



California Lottery®

Retailer Policies

California Lottery Retailers (Retailers) and their employees, representatives, and agents, must follow Retailer policies established by the California Lottery (Lottery). These policies are designed to ensure that the Lottery and its Retailers enjoy a high degree of success while maximizing supplemental revenues provided to California public education. By signing the Retailer Application and entering into a Retailer Contract, Retailer agrees to comply with all applicable Lottery policies. The Lottery may amend the policies from time to time without individual notice to each Retailer. **All policies and policy amendments are effective when posted on the Lottery's Retailer website at www.calottery.com/retailer. Retailers should review this website often to ensure that they are complying with all current policies.** Failure to comply with Lottery policies may result in immediate Retailer Contract termination. The following is a summary of several policies that apply to all Retailers.

General Retailer Responsibilities:

- Retailers must comply with all applicable law and Lottery regulations.
- Retailers agree that a Retailer Contract to sell Lottery products may be terminated for failure to comply with applicable law, Lottery regulations, Lottery policies and procedures, or Lottery directives.
- Retailers must pay all fees and amounts owed for Lottery products when they become due. Retailers failing to remit all amounts due will be responsible for all collection costs, including attorneys' fees, incurred by the Lottery in collection of the amounts owed.
- Retailers must attend Retailer training and ensure that all Retailer staff members selling Lottery products are trained in the use of Lottery equipment and comply with all Retailer policies.
- Retailers must minimize the loss of Lottery sales by immediately contacting a Lottery service representative (at the service number on the terminal) when equipment is not functioning properly.
- Retailers must refrain from participation in the promotion, distribution, sale or offering of unauthorized or illegal lottery tickets, lottery-related products, gambling schemes, or gaming devices.
- Retailers must pay for Lottery products in full prior to play if they choose to play Lottery games.

Sales and Merchandising Requirements:

- Retailers must sell an "ideal mix" of Lottery games as determined by the Lottery. Retailers must carry and display a designated minimum number of Scratchers® games at all times, as directed by the Lottery.
- Retailers must follow all sales schematics and directives provided by their assigned Lottery District Sales Representative (DSR).
- Retailers must activate and display tickets for new Scratchers games within 24 hours of receipt.

- Retailers must keep Scratchers bins and all Lottery equipment fully stocked at all times.
- Retailers must maintain a minimum of five items of Lottery point-of-sale (POS) materials visible to customers at all times. The POS materials must be displayed on the Lottery Playcenter, at the point-of-purchase, on entrance doors, in front windows, and on the store's exterior where allowed by city and county ordinances.
- Retailers must accept delivery of all Scratchers ticket orders that are invoiced for their location.
- Retailers must allow their assigned Lottery DSR to replace settled packs of Scratchers tickets with new packs, and to replace Scratchers at the end-of-game date, during printer issues, or for inventory management.
- Retailers must comply with all Lottery sales procedures, including those for ticket delivery and returns.
- Retailers must be open for business at least five days per week and must offer Lottery tickets for sale every day that they are open.
- Retailers must maintain a daily accurate accounting of ticket sales proceeds.
- Retailers must provide sufficient storage space for Lottery equipment and supplies.

Minimum Sales Volume:

- Retailers must comply with minimum sales volume requirements established by the Lottery. Retailers failing to meet minimum sales volume requirements will be notified and their sales volume monitored. Continued failure to meet minimum sales volume requirements may result in probation or termination.

Ticket Cashing:

- Retailers must cash all valid winning tickets up to \$599.
- Retailers must pay winners the full value of their prize.
- Retailers may not cash winning tickets worth \$600 or more. All prizes of \$600 or more must be claimed directly from the Lottery by the prize winner.
- Retailers may seek special authorization from the Lottery to set limited cashing hours or maximum cashing amounts.
- Retailers may not charge players a fee for providing Lottery claim forms or information.

Retailer Fees:

- Non-Refundable Fees:
- \$75 Application Fee applies to new and change-of-ownership applicants and to each add-on location for current Lottery Retailers.
- \$49 Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Background Investigation Fee applies to each owner/applicant. (See *Retailer Application for details*).
- Terminal Equipment Fee:
- \$300 Terminal Equipment Fee applies to new and change-of-ownership applicants and to each add-on location for current Lottery Retailers.

- Weekly Fees:
- \$18 Weekly Administrative Fee applies to all retail locations.
- \$3 Weekly Monitor Fee applies to each retail location at which a Lottery Hot Spot® monitor or other specially-designated equipment is installed.

All fees will be debited electronically from your Retailer accounts. The Lottery will notify Retailers when debits will occur.

Terminal Equipment Fee Refund:

- If preparation for a Lottery terminal and wireless system installation requires major modifications (i.e., parking lot excavation or remodeling) to Retailer's property, Retailer may elect to withdraw its application and receive a refund of the Terminal Equipment Fee.
- If an applicant indicates "yes" to any question in the Retailer Application relating to criminal history clearance and a subsequent Lottery background investigation results in denial of the Retailer Application on that basis, the Terminal Equipment Fee may be refunded at the Lottery's discretion.

FAILURE TO DISCLOSE ALL INFORMATION REQUESTED ON THE RETAILER APPLICATION MAY RESULT IN DENIAL OF A RETAILER APPLICATION OR TERMINATION OF A RETAILER CONTRACT.

Change of Ownership:

- Retailers must notify the Lottery **at least 30 days prior** to a change of ownership. New owners must submit a change-of-ownership application and associated fees to the Lottery and may not sell Lottery products unless and until the Lottery has approved the new owner's application. Failure to comply with this policy will result in immediate deactivation of the existing Retailer Contract and a delay in processing the change-of-ownership application, and may cause the Lottery to reject the application. The owner of record is liable for outstanding settlements, fees, and costs incurred by the Lottery due to failure to comply with this policy.
- There is no guarantee that a new owner's application will be approved.

Lottery Equipment:

- All Lottery-provided equipment is the property of the Lottery.
- All decisions relating to Lottery equipment, including the choice of equipment, number of items of each type of equipment, equipment placement, and equipment removal, are to be made by the Lottery.
- Retailers must accept the Lottery's recommended placement of all required equipment.
- Retailer Applicant must provide a signed Wireless Permission form when required by the Lottery. Failure to do so may result in additional fees or denial of the Retailer Application.
- By entering into the Retailer Contract, Retailers release the Lottery from all liability for injuries or damage caused by the equipment and/or its installation, relocation, or removal.
- Retailers are responsible for the full replacement cost of any Lottery equipment, including communication equipment, that is lost, damaged, or stolen by Retailer or Retailer's family members, employees, agents, or customers.

- Retailers must provide requested counter, floor, wall, or shelf space for placement of all Lottery equipment throughout the term of the Retailer Contract.
- Lottery equipment must NOT be moved without prior approval from the Lottery, and then only by authorized Lottery representatives. Under NO circumstances may Retailers move Lottery equipment. Moving equipment may cause malfunctions or interruptions of the Lottery system.
- All requests to relocate Lottery equipment must be submitted to the Lottery at least 30 days in advance.
- Lottery equipment must be operating at all times during business hours and must be visible to store personnel to ensure that persons under the age of 18 do not purchase Lottery products.
- Retailers must ensure that only authorized staff members have access to password-protected Lottery information.
- Retailers must call the Lottery's Retailer Equipment Hotline (**1-800-666-6695** or **1-800-LOTTERY**) immediately if Lottery equipment malfunctions.
- Retailers must allow access to Lottery representatives to install, repair, replace, or remove Lottery equipment during regular business hours.
- Retailers must make Lottery terminal keys available to Lottery representatives during regular business hours to facilitate servicing of Lottery terminals.
- Retailers are responsible for installing, maintaining, and repairing all conduits or other special connectivity necessary for the installation and operation of Lottery equipment.
- Retailers must perform required daily servicing of all Lottery equipment, including but not limited to changing terminal and report paper, loading tickets, and clearing jams.
- Retailers must provide electrical outlets that are dedicated exclusively to Lottery use and that satisfy all local and state fire codes, as follows:
 - A grounded four-plex 120 volt/15 amp electrical outlet within six feet of any Altura terminal;
 - A grounded duplex 120 volt/15 amp electrical outlet within six feet of any Self Service Terminal (SST)/Gamepoint (GP)/Gemini location;
 - A grounded duplex 120 volt/15 amp electrical outlet within four feet of a Starlite window or countertop Customer Message Display placement;
 - A grounded duplex 120 volt/15 amp electrical outlet within 4 feet of Hot Spot monitor placement;
 - A grounded duplex 120 volt/15 amp electrical outlet within 6 feet of a Lottery Electronic Point of Sale (EPOS) monitor EPOS;
 - A grounded duplex 120 volt/15 amp electrical outlet within 15 feet of an Instant Ticket Vending Machine (ITVM); and
 - A grounded duplex 120 volt/15 amp electrical outlet within 4 feet of each Check-A-Ticket device.
- All Hot Spot locations must have a Lottery monitor. Removal of a Lottery monitor from the retail location or use of a Lottery monitor for anything other than Lottery information may result in Retailer Contract termination and Retailer will be charged full replacement costs.
- Retailers with ticket dispensers must locate the dispensers where indicated by the Lottery, keep the display units fully stocked with Scratchers tickets, not stock the units with anything other than Scratchers tickets, and keep the glass portion of the display in clean condition and fully exposed to customers with nothing blocking the display.

ALL EQUIPMENT IS THE SOLE PROPERTY OF THE LOTTERY AND MUST BE SURRENDERED UPON DEMAND.

Revision History:

Action Date	Action	Section(s) Revised	Effective Date
3-2014	Approval	All	6--2014