule No. ~~1920~~. Prize Payment and Claiming of Prizes**

(1) Sales Agents shall validate and pay winning tickets to persons who that have reached the age of majority (18 years of age) up to ~~four hundred, ninety nine dollars (\$ 499.00)~~. Validation of winning tickets must be through Lottery ticket sales and validation equipment. The claimant shall present the winning ticket to the Sales Agent, fill out their name and address on the back of the ticket, and show a pre-approved form of identification. The Sales Agent, after examining the ticket and confirming that it has not been altered and the person claiming the ticket is the same person whose name and address is on the back of the ticket, shall validate the ticket through the Lottery sales and validation equipment and pay the claimant.

(2) A ticket is considered to be altered if the front of the ticket is changed or modified, or if any signature on the back is tampered with in any way. Any ticket where the play area or validation information is deliberately revealed and/or the ticket is validated prior to purchase is deemed ineligible for any prize. In any event, a damaged or altered ticket is invalid and not eligible to win a prize unless damaged at the point of sale by the Sales Agents and attested to that fact upon a form prescribed by the Department.

(3) All prizes of ~~five hundred dollars (\$ 500.00)~~ or more unless otherwise determined by the Department, will be in the form of a check or electronic deposit issued by the ~~Commission~~Department or an authorized Claim Center upon completion of a Lottery prize claim form. The claimant(s) shall present the winning ticket, a completed, signed claim form, fill out their name and address on the back of the ticket, and show a pre-approved form of identification.

Commission-Department or Claim Center personnel shall examine the ticket and confirm that it has not been altered and the person(s) claiming the ticket is the same person(s) whose name and address is on the back of the ticket. The ticket shall be validated through the Lottery sales and validation equipment as well as pass any and all security verifications as deemed necessary by the Commission-Department. Only then will the claimant(s) be paid. The claimant(s) shall receive a copy of the claim form as a receipt.

(4) Prize payments will be made out to only a single payee. Payment of a prize on a single ticket, other than merchandise, may be paid to multiple claimants provided that all claimants complete and sign a lottery prize claim form in the amount(s) for which each is claiming. Said claim forms must be presented together along with the ticket. The total claimed on said claim forms may not exceed the total prize payable for the ticket. If the amount(s) being claimed by multiple claimants for a single ticket is not specified, it is assumed that the prize will be shared equally. Any game the Commission-Department offers with a prize option of cash versus annuity, a winning jackpot ticket will be paid in either a lump sum cash payment or in annual installments (annuity), but not both. Multiple winners on a single ticket must claim their share of the jackpot using the same option, subject to any applicable rules for that game.

(5) Lottery clubs, otherwise known as "bulk purchasers", charitable organizations, corporations, and other persons shall be eligible to purchase lottery tickets. However, in the case of prizes for life, such persons shall be entitled only to the minimum guaranteed prize.

(6) All prizes must be claimed within one year of draw date, game end date or purchase date depending upon the game. Unclaimed prize money shall be retained by the Commission-Department for one year after the date the prize was won. See individual game rules for details on when specific tickets expire.

(7) Claim Forms are required to be submitted for claims of tickets totaling five hundred dollars (\$ 500) or more. Alternative forms with the required information may be accepted at the discretion of the Commission-Department. Forms must include the following: legal name; current mailing address; tax identification number; date of birth; telephone number; country of residency; and any lottery agent affiliation.

**Rule No. 201. Eligibility to Buy.**

(1) Lottery tickets may only be sold to persons who have reached the age of majority (18 years of age).

(2) Tickets may be purchased by, but no prize paid to any of the following persons:

(a) Any member of the Commission-Board or any officer or other person employed by, or providing services or products through contract with, the Commission-Department or to include any officer and employees of any advertising or public relations agency, gaming vendor, instant ticket provider, audit firm or any consultant.

1 ~~(b)~~ Any person residing as a member of the immediate household of any person described in  
2 subpart (a) above. Immediate household shall not include separate rental units in the same  
3 building not owned by a person described in subpart (a) above, or separate buildings on  
4 contiguous real estate not owned by a person described in subpart (a) above

5 ~~(b)~~

6  
7 **Rule No. 212.** Severability of Provisions.

8  
9 The provisions of any rules or regulations contained herein are severable. If any provision of a rule or  
10 regulation is invalid, or if any application thereof to any person or circumstance is invalid, the  
11 invalidity shall not affect other provisions or applications which can be given effect without the  
12 invalid provision or application.

## Statutory Authority

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STATUTORY AUTHORITY: 31 V.S.A. C. 14

## History

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### **EFFECTIVE DATE:**

April 5, 1988 Secretary of State Rule Log #88-15

### **AMENDED:**

March 17, 2016 Secretary of State Rule Log #16-006

1 LOTTERY POLICY

2 The Department of Liquor and Lottery shall set policy for the operation of the Lottery. It will consider  
3 for action any recommendation for the changes in policy.

4 The Commissioner shall implement the policy set by the Board and recommend any changes thereto.

5  
6 **Rule No. 1. Definitions.**

7 (1) "Statute" means Title 31, Chapter 14, Subchapter I, of the Vermont Statutes Annotated.

8 (2) "Agent" or "Sales Agent" means a person, including any representative(s) or employee(s), who  
9 has been licensed to sell lottery tickets under Statute.

10 (3) "Claim Center" means a place the winner of a prize greater than \$ 100.00, but less than \$  
11 5,001.00 can go to fill out the appropriate forms and receive payment for the winning ticket.

12 (4) "Claim Form" is a Lottery-provided form to be used by players to submit winning tickets for  
13 payment of prizes.

14 (5) "Board" means the Board of Liquor and Lottery as described in Statute.

15 (6) Commissioner means the Commissioner of the Department of Liquor and Lottery (otherwise  
16 referred to as the Department or the Vermont Lottery, or simply the Lottery).

17 (7) "Voucher" means any printed receipt produced by the Department that is redeemable  
18 for cash or merchandise.

19 (8) "EFT account" is a checking or savings account maintained by a Sales Agent from which the  
20 Department is authorized to withdraw funds.

21 (9) "License", "sales license", or "lottery license" is evidence of the permission to sell  
22 Vermont Lottery products granted to a person under these Rules and Regulations and in  
23 accordance with Statute.

24 (10) "Lottery" or "State Lottery" means the Lottery established and operated pursuant to Statute.

25 (11) "Person" means an individual, association, corporation, club, trust, estate, society, company,  
26 receiver, trustee, assignee, referee or other person acting in a fiduciary or representative capacity,  
27 whether appointed by a court or otherwise, or any combination of individuals. "Person" also means  
28 all departments, commissions, agencies, and instrumentalities of the State, including counties and  
29 municipalities and agencies and instrumentalities of counties or municipalities.

30 (12) "Ticket" means a lottery transaction issued by the Department for sale to the general public.

31  
32 **Rule No. 2. License Eligibility and Application.**

33 (1) No License shall be issued to any person to engage in business exclusively as a Sales Agent.

34 (2) A person interested in obtaining a License shall complete an application on forms  
35 prescribed by the Commissioner and file it with the Department.

1 (3) Before issuing a License, an agreement signed by the applicant and the Commissioner or a  
2 designee must be on file with the Department. In issuing Licenses, the Commissioner shall  
3 consider factors including:

4 (a) The financial responsibility and security of the person and their business or activity;

5 (b) The accessibility of their place of business or activity to the public;

6 (c) The sufficiency of existing Licensees to serve the public convenience;

7 (d) The volume of expected sales;

8 (e) The honesty and integrity of the applicant;

9 (f) The credibility of the information supplied in the application; and

10 (g) the business experience and business practices of the applicant to include any prior  
11 history with the Vermont Lottery.

12 (4) The Commissioner or their designee may deny an applicant a license to act as an agent  
13 based on the determination that licensing of the applicant is not in the best interest of the  
14 Vermont Lottery. The following shall be ineligible for a License; and, if any of the  
15 circumstances described below arise after License grant, such License shall be subject to  
16 suspension or revocation:

17 (a) Any person who has been convicted of a felony within five (5) years of date of making  
18 application;

19 (b) Any firm or corporation in which a person defined in (a) has a proprietary,  
20 equitable or credit interest of five percent (5%) or more;

21 (c) Any organization in which a person defined in (a) is an officer, director, partner,  
22 member, manager or managing agent, whether compensated or not;

23 (d) Any organization in which a person defined in (a) is to participate in the  
24 management or sales of lottery tickets or shares;

25 (e) Any applicant who has not attained the age of majority (18 years of age).

26 (f) Any applicant who is currently not in good standing with respect to or in full compliance  
27 with a plan to pay: (1) any and all taxes due the State of Vermont; (2) any child support  
28 obligation payable under a support order; (3) any criminal restitution obligation; (4) any and  
29 all unemployment insurance contributions or payments in lieu of contributions due to the  
30 Vermont Department of Labor; and/or (5) any final Court judgment establishing a debt of  
31 the applicant for which the State is a judgment creditor.

32  
33 **Rule No. 3. Special and Seasonal Licenses.**

34 (1) A special License may be issued subject to such special conditions or limitations as the  
35 Commissioner deems prudent and determines to be consonant with the dignity of the State, the

general welfare of the people and the dignity and integrity of the Department. These limitations or conditions include, but are not limited to:

- (a) License period;
- (b) Hours or days of sale;
- (c) Location of sale;
- (d) Specific business or organization which may sell tickets.
- (e) Specific sporting, charitable, social or other special events where Lottery tickets may be sold.
- (f) Application or internet-based ordering; and
- (g) Any other conditions or limitations considered prudent and determined to be in the best interests of the Vermont Lottery.

(2) A seasonal License may be issued. Said License must be an existing and active agent number and location and the seasonal license will exist only for a predetermined length of time and will be reviewed at least annually or as deemed necessary.

(3) The License fee described hereinafter shall be \$ 1.00, if the period of the License does not exceed 30 days.

(4) Sales Agents holding special Licenses are subject to all rules promulgated by the Board.

**Rule No. 4. License Suspension or Revocation.**

(1) The Commissioner shall have power to suspend or revoke any Lottery sales agent license granted pursuant to the Statute in the event the licensee shall at any time during the term of the license conduct its business in violation of the Statute, the conditions pursuant to which the license was granted, or any rule prescribed by the Board. For suspension or revocation proceedings involving a Lottery sales agent license under these Rules, the Commissioner shall conduct the hearing and render a decision. The Commissioner may summarily suspend a Lottery sale agent license in advance of a hearing in the event the Commissioner finds that public health, safety, or welfare imperatively requires emergency action, and incorporates a finding to that effect in an order, provided proceedings shall thereafter be promptly instituted and determined. Any decision to suspend or revoke a Lottery sales agent license shall be issued in writing by the Commissioner and set forth the reasons for the suspension or revocation and, if applicable, the duration of the suspension.

(2) A License may be suspended, revoked or rejected for any of the following causes, or any combination of the same:

- (a) The prospective Sales Agent's application for a License contains knowingly false or misleading information, or the prospective Sales Agent's experience, character or past business practices such that a grant of a License would be inconsistent with the public interest, convenience or necessity;



- (b) The Sales Agent violates any of the provisions of the Act, these Rules and Regulations, or any License condition;
- (c) The Sales Agent fails to maintain a reasonable level of sales as determined by the Commissioner;
- (d) The Sales Agent fails to display Lottery marketing material and Lottery tickets so as to be readily seen by the public or fails to make handout materials readily available to the public as designated by the Lottery;
- (e) The Sales Agent is delinquent or fails to pay on a timely basis all monies owed to the Department;
- (f) The Sales Agent, or any of its officers, directors, partners, members, managers or managing agents, whether compensated or not, has been convicted of a crime as specified in Rule No. 2;
- (g) A Sales Agent, or any of its officers, directors, partners, members, managers or managing agents, whether compensated or not, has been convicted for bookmaking or other forms of illegal gambling;
- (h) The Sales Agent, or any of its officers, directors, partners, members, managers or managing agents, whether compensated or not, has been convicted of any fraud or misrepresentation; or
- (i) The Sales Agent fails to take reasonable security precautions with regard to the handling of Lottery tickets and other materials.
- (j) The Sales Agent fails to validate and pay winning tickets as prescribed in Rule 5(11) and Rule 19(1).
- (k) The Sales Agent fails to timely execute an updated License agreement when directed by the Commissioner.
- (3) Upon expiration or revocation of a Sales Agent's License for any reason, the Sales Agent shall meet a Lottery Sales Representative on a date designated by the Department for the purpose of surrendering their License and turning over all Lottery tickets, dispensers, and any other Lottery materials supplied to them by the Department, in operational condition. The Department will collect any balance due from the agent and utilize all necessary legal methods to obtain lottery products and equipment from the location.
- (4) If a Sales Agent closes out or sells their business, the Sales Agent shall forthwith surrender their License to the Department. Lottery tickets, dispensers, or any other Lottery materials supplied to them by the Department shall not be included as a part of the business sale.

**Rule No. 5. Conditions of Licensing.**

1 Upon issuance of a License the Sales Agent agrees to the following conditions:

2  
3 (1) The agent agrees to sign and be bound by the terms and conditions specified in the "Agent  
4 Agreement for Sale of Lottery Tickets."

5  
6 (2) Lottery agents will be supplied with lottery computer equipment, products and supplies  
7 based on their agreement with the Department.

8 (3) To be bound by and comply with the Act and any rules, instructions and directives of the  
9 State and the Department. A Sales Agent shall defend and hold the State and the Department,  
10 and its officers and employees, harmless for any liability that results from any act or omission of  
11 the Sales Agent, including the Sales Agent's failure to comply with Statute or these Rules;

12 (4) To make tickets visible and conveniently available for sale to the public at all times  
13 during normal business hours;

14 (5) To actively promote the sale of all Vermont Lottery products the Sales Agent is authorized to  
15 sell;

16 (6) To maintain authorized displays and other materials used in conjunction with  
17 communications and sales in accordance with instructions issued by the  
18 Department;

19 (7) To accept physical and financial responsibility for all instant tickets accepted from the  
20 Department or its representatives. Physical security shall include protecting tickets from  
21 validation prior to their sale.

22 (8) To maintain current and accurate records of all operations in conjunction with lottery ticket  
23 inventory and sales in conformity with rules, regulations, instructions and directives of the  
24 Department and its representatives. Such records shall be available to representatives of the  
25 Lottery upon request for inspection and/or audit for at least three calendar years;

26 (9) Not to sell tickets at any price greater than that price stated on the ticket;

27 (10) Not to sell or pay claims on tickets to persons who have not reached the age of majority (18  
28 years of age)

29 (11) To immediately report using Department specified procedures, game numbers, book  
30 numbers, and ticket numbers of any missing or stolen lottery tickets consigned to the Sales  
31 Agent. Local law enforcement authorities must also be notified. (See Rule No. 11).

32 (12) To validate and pay winning tickets up to and including \$ 100.00 and winning online tickets  
33 up to and including \$ 499.00. Validation of winning tickets shall be performed using lottery ticket  
34 sales and validation equipment. Claim forms must be filed for winning instant tickets over  
35 \$ 100.00 and winning online tickets over \$ 499.00.

36 (13) As a condition of the License, the Sales Agent agrees to the installation of a

1 communication system necessary for the operation of ticket sales and validation equipment at  
2 no expense to the agent. Any costs incurred in the change of location of the sales and  
3 validation system shall be borne by the Sales Agent.

4  
5 **Rule No. 6.** License to be Displayed.  
6

7 All licenses shall be displayed in a conspicuous location viewable to the general public on the licensed  
8 premises described therein.

9  
10 **Rule No. 7.** Notice of Change in Licensee; Nontransferability of License.  
11

12 Each entity holding a License must notify the Department no less than 20 days before any intended  
13 changes in the ownership of and/or financial interest of any individual or entity involved with the  
14 licensed entity can occur. Any such changes not approved by the Department, may place the License in  
15 jeopardy.

16 Each entity holding a Licensee shall have prior approval from the Department of any change of  
17 directors, officers, members, managers, or affiliates, and of any change in shares that causes the  
18 holdings of any new or existing shareholder, including the holdings of that shareholder's immediate  
19 family, to equal ten percent or more of a corporation's voting shares. Notices shall be given in writing to  
20 the Department not later than 20 days prior to any change. The Department will consider changes in the  
21 same way that new Licenses are considered. If changes, other than changes caused by the death of a  
22 joint tenant, are concluded without obtaining prior Department approval, in writing, the license shall be  
23 subject to suspension or revocation.

24 The Department shall also be notified if any change in ownership results in ownership by a person or  
25 legal entity prohibited by Rule No. 2.

26 Licenses shall not be transferrable.

27  
28 **Rule No. 8.** Fees.

29 **(1)** The Lottery shall charge a nonrefundable License fee in an amount determined by the  
30 Commissioner, not to exceed the statutory limit.

31 **(2)** A new License fee shall not be charged if a business to which a License is issued changes its  
32 location or business name, but does not change ownership.

33 **(3)** The Department may charge a nonrefundable application fee to be submitted upon  
34 application for a License in an amount determined by the Commissioner, subject to 32 V.S.A.  
35 § 603. This fee is intended to cover the costs of processing an application including but not  
36 limited to criminal background checks and credit checks.

**Rule No. 9. Bonding of Agents.**

The Department may require a surety bond from any Sales Agent in such amount as it may determine so as to avoid any monetary loss to the State because of a Sales Agent's activities in the sale of tickets. The bond, if required, is a condition of becoming or continuing as a Sales Agent. The Department may require a financial statement revealing the financial condition of any person seeking to become or continue as a Sales Agent. In lieu of any surety bond which the Department may require, it may seek any other guarantee or surety consistent with Statute, including the acquisition of a blanket bond.

**Rule No. 10. License Expiration and Renewal.**

A License remains in full force and effect until such time as the agent terminates their relationship with the Department, or until the License is otherwise terminated pursuant to applicable statute or rule.

**Rule No. 11. Missing, Stolen, Damaged Tickets.**

(1) Stolen or missing tickets are considered void and shall not be eligible to win a prize. Whenever tickets are stolen or missing while in the possession of a Sales Agent, the agent will pay the Department for all such tickets less the applicable Sales Agent commission. Sales Agents will be responsible for filing claims with their insurance companies in the event that tickets are missing or stolen while in their possession.

(2) The Sales Agent is responsible for reporting these tickets to the Department and local law enforcement authorities immediately upon discovery. Law enforcement authorities must be notified and proof of deactivation on the Lottery system must be submitted before any credit for tickets can be considered. Agent must pay for the tickets on settlement date which may occur immediately once they are marked stolen in the gaming system.

(3) The Sales Agent responsible for the tickets must be able to provide the Department with the game numbers, game name, book numbers and ticket numbers of said tickets, as well as such information as deemed necessary by the Department to appropriately process a Stolen Ticket Report.

(4) In the case of theft of deactivated instant tickets, should the Lottery tickets be recovered by law enforcement, the Sales Agent is not liable for payment and will be issued a credit by the Department for the un-cashed tickets recovered.

(5) No prize shall be paid to any claimant of a ticket marked as stolen in the system.

(6) In the case of damaged tickets, a Sales Agent may be issued a credit for a damaged ticket provided that the Department finds it to be a valid claim.

(7) Where a Sales Agent has been issued a credit for recovered stolen tickets or damaged tickets, they must agree to defend and hold the Department and its officers and employees harmless.

(8) The Commissioner will consider all information and circumstances presented in decisions

1 resulting from missing, stolen or damaged tickets.

2  
3 **Rule No. 12. Sale by Lottery Directly.**

4  
5 The Department may sell tickets in any manner at any selling point it establishes.

6  
7 **Rule No. 13. Sale, Inspection, Compensation, Depositories and Ticket Purchases.**

8 (1) All tickets, accepted by a Sales Agent from the Department or its authorized  
9 representatives, are deemed to have been purchased by the agent, unless returned to the  
10 Department at or prior to the official closing of the particular game account.

11 (2) No Lottery ticket may be sold by a Sales Agent unless the ticket has first been issued to the  
12 Sales Agent by the Department.

13 (3) Tickets shall be sold only on the premises at the specific location named in the license or  
14 attachments thereto.

15 (4) A Sales Agent shall allow inspection of his/her/its premises at any time upon reasonable  
16 request of authorized employees or agents of the Lottery. The inspections may be made  
17 without prior notice to the Sales Agent.

18 (5) A Sales Agent is entitled to a commission for tickets sold, not to exceed the statutory limit.

19 (6) All Sales Agents shall be entitled to a bonus prize not to exceed 1% of the prize of a winning  
20 ticket they sell (\$ 500.00 or higher). The maximum amount payable under this rule is \$75,000.00.

21 (7) The Department may, with the approval of the Commissioner, award additional cash prizes  
22 or other incentives from time to time to Sales Agents.

23 (8) A Sales Agent shall deposit into their EFT account, on a timely basis, all monies received from  
24 the sale of tickets less the amount of commissions, fees and such sums of money retained as  
25 compensation and less the amount paid out to winners.

26 (9) A Sales Agent's employee under the age of eighteen (18) may sell lottery tickets but may  
27 not purchase such tickets.

28  
29 **Rule No. 14. Subscription Lottery Tickets.**

30 (1) The Department, with the approval of the Commissioner, shall be authorized to prepare  
31 Lottery subscriptions for sale to the public consistent with any and all rules or regulations  
32 governing the game for which the subscription is sold. Subscriptions shall be sold on a quarterly,  
33 semi-annual and annual basis. The Department shall determine the price of subscriptions and at  
34 the Commissioner's discretion, with the consent of the Board, may discount the cost of a  
35 subscription to the public. The duration of the eligibility of each subscription shall be printed on  
36 the confirmation card.

(2) In the event that a Lottery game for which subscriptions have been sold is discontinued, the Department shall, at the discretion of the Commissioner, issue to all subscription holders tickets for an active Lottery game at comparable value or cash refunds for the period of subscription beyond the termination date of the game.

**Rule No. 15. Lottery Instant Games.**

(1) The Department, with the approval of the Commissioner, shall be authorized to prepare instant Lottery tickets for sale to the public.

(2) All specifications of each instant lottery game will be determined by the Department and approved by the Commissioner.

(3) Printed on each ticket shall be a series of numbers or symbols concealed from view prior to purchase. According to the procedures as announced with each instant game, matching or adding the proper symbols or numbers when revealed, or other method employed to determine winners, shall entitle the bearer of a valid ticket to the prizes indicated on the ticket and in accordance with the prize structure previously announced in appropriate directives. No weekly drawing shall be required to determine the winner of the instant lottery tickets. However, drawings may be held to determine winners of prizes in any instant lottery game. All winning and non-winning tickets must be able to be validated in a secure and reliable manner. Each game's specifications will include instructions for game play and visual clues, but validation on the gaming system provides the ultimate determination of winning a prize.

**Rule No. 16. Lottery Draw Games.**

(1) Lottery Draw games shall be sold at a price to be determined by the Department for draw days and times determined by the Department. Tickets shall be imprinted with the amount of the wager or price of the ticket as well as the drawing date or dates. All ticket sales must be made through official Lottery sales and validation equipment and must be printed and activated on ticket stock supplied by the lottery.

(2) Tickets shall be sold only by Sales Agents pursuant to the regulations provisions set forth in the Sales Agent License Agreement, Ticket Vending Machine Agreement (if applicable), Statute, and these Rules and Regulations.

**Rule No. 17. Prize Structure.**

(1) Each Lottery games prize pool shall pay out no less than 50% of gross receipts.

(2) The prize pool shall be used to:

(a) Pay claimants of legal age possessing valid winning tickets.

(b) Pay special prizes or bonuses as specified by the Department, with the approval of the Commissioner.

(3) The Department shall determine the distribution of the prize pool and, after approval from the Commissioner, shall announce the prize structure in appropriate directives.

(4) Prizes which are unclaimed for a period of one year from the official ending date of a game or the drawing date on the ticket shall revert to the Prize Pool until such time as 50% of the gross receipts have been paid out in prizes, after which unclaimed prizes may revert to the lottery fund.

**Rule No. 18. Drawings.**

(1) From time to time drawings may be used to award prizes. In cases where finalists are drawn prior to a final drawing, verified finalists shall be invited to attend or send representatives to the drawing. The Department, upon verification of winners, will pay the winners the amounts specified at the drawing.

(2) Drawings shall be held in public and be open to representatives of the media.

(3) Open mechanical devices in full view of the public, or electronic devices certified by reliable, independent review shall be employed to determine winning numbers, finalists or winners.

(4) The Department may award prizes of cash or merchandise as prizes at drawings.

(5) The Department shall determine the procedures for each drawing and announce them in appropriate directives prior to the drawing.

**Rule No. 19. Prize Payment and Claiming of Prizes**

(1) Sales Agents shall validate and pay winning tickets to persons who have reached the age of majority (18 years of age) up to \$ 499.00. Validation of winning tickets must be through Lottery ticket sales and validation equipment. The claimant shall present the winning ticket to the Sales Agent, fill out their name and address on the back of the ticket, and show a pre-approved form of identification. The Sales Agent, after examining the ticket and confirming that it has not been altered and the person claiming the ticket is the same person whose name and address is on the back of the ticket, shall validate the ticket through the Lottery sales and validation equipment and pay the claimant.

(2) A ticket is considered to be altered if the front of the ticket is changed or modified, or if any signature on the back is tampered with in any way. Any ticket where the play area or validation information is deliberately revealed and/or the ticket is validated prior to purchase is deemed ineligible for any prize. In any event, a damaged or altered ticket is invalid and not eligible to win a prize unless damaged at the point of sale by the Sales Agents and attested to that fact upon a form prescribed by the Department.

(3) All prizes of \$ 500.00 or more unless otherwise determined by the Department, will be in the form of a check or electronic deposit issued by the Department or an authorized Claim Center

upon completion of a Lottery prize claim form. The claimant(s) shall present the winning ticket, a completed, signed claim form, fill out their name and address on the back of the ticket, and show a pre-approved form of identification. Department or Claim Center personnel shall examine the ticket and confirm that it has not been altered and the person(s) claiming the ticket is the same person(s) whose name and address is on the back of the ticket. The ticket shall be validated through the Lottery sales and validation equipment as well as pass any and all security verifications as deemed necessary by the Department. Only then will the claimant(s) be paid. The claimant(s) shall receive a copy of the claim form as a receipt.

(4) Prize payments will be made out to only a single payee. Payment of a prize on a single ticket, other than merchandise, may be paid to multiple claimants provided that all claimants complete and sign a lottery prize claim form in the amount(s) for which each is claiming. Said claim forms must be presented together along with the ticket. The total claimed on said claim forms may not exceed the total prize payable for the ticket. If the amount(s) being claimed by multiple claimants for a single ticket is not specified, it is assumed that the prize will be shared equally. Any game the Department offers with a prize option of cash versus annuity, a winning jackpot ticket will be paid in either a lump sum cash payment or in annual installments (annuity), but not both. Multiple winners on a single ticket must claim their share of the jackpot using the same option, subject to any applicable rules for that game.

(5) Lottery clubs, otherwise known as “bulk purchasers”, charitable organizations, corporations, and other persons shall be eligible to purchase lottery tickets. However, in the case of prizes for life, such persons shall be entitled only to the minimum guaranteed prize.

(6) All prizes must be claimed within one year of draw date, game end date or purchase date depending upon the game. Unclaimed prize money shall be retained by the Department for one year after the date the prize was won. See individual game rules for details on when specific tickets expire.

(7) Claim Forms are required to be submitted for claims of tickets totaling five hundred dollars (\$ 500) or more. Alternative forms with the required information may be accepted at the discretion of the Department. Forms must include the following: legal name; current mailing address; tax identification number; date of birth; telephone number; country of residency; and any lottery agent affiliation.

**Rule No. 20. Eligibility to Buy.**

(1) Lottery tickets may only be sold to persons who have reached the age of majority (18 years of age).

(2) Tickets may be purchased by, but no prize paid to any of the following persons:

(a) Any member of the Board or any officer or other person employed by, or providing services or products through contract with, the Department or to include any officer and



1 employees of any advertising or public relations agency, gaming vendor, instant ticket  
2 provider, audit firm or any consultant.

3 (b) Any person residing as a member of the immediate household of any person described in  
4 subpart (a) above. Immediate household shall not include separate rental units in the same  
5 building not owned by a person described in subpart (a) above, or separate buildings on  
6 contiguous real estate not owned by a person described in subpart (a) above

7  
8 **Rule No. 21. Severability of Provisions.**

9  
10 The provisions of any rules or regulations contained herein are severable. If any provision of a rule or  
11 regulation is invalid, or if any application thereof to any person or circumstance is invalid, the  
12 invalidity shall not affect other provisions or applications which can be given effect without the  
13 invalid provision or application.

## Statutory Authority

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STATUTORY AUTHORITY: 31 V.S.A. C. 14

## History

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### **EFFECTIVE DATE:**

April 5, 1988 Secretary of State Rule Log #88-15

### **AMENDED:**

March 17, 2016 Secretary of State Rule Log #16-006