CALIFORNIA LOTTERY REGULATIONS

Approved June 16, 2026

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1.0 DEFINITIONS[1]

"Advance Play"[2] means the option, where available, that allows a Player to play the same wager (that is the same boards or spot selections) for successive Draws.

"Assignment" means the transfer by any means, including but not limited to gift, trade, sale or conveyance, of the right to a Prize by the owner to another person or entity, regardless of the reason for the transfer. Except as expressly authorized by the Lottery Act,[3] all Assignments of Lottery Prizes are prohibited and void.

"Authorized Representative" or "Representative" means a person who is authorized to act on behalf of a Retailer in business transactions with the Lottery.

"Cancellation Authorization Receipt" means the paper stock issued by a Lottery Terminal indicating that a Ticket has been cancelled. Fuel Pump Terminal purchases, Fantasy 5 match two free Tickets, Mega Millions Tickets, and Powerball Tickets cannot be cancelled.

"Cash Authorization Receipt" means the paper stock issued by a Lottery Terminal that provides preliminary approval upon which the Retailer may rely in paying a Prize or Promotional Award of $599 or less. However, the receipt does not in itself entitle a Claimant to a Prize.

"Cash Option" means a Winner's option to receive the Cash Value of a Prize in lieu of annuity payments. Cash Option is not available for all games.

"Cash Value" means a single cash equivalent value of an annuitized prize. The Cash Value is determined based on the rules of the specific game.

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[1] These definitions control, unless they conflict with more specific definitions elsewhere in these regulations.

[2] "Advance Play," "California Lottery," "Daily Derby," "Hot Spot," "Quick Pick," "Scratchers," and "SuperLotto Plus" are registered trademarks of the California Lottery. "Mega Millions" is a registered trademark of the Illinois Lottery. "Powerball" is a registered trademark of the Multi-State Lottery Association.

[3] The California State Lottery Act of 1984, California Government Code section 8880 et seq.

"Certificate of Authority" means that document issued by the Lottery to Retailers that authorizes them to sell Lottery Tickets. Without the Certificate, no Lottery Tickets may be sold.

"Claim" or "Claiming a Prize" means submission of a signed, valid winning Ticket or Winner Verification Terminal Claim Receipt and a completed Claim Form to the Lottery or Lottery Retailer, as applicable, within the required Claim Period.

"Claim Authorization Receipt" means the paper stock issued by a Lottery Terminal indicating that a Ticket for a Prize or Promotional Award of $600 or more is validated and authorized for payment upon submission of a Claim to the Lottery. However, a Claim Authorization Receipt has no pecuniary or prize value and is not proof of purchase or play selections. It is not a substitute for the original winning Ticket.

"Claim Form" means the printed form authorized by the Lottery that a Player must complete and submit to the Lottery to be eligible to collect certain Prizes or Promotional Awards pursuant to these regulations.

"Claim Period" means the limited time period after a Draw or an announced end-of-game date during which Winners may Claim a Prize.

"Claimant" means a person who has submitted a Claim for payment of a Prize. "Multiple Claimants" means more than one individual claiming co-ownership of a Ticket and any Prize resulting from that Ticket. All references to "Claimant" throughout these regulations include the plural.

"Commission" means the California State Lottery Commission.

"Conditional Contract" means a Retailer contract that is subject to specific conditions in addition to those set forth in standard Retailer contracts. If the conditions are not met, the Retailer is subject to termination without the right to appeal.

"Contractor" or "Lottery Contractor" means a person or organization with whom the Lottery has contracted for the purposes of providing goods or services required by the Lottery.

"Core Game Profile Template" or "Game Profile" means a written document that authorizes and describes each Scratchers game, including Ticket quantity, number and value of Prizes, and price point.

"Designated Group Representative" means a group Winner who shares ownership of a winning Ticket with other Winners and who has been identified on a Multiple Ownership Claim Form as the authorized representative of an entire group of Winners.

"Director" means the Director of the California Lottery who is appointed by the Governor as the chief administrator of the Lottery.

"Disqualified Persons" means persons prohibited by statute, regulation, or contract with the Lottery from purchasing a Lottery Ticket or Registered Play and/or winning a Lottery Prize or participating in a Promotion and/or receiving a Promotional Award and includes: (1) persons under the age of 18 years; (2) members of the Commission; (3) any officer or employee of the Lottery or the Commission; (4) any officer or employee of the California State Controller's Office who is designated in writing by the Controller as possibly having access to confidential Lottery information, programs, or systems; (5) any Contractor or subcontractor prohibited by the terms of a contract with the Lottery from playing Lottery games; and (6) any spouse, child, brother, sister, or parent who resides in the same household as any person described in numbers (2), (3), or (4) herein. For purposes of this definition, the terms "parent", "child", "brother", and "sister" will include only those persons that are related by blood or adoption.

"Draw" means the process of randomly choosing the winning selections as specified for each game or Promotion. All Draws are open to the public.

"Draw Procedures" means the detailed instructions, approved by the Director, governing all game Draws conducted by the Lottery. Draw Procedures are confidential to preserve the security, integrity, honesty, and fairness of the Draws.

"Draw Test Game" means a Lottery game of limited duration implemented to test Player reaction to proposed Lottery games and Lottery game features.

"Exchange Ticket" means the replacement Ticket issued by a Lottery Terminal when an Advance Play Ticket is redeemed for a Prize while the Ticket has remaining eligibility for one or more future Draws.

"Fuel Pump Sales Program" means the program that allows the sale of certain specified Lottery products via Fuel Pump Terminals at participating Lottery retail locations.

"Fuel Pump Terminal" means a fuel pump authorized by the Lottery to sell certain specified Lottery products.

"Jackpot" or "Jackpot Prize" means the value of annuitized Prizes in the SuperLotto Plus, Mega Millions, and Powerball games. Jackpot Prizes may be referred to as "Grand Prizes," "Grand/Jackpot Prizes," or "annual payments."

"Lottery" as used herein means the California State Lottery.

“Lottery Retailer” or “Retailer” means a person, organization or business entity with whom the Lottery has contracted to sell Lottery products to the public.

“Lottery Ticket” or “Ticket” means Lottery-approved physical evidence of the right of a legal purchaser or Ticket holder to the chance to win a Prize or Promotional Award in a Lottery game.

“Mega Millions” means a specific multi-state lottery game administered and operated pursuant to an agreement among Mega Millions party-lottery participants.

“Multiple Ownership Claim” or “Multiple Ownership Claim Form” means a Claim submitted using a Lottery-authorized form that allows a limited number of Winners to jointly Claim a Prize in certain circumstances.

“Offset” means, generally, a reduction in prize payments required or authorized by law and made by the California State Controller’s Office to recover money owed by a Winner to others, including governmental entities and judgment creditors.

“Pari-mutuel,” as used in these regulations, means a system of gaming in which wagered funds are pooled and then paid, in equal shares, as Prizes to Winners.

“Payee” means the person to whom the Lottery makes annuitized prize payments in accordance with the Lottery Act, these regulations, and other applicable laws. The Payee may be a Winner, an assignee pursuant to a statutorily-authorized Assignment, a beneficiary/heir of a Winner, or other legally-authorized recipient of the Prize.

“Player” is a natural person who legally acquires a Ticket, Registered Play, or entry to participate in a Lottery game or Promotion. Player, as used in these regulations, includes the plural form.

“Playslip” means a Lottery-provided paper slip used for marking a Player’s selection(s) and choosing game features such as Quick Pick or Advance Play.

“Playstyle” means the method of play that determines Winners for individual games.

“Powerball” means a specific multi-jurisdictional lottery game administered and operated pursuant to agreements between the Multi-State Lottery Association and the members of the Mega Millions consortium.

“Prize” means the compensation, either cash or merchandise, provided to a Winner for a winning selection or winning Ticket.

“Prize Breakage” or “Breakage” means money remaining in a Prize Pool after paying prize amounts rounded down in accordance with game-specific regulations.

“Prize Pool” means the accumulation of portions of wagers for a given Draw from which Prizes are paid to Winners of that Draw.

“Prize Reserve” means a portion of the Prize Pool and Prize Breakage that is not allocated to a specific prize level and may be used to augment Prizes and fund Promotions.

“Prize Structure” means the detailed enumeration of the number and value of Prizes and odds of winning Prizes in each Lottery game.

“Promotion” means an added-value offer to Players or an introductory offer to members of the public through a marketing campaign, conducted in accordance with these regulations and published rules established by the Lottery.

“Promotional Award” or “Award” means the award provided for a valid winning promotional Ticket or entry.

“Qualifying Trust” means a revocable living trust, established by a Winner/Payee for the benefit of the Winner/Payee as a beneficiary and governed by the laws of the State of California, to which a Winner/Payee may assign his or her rights to all or a portion of a Prize as authorized by the Lottery Act.

“Quick Pick” means a Ticket or Registered Play with play selections that are automatically and randomly selected and registered in the Lottery’s gaming system.

“Registered Play(s)” means ticketless Lottery plays that are recorded in the Lottery’s gaming system and may be verified electronically.

“Retailer Clerk Terminal” means a Lottery Terminal that requires action by a Retailer to initiate a wager and dispense a Ticket.

“Scratchers” means the instant Lottery game that is played by removing the covering from a Ticket to reveal Ticket Symbols. Scratchers may also be referred to as “instant games” or “instant Tickets.”

“Self-Service Terminal” (“SST”) means a Ticket terminal that sells Lottery products directly to Players without Retailer assistance.

“Terminal” or “Lottery Terminal” means a device authorized by the Lottery to function in an interactive mode with the Lottery’s gaming system to issue Lottery Tickets and enter,

receive, and process the full range of routine Lottery transactions, including selecting and purchasing Tickets, voiding or cancelling purchases (when allowed), validating Draw and Scratchers Tickets, issuing Cash Authorization Receipts and Claim Authorization Receipts, transmitting reports, and verifying the winning status of a Lottery Ticket.

“Ticket Symbol” means the printed data in the play area on the front of a Scratchers Ticket that is used, among other things, to determine eligibility for Prizes or Promotional Awards pursuant to the Working Papers/Game Specifications for each game.

“Tradestyle” means a Lottery Retailer category based on similarities in operation, organization, or business model, as determined by the Director.

“Validation Number” means a unique set of numbers on Draw and Scratchers Tickets that is matched with internal databases in order to determine the winning or non-winning status of a Ticket as well as prize amount.

“Winner” is a Player who is not a Disqualified Person, who legally acquires a winning Ticket or Registered Play and owns it at the time it is determined to be a winner either by a Draw or by scratching the play area. A 2nd Chance Winner is a person whose eligible entry is drawn in a 2nd Chance Draw and who is identified on the Lottery website as the Winner of that Draw.

“Winner Verification Terminal” (WVT) means a device that is authorized by the Lottery to provide verification of a winning Registered Play worth $600 or more.

“Winner Verification Terminal Claim Receipt” or “WVT Claim Receipt” means the receipt issued from a WVT that must be submitted by a Registered Play Winner to Claim a prize of $600 or more.

“Working Papers/Game Specifications” means the confidential documentation developed for each Scratchers game which includes a detailed description of the game.

2.0 LOTTERY AUTHORITY

2.1 COMMISSION COMMITTEES

The Commission may establish committees comprised of no more than two commissioners to engage in fact-finding or research regarding matters relevant to the Lottery's mission and make reports and/or recommendations to the full Commission for its information and/or action.

2.2 PUBLIC COMMENT AT COMMISSION MEETINGS

As a general rule, at each Commission meeting, public comment on each agenda item will be limited to 3 minutes per speaker, and to a total of one hour for all speakers on a particular item, unless the chairperson determines that the nature/importance of the item or the extent of public interest requires additional time for public comment.

2.3 ACTION BY DIRECTOR OR DEPUTY

Whenever the Lottery Act and these regulations confer authority or impose an obligation on the Director, that authority may be exercised or that obligation may be undertaken by one of the Deputy Directors expressly authorized in the Lottery Act.

2.4 LOTTERY TICKET SALES

The Lottery is authorized to distribute and sell Lottery Tickets directly to the public. In connection with such Tickets, the Director must establish procedures for Ticket acquisition, distribution, dissemination, sale, security, and accountability and for payment of Prizes.

2.5 SUBSCRIPTION SALES

The Lottery may provide subscription play opportunities for future Draws pursuant to policies and procedures established by the Director. Orders for game subscriptions may be placed through Retailers, the mail, the Lottery website or any other means prescribed by the Lottery.

2.6 PROMOTIONS/FREE TICKETS OR MERCHANDISE

The Director may authorize promotional and added-value programs including free Tickets, branded merchandise, entries into promotional Draws, or coupons that may be given away from time to time, at the Director's discretion, in an effort to maintain awareness of Lottery products and motivate future purchases of Lottery Tickets.

Undistributed merchandise Prizes will be used as Prizes in a subsequent Promotion or, to the extent feasible, will be returned or sold at public auction.

2.7 SURPLUS PERSONAL PROPERTY

The Lottery will dispose of surplus personal property by public auction or such other method of disposition that is open to the public, avoids favoritism, and maximizes the benefit to the Lottery.

2.8 SUBMISSION OF UNSOLICITED IDEAS

Unsolicited ideas or suggestions, including ideas for advertising campaigns, Promotions, games, marketing plans, product names, artwork or any other aspect of Lottery operations, must be submitted in the manner and subject to the conditions prescribed by the Lottery. Anyone submitting an idea or suggestion to the Lottery without following Lottery-established requirements will be deemed to have waived all rights to the submission.

2.9 USE OF PRIZE RESERVE FOR PRIZE AUGMENTATION AND PROMOTION

The Prize Reserve may be used for augmentation of Prizes to ensure adequate funding of Prizes or to promote specified games or programs as provided in these regulations. Any Promotion funded by the Prize Reserve must be directly tied to the purchase of a Lottery product and must be conducted in accordance with these regulations and rules established by the Lottery.

2.10 SPONSORSHIPS

The Lottery may use administrative funds to sponsor activities or functions in furtherance of its mission where the value received by the Lottery in return for the sponsorship is commensurate with the expenditure. All sponsorships must be approved in advance by the Director.

2.11 STRATEGIC MARKETING PARTNERSHIPS

The Lottery may use administrative monies to fund strategic partnerships that are, in effect, joint marketing arrangements between the Lottery and other business entities intended to increase awareness and motivate purchases of Lottery products. Where these relationships are driven by intangible marketing/advertising criteria such as artistic considerations, intellectual property restrictions, market research, and cultural trends, as opposed to criteria such as price and experience which are addressed by competitive bidding, the competitive bidding procedures outlined in these regulations do not apply.

2.12 INTERRUPTION OF GAME OR PROMOTION

The Director may temporarily suspend or disable games or Promotions and/or any of their features or elements where such action is reasonably necessary to preserve the security, integrity, and fairness of the game or Promotion. If a Draw is interrupted or disrupted, the Director will determine the appropriate corrective action. All Tickets that were originally eligible for the interrupted or disrupted Draw will remain eligible for that Draw or the next Draw.

2.13 TERMINATION OF GAME OR PROMOTION

The Director may at any time announce (1) a termination date for Draw games or Promotions and/or any of their features or elements or (2) an end-of-game date for Scratchers games and/or any of their features or elements.

2.14 EMPLOYEE RECOGNITION PROGRAM

2.14.1. Merit Awards

The Director may make monetary merit awards to eligible Lottery employees. Such awards will be made pursuant to Government Code section 19823, as amended from time to time, implementing regulations adopted pursuant thereto, and procedures and standards established by the California Department of Human Resources. Pursuant to Government Code section 19823, the Director will designate a Merit Award Administrator to administer the award program.

2.14.2. State Service Awards – 25 Years

Pursuant to Government Code section 19849.9, as amended from time to time, the Director may present an award to Lottery employees with 25 years of state service.

2.14.3. Sales Bonuses for Eligible Employees

The sales incentive bonus for eligible employees shall be consistent with the applicable memorandum of understanding and associated side letters entered into pursuant to Government Code sections 3517 and 3517.5.

2.15 EFFECTIVE DATE FOR AMENDMENTS TO REGULATIONS

Unless otherwise specified by the Commission, additions or changes to these regulations shall become effective immediately upon adoption by the Commission. As soon as reasonably practicable thereafter, the amended regulations will be published on

the Lottery website. Contract solicitations will be governed by regulations in effect as of the date of their release unless expressly provided otherwise.

3.0 LOTTERY GAMES

3.1 DAILY DERBY

3.1.1. Authorization

The California Lottery may conduct Daily Derby, a Draw game, pursuant to these regulations.

3.1.2. Method of Play

A. Selection Cost

Each Daily Derby selection sells for $2 per play, per Draw.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) A Player must either select three horse names with corresponding identification numbers in the position the horses will finish the race (first place, second place, third place), or choose the Quick Pick feature.

(3) In addition, a Player must select three numbers representing a race time or choose the Quick Pick feature. The three numbers selected represent the seconds and hundredths of a second in a one minute, forty-something-second race time. That is, there is the “given” – 1.4_._ _ and the Player is expected to fill in the three spaces following the number 4 with their selected numbers (0-9). For example, the Player might fill in a 7 and two 9’s to indicate a one minute, forty-seven and 99 hundredths of a second (1.47.99) race time.

(4) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own selections, the Terminal (depending upon the type of Terminal used) will issue a Ticket containing either the Player’s selections or the

Quick Pick selections. If a Player fails to make a race time selection, the Terminal will generate a Quick Pick race time.

(5) A Daily Derby Ticket may contain up to three Daily Derby play selections.

(6) Players may play the same selections in a limited number of Advance Plays on a single Daily Derby Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

C. Draws

(1) Draw Procedures

Daily Derby Draws are held once each day pursuant to established Draw Procedures. The time, place, and frequency of such Draws may be changed at the Director's discretion.

(2) Winning Selections

(a) The objective of Daily Derby is to randomly select the three winning Daily Derby horses in first, second, and third place, and the winning "race time".

(b) Holders of valid winning Tickets for a given Draw may be entitled to a Prize or Promotional Award for that Draw in accordance with these regulations.

(c) If more than one Daily Derby play selection matches the winning horses and/or race time in a prize category in a single Draw, each play selection with the same winning horses and/or race time will share equally in the Daily Derby Prize Pool for that prize category. Players are eligible to receive only the highest category Prize or Promotional Award for each winning play selection.

3.1.3. Eligibility for a Prize

A. A valid original Daily Derby Ticket is the only proof of a Player's play selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations, and the official rules of the game or Promotion.

3.1.4. Odds and Prizes

A. Odds of Winning Prizes and Prize Pool Allocation

Prize Categories	Prize Combinations	Odds	Percent of Total Prize Pool Allocated
Grand Prize	Match Trifecta & Race Time	1 in 1,320,000	14%
Trifecta	Match 1st, 2nd, & 3rd Place Horses in Order	1 in 1,321	36%
Exacta	Match 1st & 2nd Place Horses in Order	1 in 147	16%
Win	Match 1st Place Horse	1 in 13.2	25%
Race Time	Match Race Time Exactly	1 in 1,001	5%
	Prize Reserve		4%

B. Prize Pool

The available Daily Derby Prize Pool will be approximately 50% of total Daily Derby sales, including Advance Play wagers, for that Draw. The available Prize Pool may include Prize Pool money rolled over from the previous Daily Derby Draw.

C. Prize Categories - Shares

(1) All Daily Derby Prizes are paid to Winners in a single cash payment on a Pari-mutuel basis, as defined in these regulations.

(2) Each winning play selection in each prize category is considered a single unit equal to one share of that prize category.

(3) Prize amounts vary depending on Ticket sales and number of Winners.

(4) Notwithstanding the allocations provided, shares in each prize category will be rounded down to the nearest whole dollar from the calculated amount; except where the share value is calculated at $1.99 or less, in which case the share shall be rounded up to $2. All Prize Breakage resulting from the rounding of Prizes will remain in the Prize Pool and be added to the Grand Prize Pool for that Draw after the category apportionments specified in these regulations have been made.

(5) If there is no valid winning Ticket for any one of the Daily Derby prize categories in any given Draw, all monies allocated for that prize category will be rolled into the Grand Prize Pool for the next Draw.

3.1.5. Ticket Cancellation

A. Daily Derby Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.2 DAILY 4

3.2.1. Authorization

The California Lottery may conduct Daily 4, a Draw game, pursuant to these regulations.

3.2.2. Method of Play

A. Selection Cost

Each Daily 4 selection sells for $1 per play, per Draw.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) A Player must either select a set of four numbers (one number from each of four fields) or choose Quick Pick to generate the selections.

(3) In addition, a Player must select one of three Playstyles: straight, box, or straight/box.

(a) Straight Play

A straight Playstyle wins if the Player's four-number selection exactly matches the four numbers, and the order of the numbers, drawn by the Lottery.

For example:

Player selects	Player wins if Lottery Draws
1,2,3,4	1,2,3,4

Players who select only the straight Playstyle are eligible for Prizes only in the straight play prize category.

(b) Box Play

A box Playstyle wins if the Player's four-number selection matches, in any order, the four numbers drawn by the Lottery. If a Player chooses four different numbers, then the Player's Ticket has twenty-four possible winning combinations. For example:

Player selects	Player wins if Lottery Draws
1,2,3,4	1,2,3,4 or 1,3,2,4 or 1,4,2,3 or 1,2,4,3 or 1,3,4,2 or 1,4,3,2 or 2,1,3,4 or 2,3,1,4 or 2,4,1,3 or 2,1,4,3 or 2,3,4,1 or 2,4,3,1 or 3,1,2,4 or 3,2,1,4 or 3,4,1,2 or 3,1,4,2 or 3,2,4,1 or 3,4,2,1 or 4,1,2,3 or 4,2,1,3 or 4,3,1,2 or 4,1,3,2 or 4,2,3,1 or 4,3,2,1

If a Player chooses four numbers, two of which are the same, then the Player's Ticket has twelve possible winning combinations. For example:

Player selects	Player wins if Lottery Draws
1,1,2,3	1123, 1132, 1213, 1231, 1321, 1312, 2311, 2113, 2131, 3211, 3112, 3121

If a Player chooses four numbers, two sets of pairs, then the Player's Ticket has six possible winning combinations. For example:

Player selects	Player wins if Lottery Draws
1-1-2-2	1,1,2,2 or 1,2,1,2 or 1,2,2,1 or 2,2,1,1 or 2,1,2,1 or 2,1,1,2

If a Player chooses four numbers, three of which are the same, then the Player's Ticket has four possible winning combinations. For example:

Player selects	Player wins if Lottery Draws
1-1-1-2	1,1,1,2 or 1,1,2,1 or 1,2,1,1 or 2,1,1,1

Players who select only the box Playstyle are eligible for Prizes in the box play category only, even if they match the four numbers in the exact order that they are drawn by the Lottery.

(c) Straight/Box Play

A straight/box-combination Playstyle wins if a Player's numbers match the numbers drawn by the Lottery, regardless of the order in which the Player's numbers appear.

However, in a straight/box play, a Player's $1 play is split between the two Playstyles. Because of the split, the potential payouts in each portion of a straight/box play are approximately half the prize amounts in the straight and box Prize Pool, but the odds of winning either straight or box play do not change.

By matching the winning numbers in the exact order, the straight/box Player will win approximately half of the straight Prize plus approximately half of the box Prize. If the straight/box Player matches the winning numbers in any other order, he/she will win approximately half of the box Prize only.

For example:

Player selects	Player wins if Lottery Draws
1-2-3-4	1,2,3,4 or 1,3,2,4 or 1,4,2,3 or 1,2,4,3 or 1,3,4,2 or 1,4,3,2 or 2,1,3,4 or 2,3,1,4 or 2,4,1,3 or 2,1,4,3 or 2,3,4,1 or 2,4,3,1 or 3,1,2,4 or 3,2,1,4 or 3,4,1,2 or 3,1,4,2 or 3,2,4,1 or 3,4,2,1 or 4,1,2,3 or 4,2,1,3 or 4,3,1,2 or 4,1,3,2 or 4,2,3,1 or 4,3,2,1

(4) Four identical numbers (e.g., 4-4-4-4) may only be played as a straight play.

(5) If a Player fails to select a Playstyle, the default Playstyle is straight play.

(6) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending on the type of Terminal used) will issue a Ticket containing either the Player's selections or the Quick Pick selections.

(7) A Daily 4 Ticket may contain multiple plays.

(8) Players may play the same selections in a limited number of Advance Plays on a single Daily 4 Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

C. Draws

(1) Draw Procedures

Daily 4 Draws are held once each day pursuant to established Draw Procedures. The time, place, and frequency of the Draws may be changed at the Director's discretion.

(2) Winning Selections

(a) The objective of Daily 4 is to select the four winning Daily 4 numbers from four identical fields.

(b) Holders of valid winning Tickets for a given Draw may be entitled to a Prize or Promotional Award Draw in accordance with these regulations.

(c) If more than one Daily 4 play selection matches the winning numbers in any prize category of the Daily 4 Draw, each play selection will share equally in the Daily 4 Prize Pool for that prize category.

3.2.3. Eligibility for a Prize

A. A valid original Daily 4 Ticket is the only proof of a Player's play selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations, and the official rules of the game or Promotion.

3.2.4. Odds and Prizes

A. Odds of Winning Prizes and Share Value

Prize Categories	Odds	Share Value
Straight – match four numbers in exact order	1 in 10,000	12.5
Box – match four numbers in any order		
Box Four Unique – match numbers in any order	1 in 417	0.5
Box Two Same – match in any order, two same numbers and two different numbers	1 in 833	1
Box Two Same Pairs – match in any order, two sets of same numbers	1 in 1,667	2
Box Three Same – match in any order, three same numbers and one different number	1 in 2,500	3
Straight/Box – match four numbers in exact or any order		
Box 4 Unique – match numbers in any order	1 in 417	
Straight/Box		6.5
Box		0.25
Box 2 Same – match in any order, two same numbers and two different number	1 in 833	
Straight/Box		6.75
Box		0.5
Box 2 Same Pairs – match in any order, two sets of same numbers	1 in 1,667	

Prize Categories	Odds	Share Value
Straight/Box		7.25
Box		1
Box 3 Same – match in any order, three same numbers and one different number	1 in 2,500	
Straight/Box		7.75
Box		1.5

B. Prize Pool

The available Daily 4 Prize Pool will be approximately 48.5% of total Daily 4 sales, including Advance Play wagers, for that Draw.

C. Prize Categories – Shares

(1) Daily 4 Prizes are paid on a Pari-mutuel basis, as defined in these regulations, per Prize category according to the following formula:

(a) Share Calculations

(i) Multiply the number of winning selections in each prize category by the share value, identified above, assigned to that prize category.

(ii) Perform the calculation in the preceding subparagraph for all thirteen prize categories.

(iii) Add together the results of the thirteen calculations to determine the total shares won for that Draw.

(iv) Divide the available Prize Pool by the total shares won to produce the Pari-mutuel per share prize amount.

(b) Prize Calculations

(i) For all prize categories except $1 Box categories, multiply the per-share prize amount by the share value for that prize category.

(ii) For $1 Box prize categories, multiply the corresponding Straight/Box prize category by 2.

(iii) For Prize Structures without the Straight/Box Playstyle, multiply the per share prize amounts by the share value for that prize category.

(2) Prize amounts vary depending on Ticket sales and number of Winners. On any play, only the highest Prize won is awarded.

(3) The prize amount in each prize category will be rounded down to the nearest whole dollar from the calculated amount, except where the share is calculated at $0.99 or less, in which case the share will be rounded up to $1. All Prize Breakage resulting from rounding of Prizes will be added to the Prize Reserve.

3.2.5. Ticket Cancellation

A. Daily 4 Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.3 DAILY 3

3.3.1. Authorization

The California Lottery may conduct Daily 3, a Draw game, pursuant to these regulations.

3.3.2. Method of Play

A. Selection Cost

A Daily 3 selection will sell for $1 per play, per Draw.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) A Player must either select three numbers (one number from each of three fields) or choose Quick Pick to generate the selections.

(3) In addition, a Player must select one of three Playstyles: straight, box or straight/box.

(a) Straight Play

A straight Playstyle wins if the Player's three number selections exactly match the three numbers, and the order of the numbers drawn by the Lottery. For example:

Player selects	Player wins if Lottery Draws
1-2-3	1,2,3

Players who select only the straight Playstyle are eligible for Prizes only in the straight play prize category.

(b) Box Play

A box Playstyle wins if the Player's three number selections match, in any order, the three numbers drawn by the Lottery. If a Player chooses three different numbers, then the Player's Ticket has six possible winning combinations. For example:

Player selects	Player wins if Lottery Draws
1-2-3	1,2,3 or 1,3,2 or 2,1,3 or 2,3,1 or 3,1,2 or 3,2,1

If a Player chooses three numbers, two of which are the same, then the Player's Ticket has three possible winning combinations. For example:

Player selects	Player wins if Lottery Draws
1-2-2	1,2,2 or 2,1,2 or 2,2,1

Players who select only the box Playstyle are eligible for Prizes only in the box play category, even if they match the three numbers in the exact order that they are drawn by the Lottery.

(c) Straight/Box Play

A straight/box-combination Playstyle wins if a Player's numbers match the numbers drawn by the Lottery, regardless of the order in which the Player's numbers appear.

However, in a straight/box play, a Player's $1 play is split between the two Playstyles. Because of the split, the potential payouts in each portion of a straight/box play are approximately half the prize amounts in the straight and box categories, but the odds of winning either straight or box play do not change.

By matching the winning numbers in the exact order, the straight/box Player will win approximately half of the straight Prize plus approximately half of the box Prize. If the straight/box Player matches the winning numbers in any other order, he/she will win approximately half of the box Prize only.

For example:

Player selects	Player wins if Lottery Draws
1-2-3	1,2,3 or 1,3,2 or 2,1,3 or 3,1,2 or 3,2,1

(4) Three identical numbers (e.g., 3-3-3) may only be played as a straight play.

(5) If a Player fails to select a Playstyle, the default Playstyle is straight play.

(6) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending on the type of Terminal used) will issue a Ticket containing either the Player's selections or the Quick Pick selections.

(7) A Daily 3 Ticket may contain multiple Daily 3 plays.

(8) Players may play the same selections in a limited number of Advance Plays on a single Daily 3 Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

C. Draws

(1) Draw Procedures

Daily 3 Draws are held twice each day pursuant to established Draw Procedures. The time, place, and frequency of the Draws may be changed at the Director's discretion.

(2) Winning Selections

(a) The objective of Daily 3 is to select the three winning Daily 3 numbers from three identical fields.

(b) Holders of valid winning Tickets for a given Draw may be entitled to a Prize or Promotional Award in accordance with these regulations.

(c) If more than one Daily 3 play selection matches the winning numbers in any prize category of a Daily 3 Draw, each play selection will share equally in the Daily 3 Prize Pool for that prize category.

3.3.3. Eligibility for a Prize

A. A valid original Daily 3 Ticket is the only proof of a Player's play selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations, and the official rules of the game or Promotion.

3.3.4. Odds and Prizes

A. Odds of Winning Prizes and Share Value

Prize Categories	Odds	Share Value
Straight – match three numbers in exact order	1 in 1,000	12.5
Box – match three numbers in any order		
Three Unique numbers	6 in 1,000	2
Two Duplicate numbers	3 in 1,000	4
Straight/Box – match three numbers in exact or any order		
Three Unique numbers Straight portion	1 in 1,000	7.25
Three Unique numbers Box portion	6 in 1,000	1
Two Duplicate numbers Straight portion	1 in 1,000	8.25
Two Duplicate numbers Box portion	3 in 1,000	2

B. Prize Pool

The available Daily 3 Prize Pool will be approximately 50% of total Daily 3 sales, including Advance Play wagers, for that Draw.

C. Prize Categories – Shares

(1) Daily 3 Prizes are paid on a Pari-mutuel basis, as defined in these regulations, per prize category according to the following formula:

(a) Share Calculations

(i) Multiply the number of winning selections in each prize category by the share value, identified above, assigned to that prize category.

(ii) Perform the calculation in the preceding subparagraph for all seven prize categories.

(iii) Add together the results of the seven calculations to produce the total shares won for that Draw.

(iv) Divide the available Prize Pool by the total shares won to produce the Pari-mutuel per share prize amount.

(b) Prize Calculations

(i) For all prize categories except $1 Box categories, multiply the per-share prize amount by the share value for that prize category.

(ii) For $1 Box Prize categories, multiply the corresponding Straight/Box prize category by 2.

(iii) Prize amounts vary depending on Ticket sales and number of Winners. On any play, only the highest Prize won is awarded.

(2) The prize amount in each prize category will be rounded down to the nearest whole dollar from the calculated amount, except where the share is calculated at $0.99 or less, in which case the share will be rounded up to $1. All Prize Breakage resulting from the rounding of Prizes will be added to the Prize Reserve.

3.3.5. Ticket Cancellation

A. Daily Three Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.4 FANTASY 5

3.4.1. Authorization

The California Lottery may conduct Fantasy 5, a Draw game, pursuant to these regulations.

3.4.2. Method of Play

A. Selection Cost

Each Fantasy 5 selection sells for $1 per play, per Draw.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) A Player must either select five numbers (one number from each of five fields) or choose Quick Pick to generate the selections.

(3) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending on the type of Terminal used) will either issue a Ticket containing the Player's selections or issue a Ticket containing the Quick Pick selections.

(4) A Fantasy 5 Ticket may contain multiple Fantasy 5 plays.

(5) Players may play the same selections in a limited number of Advance Plays on a single Fantasy 5 Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

C. Draws

(1) Draw Procedures

Fantasy 5 Draws are held once each day pursuant to established Draw Procedures. The time, place, and frequency of the Draws may be changed at the Director's discretion.

(2) Winning Selections

(a) The objective of Fantasy 5 is to select the five winning Fantasy 5 numbers from a field of 39 numbers.

(b) Holders of valid Tickets for a given Draw that match some or all of the winning numbers, irrespective of order, may be entitled to a Prize or Promotional Award in accordance with these regulations.

(c) If more than one Fantasy 5 play selection matches the winning numbers in any prize level of a Fantasy 5 Draw, each play selection will share equally the respective Fantasy 5 Prize Pool for that prize level, with the exception of the two-of-five level which has a free Ticket Prize.

(d) Players are eligible to receive only the highest level Prize or Promotional Award for each winning selection.

(e) A Winner whose valid Ticket matches two of the numbers drawn in a Fantasy 5 Draw is eligible to receive a free Ticket. All free Ticket Prizes will be Quick Pick selections and will be issued automatically by a Lottery Terminal at the time the original match two Ticket is validated by a Retailer. Free Tickets are valid for the Draw immediately following their issuance and are not cancellable.

3.4.3. Eligibility for a Prize

A. A valid original Fantasy 5 Ticket is the only proof of a Player's play selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations, and the official rules of the game or Promotion.

3.4.4. Odds and Prizes

A. Odds of Winning Prizes and Prize Pool Allocations

Prize Levels	Odds	Percentage of Total Prize Pool Allocated
Match 5 of 5	1 in 575,757	40%

Prize Levels	Odds	Percentage of Total Prize Pool Allocated
Match Any 4	1 in 3,387	25%
Match Any 3	1 in 103	31%
Match Any 2	1 in 10	0% (Free Ticket)
Prize Reserve		4%

B. Prize Pool

The available Fantasy 5 Prize Pool will be approximately 50% of total Fantasy 5 sales, including Advance Play wagers, for that Draw. The available Prize Pool may include Prize Pool money rolled over from the previous Draw.

C. Prize Levels – Shares

(1) Fantasy 5 cash Prizes are paid to Winners in a single cash payment on a Pari-mutuel basis, as defined in these regulations. Free Ticket Prizes are distributed as described in these regulations.

(2) Each winning play selection in each prize level, except the two of five level, is considered to be a single unit equal to one share of that prize level.

(3) Prize amounts vary depending on Ticket sales and number of Winners.

(4) Shares in each prize level will be rounded down to the nearest whole dollar from the calculated amount, except where the share is calculated at $0.99 or less, in which case the share will be rounded up to $1. All Prize Breakage resulting from the rounding of Prizes will be added to the “5 of 5” Prize Pool level for the next Draw.

(5) If there is no valid winning Ticket for any one of the Fantasy 5 “5 of 5”, “4 of 5” or “3 of 5” prize levels in a particular Draw, money allocated for that level will be rolled over to the “5 of 5” Prize Pool level for the next Draw.

3.4.5. Ticket Cancellation

A. Except for the Fantasy 5 match two free Tickets which are not cancellable, Fantasy 5 Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.5 HOT SPOT

3.5.1. Authorization

The California Lottery may conduct Hot Spot, a Draw game, pursuant to these regulations.

3.5.2. Method of Play

A. Selection Cost

Each Hot Spot selection sells for at least $1 per play, per Draw. Players may wager $1, $2, $3, $4, $5, $10 or $20 per play, per Draw, provided that no more than $100 total may be wagered on a single Ticket.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) First, a Player must select the number of spots to be played, from 1 to 10. Then, for each spot the Player must select a number from a field of 80 or choose the Quick Pick feature to select the numbers.

(3) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending on the type of Terminal used) will issue a Ticket containing either the Player's selections or the Quick Pick selections.

(4) A Player must indicate the amount of the wager for each play. If the Player does not mark the amount of the wager, $1 is selected automatically.

(5) Players may play the same selections in a limited number of Advance Plays on a single Hot Spot Ticket. If the Player does not indicate the number of Draws, only the next scheduled Draw will be selected automatically.

C. Draws

(1) Draw Procedures

Hot Spot Draws occur every 4 minutes, seven days a week, during established hours. The time, place, and frequency of the Draws may be changed at the Director's discretion.

If a Draw is interrupted due to system problems, the pool for that Draw will remain open until the problem is corrected and the system is completely operational. When it is operational, the pool will be closed at the next four-minute interval and the Draw will be conducted.

(2) Winning Selections

(a) Twenty unique winning numbers are selected at random from a field of 80 numbers. Those 20 numbers constitute the set of winning numbers for that Draw.

(b) Holders of valid Tickets for a given Draw that match some or all of the winning numbers, irrespective of order, may be entitled to a Prize or Promotional Award in accordance with these regulations.

(3) Any numbers displayed on monitors are informational and for entertainment purposes only. They bear no relation to Ticket validation. All Tickets are subject to the validation and authentication provisions in these regulations.

(4) Players are eligible to receive, subject to the validation requirements, only the highest prize level or Promotional Award for each winning Hot Spot selection (e.g., a 5 spot/5 match Winner will receive a Pari-mutuel share of the 5 spot/5 match Prize, but will not receive the 5 spot/4 match Prize, or the 5 spot/3 match Prize).

3.5.3. Eligibility for a Prize

A. A valid original Hot Spot Ticket is the only proof of a Player's selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations, and the official rules of the game or Promotion.

3.5.4. Odds and Prizes

A. Odds of Winning a Prize

Prize Levels	Odds
1 Spot	**Overall Odds 1 in 4**
Match 1 of 1	1 in 4
2 Spot	**Overall Odds 1 in 16.6**
Match 2 of 2	1 in 16.6
3 Spot	**Overall Odds 1 in 6.6**
Match 3 of 3	1 in 72.1
Match 2 of 3	1 in 7.2
4 Spot	**Overall Odds 1 in 3.9**
Match 4 of 4	1 in 326.4
Match 3 of 4	1 in 23.1
Match 2 of 4	1 in 4.7
5 Spot	**Overall Odds 1 in 10.3**
Match 5 of 5	1 in 1,550.6
Match 4 of 5	1 in 82.7
Match 3 of 5	1 in 11.9
6 Spot	**Overall Odds 1 in 6.2**
Match 6 of 6	1 in 7,752.8
Match 5 of 6	1 in 323
Match 4 of 6	1 in 35
Match 3 of 6	1 in 7.7
7 Spot	**Overall Odds 1 in 4.2**
Match 7 of 7	1 in 40,979.3
Match 6 of 7	1 in 1,366

Prize Levels	Odds
Match 5 of 7	1 in 115.8
Match 4 of 7	1 in 19.2
Match 3 of 7	1 in 5.7
8 Spot	**Overall Odds 1 in 9.2**
Match 8 of 8	1 in 230,114.6
Match 7 of 8	1 in 6,232.3
Match 6 of 8	1 in 422.5
Match 5 of 8	1 in 54.6
Match 0 of 8	1 in 11.3
9 Spot	**Overall Odds 1 in 9.7**
Match 9 of 9	1 in 1,380,687.6
Match 8 of 9	1 in 30,681.9
Match 7 of 9	1 in 1,690.1
Match 6 of 9	1 in 174.8
Match 5 of 9	1 in 30.7
Match 0 of 9	1 in 15.7
10 Spot	**Overall Odds 1 in 9.1**
Match 10 of 10	1 in 8,911,711.2
Match 9 of 10	1 in 163,381.4
Match 8 of 10	1 in 7,384.5
Match 7 of 10	1 in 620.7
Match 6 of 10	1 in 87.1
Match 5 of 10	1 in 19.4
Match 0 of 10	1 in 21.8

B. Wagered Prize Fund

(1) The funding source for Hot Spot Prizes is the Wagered Prize Fund which is continuously funded by an ongoing contribution of approximately 64% of all Hot Spot sales, including Advance Play wagers, for each Draw.

(2) The Director will prevent the Wagered Prize Fund from exceeding $2.9 million through augmentation of Prizes and implementation of Promotions, including the issuance of free Hot Spot Tickets, from time to time.

(3) The Director will establish procedures to ensure that the balance of money in the Wagered Prize Fund at the end of each fiscal year is liquidated at the beginning of the next fiscal year by using it to augment Prizes associated with promotional events.

(4) Typical Prize Amounts and Typical Prize Pools

(a) To the extent supported by the Wagered Prize Fund, the following typical prize amounts and typical Prize Pools will be paid. Players who wager more than $1 per play can win the typical prize amount multiplied by the total dollars wagered for those prize levels designated with typical prize amounts.

Prize Levels	Typical Prize Amount	Typical Prize Pool
1 Spot: Match 1	$2	
2 Spot: Match 2	$10	
3 Spot: Match 3	$25	
3 Spot: Match 2	$2	
4 Spot: Match 4	$78	
4 Spot: Match 3	$4	
4 Spot: Match 2	$1	
5 Spot: Match 5	$435	
5 Spot: Match 4	$15	
5 Spot: Match 3	$2	
6 Spot: Match 6	$900	
6 Spot: Match 5	$67	
6 Spot: Match 4	$6	
6 Spot: Match 3	$1	
7 Spot: Match 7	$2,000	
7 Spot: Match 6	$190	
7 Spot: Match 5	$12	
7 Spot: Match 4	$3	
7 Spot: Match 3	$1	
8 Spot: Match 8	See (b) below	$10,000
8 Spot: Match 7	$550	
8 Spot: Match 6	$80	
8 Spot: Match 5	$12	
8 Spot: Match 0	$1	
9 Spot: Match 9	See (b) below	$30,000
9 Spot: Match 8	$2,750	
9 Spot: Match 7	$135	
9 Spot: Match 6	$30	
9 Spot: Match 5	$6	
9 Spot: Match 0	$1	
10 Spot: Match 10	See (b) below	$100,000
10 Spot: Match 9	$5,000	
10 Spot: Match 8	$575	
10 Spot: Match 7	$42	
10 Spot: Match 6	$17	

Prize Levels	Typical Prize Amount	Typical Prize Pool
10 Spot: Match 5	$3	
10 Spot: Match 0	$2	

(b) For prize levels with typical Prize Pools, all Winners of those prize levels will share equally in the Prize Pool amount. The dollar amount of each shared Prize will be rounded down to the nearest whole dollar, except where the share is calculated at $0.99 or less, in which case, the share will be rounded up to $1. All Prize Breakage resulting from the rounding of Prizes will be added to the Wagered Prize Fund.

(c) In the event that the Wagered Prize Fund is insufficient to pay typical prize amounts or typical Prize Pools, prize amounts will be reduced by whole dollars in sequence as follows until the Wagered Prize Fund is sufficient to pay the reduced prize amounts:

(i) All typical Prize Pools and typical prize amounts of $2,000 or more will be reduced by as much as 20% by stepping down payouts in 1% increments. If this is still not sufficient, then:

(ii) All typical prize amounts of $100 or more will be reduced by as much as 20%, by stepping down payouts in 1% increments. If this is still not sufficient, then:

(iii) All typical prize amounts of $5 or more will be reduced by as much as 20%, by stepping down payouts in 1% increments.

(d) If, after all the reductions described in subparagraph (c), the Wagered Prize Fund is still insufficient to pay all Prizes, a maximum 40% reduction using identical 1% step-down increments will be applied to the preceding three prize amount categories ($2,000 or more, $100 or more and $5 or more), in sequence.

(e) If, after all the reductions described in subparagraphs (c) and (d), the Wagered Prize Fund is still insufficient to pay all Prizes, a maximum 40% reduction using identical 1% step-down increments will be applied to Prizes of $2 or more.

(f) If, after all the deductions described in subparagraphs (c), (d) and (e), the Wagered Prize Fund is still insufficient to pay all Prizes, a maximum 60% reduction using identical 1% step-down increments will be applied to the preceding four prize amount categories

($2,000 or more, $100 or more, $5 or more, and $2 or more), in sequence.

(g) If, after all the deductions described in subparagraphs (c), (d), (e) and (f), the Wagered Prize Fund is still insufficient to pay all Prizes, prize amounts will be reduced in 1% increments cycling through the four prize amount categories set forth in subparagraph (f).

(h) In no event shall any Prize be reduced to less than $1.

3.5.5. Ticket Cancellation

A. Hot Spot Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.5.6. Bulls-Eye Feature

A. Authorization

A Bulls-Eye is a feature of the Hot Spot game which may be available for any given Draw at the Director's discretion. It may only be played in conjunction with Hot Spot and Hot Spot regulations apply to the Bulls-Eye feature except as noted below.

B. Method of Play

(1) Selection Cost

To play the Bulls-Eye feature of the Hot Spot game, a Player must pay at least an additional $1 per play, per Draw. When the Bulls-Eye feature is selected, the

amount wagered for Bulls-Eye must equal the amount wagered for Hot Spot. For example, if $3 is wagered on Hot Spot, then the Bulls-Eye wager must be $3, for a total wager of $6. If selected, the Bulls-Eye feature will apply to all Advance Play wagers on the Ticket.

(2) Play Selections

In order to play the Bulls-Eye feature, a Player must play Hot Spot and mark the Bulls-Eye option on the Hot Spot Playslip. Players do not select additional numbers for Bulls-Eye play.

(3) Draws and Winning Selections

(a) One of the 20 numbers drawn by the Lottery for each Hot Spot play will be the Bulls-Eye number.

(b) If a Player elects to play the Bulls-Eye feature and the winning Bulls-Eye number is among the numbers selected by the Player, the Player may be entitled to the Bulls-Eye Prize for that Draw.

(c) A Player may win both a Bulls-Eye Prize and a Hot Spot Prize.

(d) Bulls-Eye Players are eligible to receive only the highest prize level or Promotional Award for each winning selection.

C. Bulls-Eye Odds and Prizes

(1) Odds of Winning a Prize

Prize Levels	Odds
1 Spot	**Overall Odds 1 in 80**
1 Spot: Match Bulls-Eye Only	1 in 80
2 Spot	**Overall Odds 1 in 40**
2 Spot: Match 1 & Bulls-Eye	1 in 166.3
2 Spot: Match Bulls-Eye Only	1 in 52.7
3 Spot	**Overall Odds 1 in 26.7**
3 Spot: Match 2 & Bulls-Eye	1 in 480.5
3 Spot: Match 1 & Bulls-Eye	1 in 72.1
3 Spot: Match Bulls-Eye Only	1 in 46.4
4 Spot	**Overall Odds 1 in 20**
4 Spot: Match 3 & Bulls-Eye	1 in 1,632.2
4 Spot: Match 2 & Bulls-Eye	1 in 154.4
4 Spot: Match 1 & Bulls-Eye	1 in 47

Prize Levels	Odds
4 Spot: Match Bulls-Eye Only	1 in 46.2
5 Spot	**Overall Odds 1 in 16**
5 Spot: Match 4 & Bulls-Eye	1 in 6,202.3
5 Spot: Match 3 & Bulls-Eye	1 in 413.5
5 Spot: Match 2 & Bulls-Eye	1 in 79.4
5 Spot: Match 1 & Bulls-Eye	1 in 37.0
5 Spot: Match Bulls-Eye Only	1 in 49.3
6 Spot	**Overall Odds 1 in 13.3**
6 Spot: Match 5 & Bulls-Eye	1 in 25,842.8
6 Spot: Match 4 & Bulls-Eye	1 in 1,292.1
6 Spot: Match 3 & Bulls-Eye	1 in 175.2
6 Spot: Match 2 & Bulls-Eye	1 in 51.4
6 Spot: Match 1 & Bulls-Eye	1 in 32.4
6 Spot: Match Bulls-Eye Only	1 in 55
7 Spot	**Overall Odds 1 in 11.4**
7 Spot: Match 6 & Bulls-Eye	1 in 117,083.8
7 Spot: Match 5 & Bulls-Eye	1 in 4,553.3
7 Spot: Match 4 & Bulls-Eye	1 in 463
7 Spot: Match 3 & Bulls-Eye	1 in 95.8
7 Spot: Match 2 & Bulls-Eye	1 in 38.1
7 Spot: Match 1 & Bulls-Eye	1 in 30.6
7 Spot: Match Bulls-Eye Only	1 in 63.5
8 Spot	**Overall Odds 1 in 10**
8 Spot: Match 7 & Bulls-Eye	1 in 575,286.5
8 Spot: Match 6 & Bulls-Eye	1 in 17,806.5
8 Spot: Match 5 & Bulls-Eye	1 in 1,408.4
8 Spot: Match 4 & Bulls-Eye	1 in 218.5
8 Spot: Match 3 & Bulls-Eye	1 in 61.3
8 Spot: Match 2 & Bulls-Eye	1 in 31
8 Spot: Match 1 & Bulls-Eye	1 in 30.5
8 Spot: Match Bulls-Eye Only	1 in 75.1
9 Spot	**Overall Odds 1 in 8.9**
9 Spot: Match 8 & Bulls-Eye	1 in 3,068,194.8
9 Spot: Match 7 & Bulls-Eye	1 in 76,704.9
9 Spot: Match 6 & Bulls-Eye	1 in 4,828.9
9 Spot: Match 5 & Bulls-Eye	1 in 582.8
9 Spot: Match 4 & Bulls-Eye	1 in 122.7
9 Spot: Match 3 & Bulls-Eye	1 in 43.8
9 Spot: Match 2 & Bulls-Eye	1 in 27.1
9 Spot: Match 1 & Bulls-Eye	1 in 31.6
9 Spot: Match Bulls-Eye Only	1 in 90.6
10 Spot	**Overall Odds 1 in 8**
10 Spot: Match 9 & Bulls-Eye	1 in 17,823,422.4
10 Spot: Match 8 & Bulls-Eye	1 in 363,069.7

Prize Levels	Odds
10 Spot: Match 7 & Bulls-Eye	1 in 18,461.2
10 Spot: Match 6 & Bulls-Eye	1 in 1,773.4
10 Spot: Match 5 & Bulls-Eye	1 in 290.4
10 Spot: Match 4 & Bulls-Eye	1 in 77.8
10 Spot: Match 3 & Bulls-Eye	1 in 33.9
10 Spot: Match 2 & Bulls-Eye	1 in 24.9
10 Spot: Match 1 & Bulls-Eye	1 in 33.9
10 Spot: Match Bulls-Eye Only	1 in 111.4

(2) Bulls-Eye Typical Prize Amounts and Typical Prize Pools

(a) To the extent supported by the Wagered Prize Fund, the following typical prize amounts and typical Prize Pools will be paid. Players who wager more than $1 per play can win the typical prize amount multiplied by the total dollars wagered for those prize levels designated with typical prize amounts.

Prize Levels	Typical Prize Amount	Typical Prize Pool
1 Spot: Match Bulls-Eye Only	$52	
2 Spot: Match 1 & Bulls-Eye	$60	
2 Spot: Match Bulls-Eye Only	$15	
3 Spot: Match 2 & Bulls-Eye	$130	
3 Spot: Match 1 & Bulls-Eye	$18	
3 Spot: Match Bulls-Eye Only	$6	
4 Spot: Match 3 & Bulls-Eye	$222	
4 Spot: Match 2 & Bulls-Eye	$33	
4 Spot: Match 1 & Bulls-Eye	$10	
4 Spot: Match Bulls-Eye Only	$4	
5 Spot: Match 4 & Bulls-Eye	$565	
5 Spot: Match 3 & Bulls-Eye	$65	
5 Spot: Match 2 & Bulls-Eye	$14	
5 Spot: Match 1 & Bulls-Eye	$6	
5 Spot: Match Bulls-Eye Only	$3	
6 Spot: Match 5 & Bulls-Eye	$1,100	
6 Spot: Match 4 & Bulls-Eye	$183	
6 Spot: Match 3 & Bulls-Eye	$34	
6 Spot: Match 2 & Bulls-Eye	$6	
6 Spot: Match 1 & Bulls-Eye	$2	
6 Spot: Match Bulls-Eye Only	$5	
7 Spot: Match 6 & Bulls-Eye	$8,000	
7 Spot: Match 5 & Bulls-Eye	$385	
7 Spot: Match 4 & Bulls-Eye	$56	
7 Spot: Match 3 & Bulls-Eye	$17	

Prize Levels	Typical Prize Amount	Typical Prize Pool
7 Spot: Match 2 & Bulls-Eye	$2	
7 Spot: Match 1 & Bulls-Eye	$2	
7 Spot: Match Bulls-Eye Only	$5	
8 Spot: Match 7 & Bulls-Eye	See (c) below	$20,000
8 Spot: Match 6 & Bulls-Eye	$750	
8 Spot: Match 5 & Bulls-Eye	$120	
8 Spot: Match 4 & Bulls-Eye	$38	
8 Spot: Match 3 & Bulls-Eye	$7	
8 Spot: Match 2 & Bulls-Eye	$2	
8 Spot: Match 1 & Bulls-Eye	$2	
8 Spot: Match Bulls-Eye Only	$5	
9 Spot: Match 8 & Bulls-Eye	See (c) below	$35,000
9 Spot: Match 7 & Bulls-Eye	$3,250	
9 Spot: Match 6 & Bulls-Eye	$340	
9 Spot: Match 5 & Bulls-Eye	$60	
9 Spot: Match 4 & Bulls-Eye	$14	
9 Spot: Match 3 & Bulls-Eye	$5	
9 Spot: Match 2 & Bulls-Eye	$2	
9 Spot: Match 1 & Bulls-Eye	$2	
9 Spot: Match Bulls-Eye Only	$4	
10 Spot: Match 9 & Bulls-Eye	See (c) below	$200,000
10 Spot: Match 8 & Bulls-Eye	$10,000	
10 Spot: Match 7 & Bulls-Eye	$825	
10 Spot: Match 6 & Bulls-Eye	$173	
10 Spot: Match 5 & Bulls-Eye	$43	
10 Spot: Match 4 & Bulls-Eye	$6	
10 Spot: Match 3 & Bulls-Eye	$2	
10 Spot: Match 2 & Bulls-Eye	$2	
10 Spot: Match 1 & Bulls-Eye	$2	
10 Spot: Match Bulls-Eye Only	$5	

(b) In the event that the Wagered Prize Fund is not sufficient to pay typical prize amounts or typical Prize Pools, Prizes will be reduced as described in these Hot Spot regulations.

(c) For prize levels with typical Prize Pools, all Winners of those prize levels will share equally in the Prize Pool amount. The dollar amount of each shared Prize will be rounded down to the nearest whole dollar, except where the share is calculated at $0.99 or less, in which case, the share will be rounded up to $1. All Prize Breakage resulting from the rounding of Prizes will be added to the Wagered Prize Fund.

3.6 MEGA MILLIONS

3.6.1. Authorization

The California Lottery may conduct Mega Millions, a multi-state Draw game, pursuant to Mega Millions Official Game Rules, as they may be amended from time to time, and these regulations.

3.6.2. Game-Specific Definitions

The following definitions apply to Mega Millions.

“Base Prize Amount” means the Pari-mutuel value of one winning share (1x) at a prize level before it is increased by the Multiplier.

“Mega Millions Consortium” means the group of lotteries that are current signatories to the Multi-State Lottery Agreement for Offering Mega Millions Game and participate in the sale of Mega Millions.

“Mega Millions Official Game Rules” means the set of rules that govern the administration and operation of the Mega Millions game. These rules are applicable to all lotteries that participate in the selling of Mega Millions Tickets (party-lotteries), except where such lotteries are exempted by rule, comment, or operation of law.

“Multiplier” means a number that is randomly generated at the time of purchase according to the frequency and odds provided in these regulations, and registered in the Lottery’s gaming system. Non-Jackpot Prize amounts are determined by multiplying the Base Prize Amount by the Multiplier.

3.6.3. Method of Play

A. Selection Cost

Each Mega Millions selection sells for $5 per play, per Draw.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it,

(b) Selecting five unique numbers and one Mega Number on an SST, or

(c) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) A Player must either select five unique numbers from the main field of 70 numbers and one Mega Number from a field of 24 numbers or choose Quick Pick to generate the selections. The Mega Number may be the same as one of the five numbers selected. A Multiplier will be randomly generated with each play according to the frequency and odds as provided in these regulations. Players cannot select the Multiplier for any Mega Millions play.

(3) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending upon the type of Terminal used) will issue a Ticket containing either the Player's selections or Quick Pick selections.

(4) Tickets may contain multiple Mega Millions plays.

(5) Players may play the same number selections in Advance Play wagers on a single Mega Millions Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

(6) Mega Millions Registered Plays purchased at Fuel Pump Terminals are Quick Pick only.

C. Multiplier

(1) A Multiplier is automatically printed on Mega Millions Tickets for each Mega Millions play at no additional cost. Each Mega Millions play will have one Multiplier. If a Mega Millions Ticket contains multiple plays, each play will have its own Multiplier. A Multiplier may repeat for different plays on the same Ticket due to the frequency and limited Multiplier levels.

(2) A Multiplier only applies to the play with which it is associated and to all prize levels except the Jackpot Prize.

D. Draws

(1) Draw Procedures

Mega Millions Draws are held every Tuesday and Friday, at 7:59 p.m. Pacific Time, in Georgia by the Georgia Lottery Corporation. Ticket sales for each Draw close at 7:45 p.m. Pacific Time on the day of the Draw. The day, time, location, and manner of Mega Millions Draws are subject to change as authorized by the Mega Millions Official Game Rules.

(2) Winning Selections

(a) The objective of Mega Millions is to select the winning numbers, five from the main field of 70 numbers and one from the Mega Number field of 24 numbers.

(b) Holders of valid Tickets or Registered Plays for a given Draw that match some or all of the winning numbers, irrespective of order, may be entitled to a Prize or Promotional Award in accordance with these regulations.

(c) Winners for each prize level in a particular Draw share equally in the Prize Pool for that prize level, though non-Jackpot Prize amounts for Winners will differ based on the Multiplier being applied to winning plays.

(d) Players are eligible to receive only the highest level Prize or Promotional Award for each winning selection. For example, a “5 of 5” level Winner will receive a Pari-mutuel share of the “5 of 5” Prize only, and will not receive a share of the “4 of 5” or “3 of 5” Prizes.

3.6.4. Eligibility for a Prize

A. A valid, original Mega Millions Ticket is the only proof of a Player’s selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket or Registered Play is a winning Ticket or winning Registered Play and that the Claimant is a Winner must be made in accordance with the Lottery Act, these regulations, the Mega Millions Official Game Rules, and Lottery promotion rules.

C. No Disqualified Person, as defined in these regulations, may purchase a Mega Millions Ticket or Registered Play or Claim a Mega Millions Prize.

D. Mega Millions Players agree by purchasing a Mega Millions Ticket or Registered Play in California that any dispute or claim arising out of their purchase or related to the Mega Millions game may be pursued only against the California Lottery, and only in California.

3.6.5. Odds and Prizes

A. Odds of Winning Mega Millions Prizes and Prize Pool Allocations in California:

Prize Levels		Odds	Percentage of Total Prize Pool Allocated
1	All 5 of 5 & Mega (Jackpot)	1 in 290,472,336	55.1752%
2	All 5 of 5	1 in 12,629,232	9.4870%
3	Any 4 of 5 & Mega	1 in 893,762	1.3405%
4	Any 4 of 5	1 in 38,860	1.5416%
5	Any 3 of 5 & Mega	1 in 13,966	1.7159%
6	Any 3 of 5	1 in 608	2.0083%
7	Any 2 of 5 & Mega	1 in 666	1.8417%
8	Any 1 of 5 & Mega	1 in 86	9.8547%
9	None of 5, Mega only	1 in 36	17.0351%
	Totals	1 in 23.08	100.0000%

B. Frequency and Odds of the Multiplier

Multiplier	Frequency	Odds	Share Value
10X	1 of 32	1 in 32	10
5X	2 of 32	1 in 16	5
4X	4 of 32	1 in 8	4
3X	10 of 32	1 in 3.20	3
2X	15 of 32	1 in 2.14	2

C. Prize Pool

The available Mega Millions Prize Pool will be approximately 50.0778% of total Mega Millions sales, including Advance Play wagers, for the Mega Millions Draw and may include Prize Pool money rolled over from the previous Draw. Actual prize expense may be lower or higher than the available Prize Pool based upon the funding required to support the Jackpot Prize.

D. Prizes

(1) Mega Millions Jackpot Prize

(a) Before each Draw, the Mega Millions Consortium determines an estimated Jackpot Prize amount for the upcoming Draw. The actual Jackpot Prize amount will vary depending on sales and is determined by the cash available in the Jackpot Prize Pool. In certain instances, the Jackpot Prize will be a guaranteed amount, as set forth in the Mega Millions Official Game Rules and determined by the Mega Millions Consortium.

(b) Mega Millions Jackpot Prizes are paid on a Pari-mutuel basis, as defined in these regulations, and shared equally by Winners from all participating Mega Millions lotteries.

(c) If in any Mega Millions Draw no Mega Millions selections qualify for the Jackpot prize level, the portion of the prize fund allocated to the Jackpot prize level will remain in that level and be rolled over into the Jackpot prize level in the next Mega Millions Draw.

(d) The Jackpot Prize is divided equally among multiple winners.

(e) The amount of the Jackpot Prize, whether paid as an annuity or in a single, lump sum, is calculated in accordance with Mega Millions Finance and Operations Procedures (available upon request). Investments to fund annuities are made pursuant to established Lottery policies and procedures.

(f) The annuitized Jackpot Prize is paid in 30 graduated annual installments. The initial payment is made after the Lottery validates the winning Ticket or Registered Play and authorizes payment. Subsequent annual payments will be made pursuant to established Lottery policies and procedures.

(g) In the event multiple Mega Millions selections qualify for the Jackpot Prize and the annuitized Jackpot Prize divided by the number of winning game selections is less than $1 million, each Mega Millions Jackpot Prize Winner will be paid an amount equal to the Cash Value of the Jackpot Prize divided equally by the number of Winners. Each such Prize Winner will be paid in a single cash payment.

(h) Election of Cash Option

(i) Mega Millions Jackpot Prize Winners have up to 60 days from the date the Lottery validates the winning Ticket or Registered Play and authorizes payment to irrevocably elect to receive the current Cash Value of the Prize in a single cash payment instead of annuity payments.

(ii) No payment will be processed under the 60-day Cash Option election until the Winner submits a form irrevocably electing the Cash Option. If no election is made within the 60-day period, the Winner will receive annuity payments.

(iii) In the case of Multiple Ownership Claims, the Cash Option payment election must be unanimous. In the absence of unanimous agreement, Winners will receive annuity payments.

(iv) If Mega Millions Jackpot Prize Winners elect to receive the Cash Option, they will be paid their share of the Mega Millions Jackpot Prize Pool in a single cash payment.

(2) Mega Millions Prize Levels Two through Nine in California

(a) California pays Mega Millions prize levels two through nine according to a Pari-mutuel distribution of the Mega Millions Prize Pool aggregated in California for those prize levels. No other lottery bears any expense for prize levels two through nine for official Mega Millions Tickets or Registered Plays sold in California, and California does not participate in the reconciliation of Mega Millions prize liabilities for prize levels two through nine for Tickets sold in any other state.

(b) For all other lotteries selling Mega Millions Tickets, prize levels two through nine are paid as set Prizes in accordance with the Mega Millions Official Game Rules.

(c) California Mega Millions Prizes in levels two through nine consist of the Winner's share of the cash amount contained in the Prize Pool for that particular prize level at the time of the Draw. Payment of such Prizes are made to the Winner(s) in a single cash payment. Prizes are paid on a Pari-mutuel basis, as defined in these regulations, per prize level according to the following formula:

(i) Each winning play in a prize level has a Multiplier and corresponding share value. The share value equals the number of winning shares for that play.

(ii) Sum all the winning shares in that prize level. For example, if there are three winning plays with a 2X multiplier, two winning plays with a 4X multiplier, and one winning play with a 10X multiplier, then the total number of winning shares in that prize level would be 24 shares.

(iii) Divide the California Mega Millions Prize Pool for that prize level by the total number of winning shares. The result is the prize level's Base Prize Amount. Continuing from the example above, if the total Prize Pool allocated for the prize level was $2,400, then the Base Prize Amount for this prize level would be $100 ($2,400 divided by 24 shares = $100).

(iv) Multiply the Base Prize Amount by the Multiplier associated with the winning play to determine the winning prize amount that may be claimed by the Winner for that winning play at that particular prize level. Continuing from the example above, each of the three winning plays that have a 2X multiplier would win $200 ($100 multiplied by 2 shares), each of the two winning plays that have a 4X multiplier would win $400 ($100 multiplied by 4 shares), and the one winning play that has a 10X multiplier would win $1,000 ($100 multiplied by 10 shares).

(d) Notwithstanding the allocations provided herein, the Base Prize Amount in each California Mega Millions prize level are rounded down to the nearest whole dollar from the calculated amount, except where the Base Prize Amount is calculated at $4.99 or less, in which case, the Base Prize Amount will be rounded up to the nearest whole dollar. Prize Breakage resulting from the rounding of Prizes will be added to the Prize Reserve.

(e) If it is determined that there is no valid winning Ticket or Registered Play for a California Mega Millions prize level two through nine in any given Draw, all monies allocated for that prize level will be rolled over to the next Draw and will remain in the pool for that prize level.

(f) The California Lottery may augment or change the Prize Pool allocations for California Mega Millions prize levels two through nine.

3.6.6. Cancellations

Mega Millions Tickets and Registered Plays cannot be cancelled; all sales are final.

3.7 POWERBALL

3.7.1. Authorization

The California Lottery may conduct Powerball, a multi-jurisdictional lottery game, pursuant to Powerball Group Rules, as they may be amended from time to time, and these regulations. To the extent that there are any conflicts between Powerball Group Rules and these regulations, Powerball Group Rules will control, except that any rule that is inconsistent with the Lottery Act shall not apply.

3.7.2. Game-Specific Definitions

The following definitions apply to Powerball.

“Multi-State Lottery Association” or “MUSL” is a non-profit, government-benefit association owned and operated by its member lotteries for the purpose of offering multi-jurisdictional lottery games, including Powerball.

“Powerball Group Rules” (available upon request) means the set of rules that govern the administration and operation of the Powerball game. These rules are applicable to all lotteries that participate in the selling of Powerball and are controlling, except where such lotteries are exempted by rule, comment, or operation of law.

“Powerball Product Group” or “Product Group” means the group of lotteries that are members of MUSL and participate in the sale of Powerball.

3.7.3. Method of Play

A. Selection Cost

Each Powerball selection sells for $2 per play, per Draw. However, the Lottery may authorize temporary discounts, rebates, or Promotions permitting the sale of a selection for an amount less than $2 in accordance with Powerball Group Rules.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that a Retailer use a Terminal to generate a Quick Pick selection.

(2) A Player must either select five unique numbers from a field of 69 numbers and one Powerball Number from a field of 26 numbers or choose Quick Pick to generate the selections. The Powerball Number may be the same as one of the first five numbers selected.

(3) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending upon the type of Terminal used) will issue a Ticket containing either the Player's selections or Quick Pick selections.

(4) A Powerball Ticket may contain multiple Powerball plays.

(5) Players may play the same selections in Advance Plays on a single Powerball Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

(6) Powerball Registered Plays purchased at Fuel Pump Terminals are Quick Pick only.

C. Draws

(1) Draw Procedures

Powerball Draws are held every Monday, Wednesday, and Saturday, at 7:59 p.m. Pacific Time, in Tallahassee, Florida. Ticket sales for each Draw close at 7:00 p.m. Pacific Time on the day of the Draw. The day, time, location, and manner of Powerball Draws are subject to change as authorized by the Powerball Group Rules.

(2) Winning Selections

(a) The objective of Powerball is to select the winning numbers, five from the main field of 69 numbers and one from the Powerball Number field of 26 numbers.

(b) Holders of valid Tickets or Registered Plays for a given Draw that match some or all of the winning numbers, irrespective of order,

may be entitled to a Prize or Promotional Award in accordance with these regulations.

(c) Winners for each prize level in a particular Draw share equally in the Prize Pool for that prize level.

(d) Players are eligible to receive only the highest level Prize or Promotional Award for each winning selection. For example, a "5 of 5" level Winner will receive a Pari-mutuel share of the "5 of 5" prize level only, and will not receive a share of the "4 of 5" or "3 of 5" Prizes.

3.7.4. Eligibility for a Prize

A. A valid, original Powerball Ticket is the only proof of a Player's selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket or Registered Play is a winning Ticket or winning Registered Play and that the Claimant is a Winner must be made in accordance with the Lottery Act, these regulations, Powerball Group Rules, and Lottery promotion rules.

C. No Disqualified Person, as defined in these regulations, nor any ineligible person, as designated by the Powerball Product Group, may purchase a Powerball Ticket or Registered Play or Claim a Powerball Prize.

D. Powerball Players agree by purchasing a Powerball Ticket or Registered Play in California that any dispute or claim arising out of their purchase or related to the Powerball game may be pursued only against the California Lottery, and only in California.

3.7.5. Odds and Prizes

A. Odds of Winning Powerball Prizes and Prize Pool Allocations in California

Prize Levels	Odds	Percentage of Total Prize Pool Allocated
All of 5 of 5 & Powerball (Jackpot)	1 in 292,201,338	60.0131% up to 68.0131%*
All of 5 of 5	1 in 11,688,054	8.5558%
Any 4 of 5 & Powerball	1 in 913,130	2.1903%
Any 4 of 5	1 in 36,526	1.0951%
Any 3 of 5 & Powerball	1 in 14,495	1.1380%

Prize Levels	Odds	Percentage of Total Prize Pool Allocated
Any 3 of 5	1 in 580	1.3109%
Any 2 of 5 & Powerball	1 in 702	1.2405%
Any 1 of 5 & Powerball	1 in 92	5.6536%
None of 5, Powerball only	1 in 39	10.8027%
Prize Reserve		0.0000% up to 8.0000%*
Totals	1 in 24.87	100.0000%

* For annuity jackpot prize levels up to $120 million, 68.0131% of the Powerball Prize Pool is allocated to the Jackpot and 0.0000% of the Powerball Prize Pool is allocated to the Prize Reserve; for annuity jackpot prize levels exceeding $120 million up to $250 million, at least 64.0131% of the Powerball Prize Pool is allocated to the Jackpot and up to 4.0000% of the Powerball Prize Pool is allocated to the Prize Reserve; and for annuity jackpot prize levels exceeding $250 million, at least 60.0131% of the Powerball Prize Pool is allocated to the Jackpot and up to 8.0000% of the Powerball Prize Pool is allocated to the Prize Reserve.

B. Prize Pool

The available Powerball Prize Pool will be approximately 50% of total Powerball sales, including Advance Play wagers, for the Powerball Draw. The available Powerball Prize Pool may include Prize Pool money rolled over from previous Draws. Actual prize expense may be lower or higher than the available Prize Pool based upon the funding required to support the Jackpot Prize.

C. Prizes

(1) Powerball Jackpot Prize

(a) Before each Draw, the Powerball Product Group determines an estimated Jackpot Prize amount for the upcoming Draw. The actual Jackpot Prize amount is determined by the cash available in the Jackpot Prize Pool. In certain instances, the Jackpot Prize will be a guaranteed amount, as set forth in the Powerball Group Rules.

(b) Where the Jackpot Prize is a guaranteed amount, shares of the Jackpot Prize Pool are determined by dividing the guaranteed jackpot prize amount by the number of Jackpot Prize Winners.

(c) Where the Jackpot Prize is not a guaranteed amount, the cash available in the Jackpot Prize Pool will be shared equally among all Winners of the Jackpot Prize.

(d) Unless the Powerball Jackpot Prize Winner elects the Cash Option, Jackpot Prize funds will be invested in order to pay the Powerball Jackpot Prize as an annuity. Investments will be made pursuant to established Lottery policies and procedures.

(e) The annuitized Jackpot Prize is paid in 30 annual installments. The initial payment is made after the Lottery validates the winning Ticket or Registered Play and authorizes payment. Subsequent annual payments will be made pursuant to established Lottery policies and procedures.

(f) Breakage on an annuitized Jackpot Prize is added to the Winner's first payment.

(g) In the event that multiple Powerball selections qualify for the Jackpot prize level and the individual shares of the cash held to fund annuities are less than $250,000, the Powerball Product Group may elect to pay the Winners their share of the cash in a single payment.

(h) If in any Powerball Draw no selections qualify for the Jackpot prize level, the portion of the prize fund allocated to the Jackpot Prize Pool will remain in the Jackpot Prize Pool and be added to the amount allocated for the Jackpot prize level in the next Powerball Draw.

(i) Election of Cash Option

(i) Powerball Jackpot Prize Winners have up to 60 days from the date the Lottery validates the winning Ticket or Registered Play and authorizes payment to irrevocably elect to receive the current Cash Value of the Prize in a single cash payment instead of annuity payments.

(ii) No payment will be processed under the 60-day Cash Option election until the Winner submits a form irrevocably electing the Cash Option. If no election is made within the 60-day period, the Winner will receive annuity payments.

(iii) In the case of Multiple Ownership Claims, the Cash Option payment election must be unanimous. In the absence of unanimous agreement, Winners will receive annuity payments.

(iv) If Powerball Jackpot Prize Winners elect to receive the Cash Option, they will be paid their share of the Powerball Jackpot Prize Pool in a single cash payment.

(2) Powerball Prize Levels Two through Nine in California

(a) California pays Powerball prize levels two through nine according to a Pari-mutuel distribution of the Powerball Prize Pool aggregated in California for those prize levels. No other lottery bears any expense for prize levels two through nine for official Powerball Tickets or Registered Plays sold in California, and California does not participate in the reconciliation of Powerball prize liabilities for prize levels two through nine for Tickets sold in any other jurisdiction.

(b) For all other lotteries selling Powerball, prize levels two through nine are paid as set Prizes in accordance with the Powerball Official Game Rules.

(c) California Powerball Prizes in levels two through nine consist of the Winner's share of the cash amount contained in the Prize Pool for that particular prize level at the time of the Draw. Payment of such Prizes are made to the Winner(s) in a single cash payment.

(d) Notwithstanding the allocations provided herein, shares in each California Powerball prize level are rounded down to the nearest whole dollar from the calculated amount, except where the share is calculated at $1.99 or less, in which case the share will be rounded up to $2. All Prize Breakage resulting from the rounding of Prizes will be added to the Prize Reserve.

(e) If it is determined that there is no valid winning Ticket or Registered Play for a California Powerball prize level two through nine in any given Draw, all monies allocated for that prize level will be carried forward to the next Draw and will remain in the Pool for that prize level.

(f) The California Lottery may augment or change the Prize Pool allocations for California Powerball levels two through nine.

3.7.6. Cancellations

Powerball Tickets and Registered Plays cannot be cancelled; all sales are final.

3.8 RAFFLES

3.8.1. Authorization

The Lottery may periodically conduct raffle games. Rules for each raffle game will be determined and published by the Director before game start.

3.8.2. Method of Play

A. Selection Cost

Raffle number selections may have a sales price of between $1 and $20, depending on the game and as determined by the Director. Free raffle numbers may be provided as an incentive to purchasers of other Lottery Tickets.

B. Play Selections

(1) Depending upon the rules of the particular raffle game, Players may:

(a) Request raffle Tickets from a Retailer,

(b) Obtain raffle Tickets directly from an SST, or

(c) Receive raffle Tickets as an incentive for other Lottery Ticket purchases.

(2) Raffle games have fixed beginning and end dates.

(3) Raffle numbers are issued in numerical sequence in limited numbers. Each unique raffle number is included in a pool of entries from which the Lottery Draws winning numbers.

C. Draws

(1) Draw Procedures

(a) The date, time, and location of raffle Draws will be specified in the rules for each raffle game.

(b) Raffle Draws will be open to the public and will be conducted pursuant to these regulations and any rules, methods, policies, and procedures prescribed by the Director.

(2) Winning Selections

(a) The objective of the Draw is to randomly select winning numbers from the pool of eligible raffle numbers.

(b) A Player holding a winning raffle Ticket may be entitled to a Prize in accordance with Lottery rules and regulations.

3.8.3. Eligibility for a Prize

A. A valid, original Lottery raffle Ticket is the only proof of a Player's raffle entry and is the only acceptable instrument for Claiming a Prize, except as otherwise provided in these regulations.

B. The determination that an entry is a winning entry and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations and the official rules of the game.

3.8.4. Raffle Game Rules

A. Raffle Game Profiles must be approved by the Commission.

B. The Director may offer raffle games, without express Commission approval if the games are materially similar to those previously authorized by the Commission.

C. The Director will publish rules for each raffle game that include, at a minimum:

(1) Ticket price;

(2) Prize amounts and number of Prizes available;

(3) Number of raffle Tickets available.

3.8.5. Ticket Cancellation

A. Raffle Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.9 SUPERLOTTO PLUS

3.9.1. Authorization

The California Lottery may conduct SuperLotto Plus, a Draw game, pursuant to these regulations.

3.9.2. Method of Play

A. Selection Cost

Each SuperLotto Plus selection sells for $1 per play, per Draw.

B. Play Selections

(1) A Player may make a selection and obtain a Ticket by:

(a) Completing a Playslip and processing it on an SST or requesting that the Retailer process it, or

(b) Selecting the Quick Pick feature on an SST or requesting that the Retailer use a Terminal to generate a Quick Pick selection.

(2) Players must either select five numbers from the main field of 47 numbers and one number from the Mega number field of 27 numbers or choose Quick Pick to generate the selections.

(3) If a Player inadvertently chooses the Quick Pick feature and also makes his/her own number selections, the Terminal (depending upon the type of Terminal used) will issue a Ticket containing either the Player's selections or the Quick Pick selections.

(4) A SuperLotto Plus Ticket may contain multiple SuperLotto Plus plays.

(5) Players may play the same selections in a limited number of Advance Plays on a single SuperLotto Plus Ticket. If a Player does not mark the number of Draws, only the next scheduled Draw will be selected automatically.

(6) SuperLotto Plus Registered Plays purchased at Fuel Pump Terminals are Quick Pick only.

C. Draws

(1) Draw Procedures

SuperLotto Plus Draws are held every Wednesday and Saturday, immediately after Ticket sales close in Sacramento, California pursuant to established Draw Procedures. Ticket sales for each Draw close at 7:45 p.m. Pacific Time on the day of the Draw. The day, time, location, and manner of SuperLotto Plus Draws may be changed at the Director's discretion with prior notice.

(2) Winning Selections

(a) The objective of SuperLotto Plus is to select the winning SuperLotto Plus numbers, five from the main field of 47 numbers and one from the Mega number field of 27 numbers.

(b) Except as otherwise provided in these regulations, holders of valid Tickets or Registered Plays for a given Draw that match some or all of the winning numbers, irrespective of order, may be entitled to a Prize or Promotional Award.

(c) If more than one SuperLotto Plus Player matches the winning numbers for a particular prize level in a SuperLotto Plus Draw, each winning Player will share equally the respective SuperLotto Plus Prize Pool for that prize level.

(d) Players are eligible to receive only the highest level Prize or Promotional Award for each winning selection. For example, a "5 of 5" level Winner will receive a Pari-mutuel share of the "5 of 5" Prize only, and will not receive a share of the "4 of 5" or "3 of 5" Prizes.

3.9.3. Eligibility for a Prize

A. A valid, original SuperLotto Plus Ticket is the only proof of a Player's selections and is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is a Winner must be made in accordance with the Lottery Act, these regulations, and the official rules of the game or Promotion.

3.9.4. Odds and Prizes

A. Odds of Winning Prizes and Prize Pool Allocation

Prize Levels	Odds	Percentage of Total Prize Pool Allocated
All 5 of 5 & Mega (Jackpot)	1 in 41,416,353	60.50%
All 5 of 5	1 in 1,592,937	3.00%
Any 4 of 5 & Mega	1 in 197,221	1.50%
Any 4 of 5	1 in 7,585	2.50%
Any 3 of 5 & Mega	1 in 4,810	2.25%
Any 3 of 5	1 in 185	11.00%
Any 2 of 5 & Mega	1 in 361	6.00%
Any 1 of 5 & Mega	1 in 74	5.75%
None of 5, Mega only	1 in 49	4.50%
Prize Reserve		3.00%
Totals	1 in 23	100.00%

B. Prize Pool

The available SuperLotto Plus Prize Pool will be approximately 50% of total SuperLotto Plus sales, including Advance Play wagers, for that Draw. The available Prize Pool may include Prize Pool money rolled over from the previous Draw. Actual prize expense may be lower or higher than the available Prize Pool based upon the funding required to support the Jackpot Prize.

C. Prizes

(1) Prize amounts in all prize levels are paid on a Pari-mutuel basis and vary depending on sales and number of winners. However, all SuperLotto Plus levels have a minimum Prize of $1, notwithstanding the estimated pool allocation or the number of winners.

(2) Except for the SuperLotto Plus Jackpot, all SuperLotto Plus Prizes are paid to Winners in a single payment.

(3) If there is no valid winning Ticket or Registered Play for a SuperLotto Plus prize level for a particular Draw, all Prize Pool money allocated to that level will be rolled over to the next SuperLotto Plus Draw and added to the Jackpot Prize Pool for that Draw, after the level allocations specified in these regulations have been made.

(4) The prize amount in each prize level will be rounded down to the nearest whole dollar from the calculated amount, except where the share is calculated at $0.99 or less, in which case the share will be rounded up to $1. All Prize Breakage resulting from the rounding of Prizes will be added to the Prize Reserve.

(5) The value of the SuperLotto Plus Jackpot is the last amount announced by the Lottery as the Jackpot for that Draw.

(6) The Lottery will purchase bonds to fund the announced Jackpot annuity in accordance with these regulations and the graduated payment schedule set forth below. Investments are made and annuity payments are paid pursuant to Lottery-established policies and procedures and annuities are competitively bid.

Year	Annuity Payment as a % of Announced SuperLotto Plus Jackpot
1	1.5051%
2	1.5804%
3	1.6594%
4	1.7424%
5	1.8295%
6	1.9210%
7	2.0170%
8	2.1179%
9	2.2238%
10	2.3350%
11	2.4517%
12	2.5743%
13	2.7030%
14	2.8382%
15	2.9801%
16	3.1291%
17	3.2855%
18	3.4498%
19	3.6223%
20	3.8034%
21	3.9936%
22	4.1933%
23	4.4029%
24	4.6231%
25	4.8542%
26	5.0970%

Year	Annuity Payment as a % of Announced SuperLotto Plus Jackpot
27	5.3518%
28	5.6194%
29	5.9004%
30	6.1954%
	Total Percentage for All Years: 100%

(7) A SuperLotto Plus Jackpot Winner has up to 60 days from the date the Lottery validates the winning Ticket or Registered Play and authorizes payment of the Prize to irrevocably elect to receive the Prize in a single cash payment instead of 30 annual installments.

(8) The Cash Option for the Jackpot Prize is set prior to the Draw and is based on the estimated cost to fully fund the advertised annuity Prize. Such estimated cost is determined by market pricing for U.S. Treasury bonds. The Cash Option is paid in a single payment.

(9) The Lottery holds payment until an election is made. If the Winner fails to make an election within the 60-day period, he/she will be deemed to have irrevocably elected to receive annuity payments.

(10) In the case of Multiple Ownership Claims, the Cash Option payment election must be unanimous. In the absence of unanimous agreement, Winners will receive annuity payments.

3.9.5. Cancellations

A. Except as otherwise provided in these regulations, SuperLotto Plus Tickets may be cancelled provided all of the following requirements are met: (1) the original Ticket (2) is returned to the original selling Retailer (3) on the same day it is purchased (4) prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these provisions, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

3.10 SCRATCHERS

3.10.1. Authorization

The California Lottery may conduct instant Ticket Lottery games known as Scratchers games.

3.10.2. Method of Play

A. Scratchers games are played by removing the covering from a Ticket to expose Ticket Symbols that indicate whether the Ticket is a winning Ticket. Eligibility to win a Prize is based on the approved Playstyle as set forth in the Working Papers/Game Specifications.

B. The price of Scratchers Tickets varies from game to game as designated in each game's Core Game Profile Template. The overall estimated odds of winning a Prize are printed on each Scratchers Ticket.

3.10.3. Game Profile

A. Before a Scratchers game is ordered from a Ticket vendor, a Core Game Profile Template must be submitted to the Commission for approval, unless the Commission has previously approved a materially similar template in which case the Core Game Profile Template may be approved by the Director.

B. At a minimum, the Core Game Profile Template for each Scratchers game must contain the following information:

(1) Prize Structure,

(2) Ticket quantity, and

(3) Retail sales price.

3.10.4. Working Papers/Game Specifications

A. Working Papers/Game Specifications are developed for each Scratchers game and include a detailed description of, among other things: artwork, Ticket

Symbols, Prize Structure, Playstyle, order quantity, special features, if any, security specifications, packing specifications, and delivery schedule.

B. The Director or his/her designee approves Working Papers on behalf of the Lottery in accordance with an approved Scratchers Core Game Profile Template.

3.10.5. Eligibility for a Prize

A. A valid, original Scratchers Ticket is the only acceptable instrument for Claiming a Prize or Promotional Award, except as otherwise provided in these regulations.

B. The determination that a Ticket is a winning Ticket and that the Claimant is the Winner must be made in accordance with the Lottery Act, these regulations, and rules of the game or Promotion.

3.10.6. Odds and Prizes

A. Scratchers game Prize amounts and the overall estimated odds of winning a Prize are printed on each Scratchers Ticket.

B. Some Scratchers Prizes may be annuitized over a specified period of time as set forth in the Working Papers/Game Specifications for that game.

C. If specified in the Prize Structure, a game with an annuitized Prize may offer a Cash Option.

(1) Where the Cash Option is available, it will be calculated as a fixed percentage of the advertised annuitized prize amount and will be included in the Game Profile.

(2) Where the Cash Option is available, a Winner has up to 60 days from the date the Lottery validates the winning Ticket and authorizes payment to irrevocably elect to receive the current Cash Value of the Prize in a single cash payment instead of receiving annuity payments.

(a) No payment will be processed under the 60-day Cash Option election until the Winner submits a form irrevocably electing the Cash Option. If no election is made within the 60-day period, the Winner will receive annuity payments.

(b) In the case of Multiple Ownership Claims, the Cash Option payment election must be unanimous. In the absence of unanimous agreement, Winners will receive annuity payments.

4.0 FUEL PUMP SALES PROGRAM, DRAW TEST GAMES, 2ND CHANCE DRAWS AND PROMOTIONS

4.1 FUEL PUMP SALES PROGRAM

"Fuel Pump Sales Program" means the program that allows the sale of Registered Plays for certain specified Lottery games to natural persons age 18 or over via Fuel Pump Terminals at participating Lottery retail locations in California. Receipts issued by Fuel Pump Terminals that indicate numbers played are not traditional Lottery Tickets, are not bearer instruments, have no cash value, and are not evidence of the right to the chance to win a Prize or Promotional Award in a Lottery game. The payment card used to purchase a Registered Play is the only valid proof of ownership of that Registered Play.

4.1.1. Authorization

The Lottery may sell Registered Plays to fuel purchasers at Lottery-approved Fuel Pump Terminals pursuant to these regulations.

4.1.2. Registered Play

A. Cost

Individual Registered Plays cost the same as traditional, ticketed plays. However, each Fuel Pump Terminal transaction is subject to a convenience fee.

B. Purchasing Registered Plays: A Player may purchase Registered Plays at any participating Fuel Pump Terminal by:

(1) Swiping a valid payment card at the Fuel Pump Terminal. Lottery purchases made with a valid payment card will require age verification,

(2) Selecting a game and the number of plays desired,

(3) Players may enter their mobile phone number to receive a text message about their Registered Plays, and

(4) The Lottery transaction will be completed once fueling begins.

C. Limitations on Registered Plays

(1) Registered Plays are Quick Pick plays only.

(2) Registered Plays are available for the next Draw only. Advance Play is not available.

(3) Registered Plays cannot be cancelled.

(4) Registered Plays may not be eligible for all Lottery games or promotions.

(5) Registered Plays are not eligible for 2nd Chance Draws.

(6) The Director may limit the number of Registered Plays that may be purchased with each payment card.

4.1.3. Claiming Prizes

A. There is a presumption that the payment card owner is the owner of the Registered Play and is the Winner of any Prize won by that play.

B. Prizes of $599 or Less

For prizes of $599 or less, Prizes will automatically be credited to the Winner's payment card account. Only Lottery-approved third-party companies and/or their affiliates are authorized to validate Registered Plays or to pay Registered Play Prizes of $599 or less.

C. Prizes of $600 or More

(1) Players are responsible for determining whether their Registered Plays have won a Prize of $600 or more, which must be Claimed directly from the Lottery. Retailers are prohibited from paying Prizes of $600 or more and cannot validate Registered Plays. Claimants must go to a Lottery District Office with the payment card used to purchase the winning Registered Play and a valid form of identification.

(2) Provided that the Claimant presents the payment card used to purchase the winning Registered Play or proof of ownership of the payment card used to purchase the winning Registered Play, and valid identification within the applicable Claim period for the prize, a WVT Claim Receipt will be printed by the Lottery and presented to the Claimant. The Claimant must complete a Claim Form and submit it along with the WVT Claim

Receipt to the Lottery for processing. The Claimant must also follow all additional Lottery Claims procedures and regulations as required by the Lottery. The Claimant should retain copies of all items submitted.

(3) If the Lottery determines the Claim is not valid, it will deny the Claim and notify the Claimant.

(4) In the event that a Registered Play is a winning play but the card owner is not a natural person, then no Prize will be awarded and the Prize will be treated as an unclaimed prize.

4.1.4. Deadlines for Claiming Prizes

All Prizes must be Claimed within the applicable Claim Period. Players bear sole responsibility for Claiming their Prizes. The Lottery is under no obligation to locate or contact Winners regarding their Prizes. The Lottery is not responsible for late or incomplete Claims.

4.1.5. Validation and Authentication

In addition to other requirements specified in these regulations, the following apply to validating and authenticating winning Registered Plays:

A. The Registered Play data must have been recorded in the Lottery's central gaming system prior to the Draw;

B. The transaction must have been completed and the Registered Play legally obtained by a qualified person from an authorized Fuel Pump Terminal, pursuant to applicable Lottery rules and regulations;

C. Play selections that are associated with the payment card must match the Lottery's official winning selections for that Draw;

D. The name on the Claimant's valid identification must match the name on the payment card and the Lottery's internal Registered Play data; and

E. The payment card must not be damaged so as to prevent the Lottery from applying the criteria described herein.

4.1.6. Compliance with Governing Law

Anyone who purchases a Registered Play or Claims a Lottery Prize or Promotional Award agrees to be bound by and must comply with California law, Lottery regulations

and all procedures and instructions established by the Lottery for the conduct of the game. The determination that a Registered Play has a winning selection and that the Claimant is a Winner must be made in accordance with the Lottery Act, these regulations, Mega Millions Official Game Rules and Powerball Group Rules, and Lottery rules. Players agree by participating in the Fuel Pump Sales Program that any dispute or claim arising out of their purchase of, or related to, the Mega Millions, Powerball, or SuperLotto Plus games may be pursued only against the Lottery in California.

4.2 DRAW TEST GAMES

4.2.1. Purpose and Authority

The Lottery may explore new Draw games and game improvements through the use of a self-contained Draw Test system. The Commission may authorize several Draw Test Games and the Director may select those that will be implemented. The Lottery may offer Draw Test Games without Commission approval if the games are materially similar to those previously authorized by the Commission. The Director may implement promotional programs, including the issuance of free Tickets, in connection with Draw Test Games.

4.2.2. Limited Offering

Draw Test Games may be offered alone or in conjunction with existing Lottery games. They may be conducted for a limited duration in specified locations, but they must comply with the Draw security, Ticket validation, and prize Claiming requirements established in these regulations and the rules of the game.

4.2.3. Retailer Compensation

Unless otherwise specified, Retailer compensation in connection with Draw Test Games will be the same as for other comparable games.

4.2.4. Ticket Cancellation

A. Draw Test Game Tickets may be cancelled provided the original Ticket is returned to the original selling Retailer on the same day it is purchased prior to pool closure.

B. The Retailer is prohibited from cancelling a Ticket unless the Player presents the original Ticket.

C. Cancellation voids the Ticket and removes it from the Prize Pool.

D. If a Ticket is cancelled in accordance with these regulations, the Lottery Terminal will issue a Cancellation Authorization Receipt that entitles the Player to a refund from the Retailer equal to the purchase price of the Ticket.

E. Cancellation relieves the Lottery of any obligation to pay a Prize or Promotional Award in connection with the cancelled Ticket even if the Ticket was cancelled in error.

4.3 2ND CHANCE DRAWS

4.3.1. Scratchers Games

A Scratchers 2nd Chance Draw allows registered Players to submit eligible non-winning Scratchers Tickets through the Lottery website for a chance to win Promotional Awards. Winners are selected at random from each pool of entries. The number and value of Promotional Awards for each Draw will be announced in advance of the entry period. A 2nd Chance Draw may be offered as a promotional feature of any Scratchers game.

A. Scratchers 2nd Chance Draw-Specific Definitions

The following definitions apply to Scratchers 2nd Chance Draws.

“Entry” is a chance to win a specific 2nd Chance Promotional Award.

“Submission” is the input of the code from a non-winning Scratchers Ticket which generates one or more Entries into 2nd Chance drawings.

B. The number and value of Promotional Awards for each Draw are determined in advance by the Director and will be specified in the official 2nd Chance rules. Typically, there will be weekly Draws with Promotional Awards.

C. Winning Scratchers Tickets are not eligible for entry in any 2nd Chance Draw.

D. Players typically receive Entries based on the price point of the non-winning Ticket submitted. The rules of the Scratchers 2nd Chance Draw will specify the number of Entries that Players receive per non-winning Ticket. Duplicate submissions of the same Ticket are not allowed.

E. Notwithstanding any other provisions in these regulations, in the case of 2nd Chance Draws, only the person identified by name as the Winner on the Lottery website at the time the Winner’s name is posted may Claim the Promotional Award.

F. The Director may limit participation in 2nd Chance Draws to a specified number of Submissions per Player per month and may disqualify persons who exceed the maximum number of Submissions from winning Promotional Awards. The Director may also limit the number of Promotional Awards that an entrant may win per Draw or per month.

G. To submit a non-winning Ticket, entrants must, at a minimum, comply with the following requirements:

(1) Submissions must include a unique code which may contain any or all of the following: the game number, pack number, Ticket number, the Validation Number or a variation thereof, and any other information that the Lottery may require.

(2) Submissions must be made to the Lottery electronically or by such other means as the Lottery may allow.

(3) Submissions made using fictitious names are not eligible for Promotional Awards.

(4) Submissions must be entered from a location within California, if entered electronically, and the Player must provide a valid California address.

(5) Submissions entered by Disqualified Persons are not valid. Entrants must certify that they are not Disqualified Persons as defined by these regulations.

(6) Submissions must be entered timely in accordance with applicable rules.

H. The odds of winning an Award in a 2nd Chance Draw are dependent upon the number of Entries received and the number of Entries each Player submits.

I. Alternate Entries will be drawn and will become eligible for Award upon the disqualification of regularly drawn Entries. Unclaimed Awards will be transferred to the California State Lottery Education Fund.

4.3.2. Draw Games

Except as otherwise provided in these regulations, a 2nd Chance Draw may be used as an incentive bonus to Players who purchase a Draw game Ticket or spend a specified dollar amount on Draw game Tickets in a single transaction or multiple transactions. When a Player makes the required purchase, he/she may receive a 2nd Chance entry code. Entries are drawn at random from a pool of entries. Subject to these regulations

and Director-approved rules governing 2nd Chance Draws, a qualifying entry selected from the pool entitles the person submitting the entry to a Promotional Award. A 2nd Chance Draw may be offered as a promotional feature of any Draw game.

A. The number and value of Promotional Awards for each Draw may be determined in advance by the Director. Typically, there will be weekly Draws with Prizes as specified in the official rules.

B. To be eligible, an entrant must submit an eligible entry code during the period designated in the rules for the applicable 2nd Chance Draw.

C. Duplicate submissions of the same entry code are not allowed.

D. The rules of the Draw will specify whether submissions from one Draw may be included in subsequent Draws.

E. Notwithstanding any other provisions in these regulations, in the case of 2nd Chance Draws, only the person identified by name as the Winner on the Lottery website at the time the Winner's name is posted may Claim the Award.

F. The Director may limit participation in 2nd Chance Draws to a specified number of Submissions per Player per Draw or per month and may disqualify persons who exceed the maximum number of Submissions from winning Awards. The Director may also limit the number of Awards that a Player may win per Draw or per month.

G. Submissions must, at a minimum, comply with the following requirements:

(1) Submissions must include the unique entry code provided by the Lottery gaming system.

(2) Submissions made using fictitious names are not eligible for Promotional Awards.

(3) Submissions must be made to the Lottery electronically or by such other means as the Lottery may allow.

(4) Submissions must be entered from a location within California, if entered electronically, and the Player must provide a valid California address.

(5) Submissions entered by Disqualified Persons are not valid. Entrants must certify that they are not Disqualified Persons as defined by these regulations.

(6) Submissions must be entered timely in accordance with applicable rules.

H. The odds of winning an Award in a 2nd Chance Draw are dependent upon the number of entries received and the number of entries each Player submits.

I. Alternate entries are drawn and become eligible for Award upon the disqualification of regularly drawn entries. Unclaimed Awards will be transferred to the California State Lottery Education Fund.

4.4 PROMOTIONS, GENERALLY

The Director may implement promotional, added-value programs, including the issuance of free Tickets and branded merchandise, based on a purchase incentive or non-purchase marketing efforts which may motivate purchases of Lottery products. Where a Promotion is based on a Ticket purchase, prize funds may be used to pay for it. The Director will promulgate rules specific to each Promotion which include the following, as applicable: (1) the Lottery game subject to the Promotion, (2) instructions for participation, (3) eligibility requirements, (4) participation and entry requirements, (5) alternate methods of participation or entry, (6) awards and odds of winning, (7) date(s) of Draw(s), if any, (8) term of the Promotion, (9) disclosure statements, (10) Retailer responsibilities and compensation specific to the Promotion, if any, (11) method of notification of participants or Winners, (12) method for obtaining a list of Winners, and (13) any limitations or restrictions that may apply. The Director may expressly condition participation in a Promotion on an agreement that the Lottery may use participants' likenesses for advertising and publicity purposes without compensation.

5.0 CLAIMING PRIZES

5.1 PROCEDURE FOR CLAIMING PRIZES

5.1.1. Generally

A. Except as otherwise provided in these regulations, Prizes of $599 or less may be Claimed at a participating Retailer location or directly from the Lottery pursuant to established Lottery Claim procedures.

B. Except as otherwise provided in these regulations, all Prizes of $600 or more must be Claimed directly from the Lottery pursuant to established Lottery Claim procedures.

C. Prizes or Promotional Awards offered in connection with Draw Test Games, Promotions, and 2nd Chance Draws must be Claimed in accordance with the specific rules and instructions published by the Lottery in connection with each game or Promotion.

5.1.2. Prizes or Promotional Awards of $599 or Less

A. Claiming at a Retailer Location

(1) Claimants must complete the information requested on the back of the Ticket when presenting the winning Ticket to a Lottery Retailer for payment.

(2) A Cash Authorization Receipt may be obtained by the Retailer as preliminary approval for payment of a Prize or Promotional Award of $599 or less. However, the receipt does not in itself entitle a Claimant to a Prize. The game Ticket remains subject to the rules of the game and validation directly by the Lottery under these regulations.

(3) If the Claimant used the Advance Play feature, and the Ticket has remaining eligibility for a future Draw, after validating the Ticket and paying the Prize or Promotional Award, the Retailer must give the Claimant an Exchange Ticket to retain for any remaining Draws.

(4) Tickets for Draw Test Games may be validated and Prizes may be Claimed at test locations for a limited time, only. Thereafter, they must be submitted directly to the Lottery for possible validation and payment prior to the end of the Claim Period.

B. Claiming at the Lottery

(1) Claims for Prizes of $599 or less, including those made on Advance Play Tickets, may be submitted directly to the Lottery for processing. The Claimant must complete the information required on the back of the Ticket and should retain a copy of the Ticket.

(2) If the Claimant has used the Advance Play feature, the Lottery will: (1) receive and retain the winning Ticket for cashing; (2) process and authorize payment of the Prize or Promotional Award if a Lottery Terminal indicates an authorization to pay; and (3) issue and keep the Exchange Ticket and monitor it for additional Prizes, if any, won on the remaining Draw(s).

(3) If the Lottery has received all of the required items, the Lottery will process the Claim and authorize payment, provided that all of the Ticket validation criteria set forth in these regulations have been satisfied and a proper validation authorization appears on a Lottery Terminal. The Claimant will subsequently be paid the prize amount, less any known Offsets.

(4) If the Lottery determines the Claim is not valid, it will deny the Claim and notify the Claimant.

5.1.3. Prizes or Promotional Awards of $600 or More

A. All valid winning Tickets with at least one Prize or Promotional Award of $600 or more must be Claimed directly from the Lottery.

B. A Claimant may present a winning Ticket for a Prize of $600 or more to an authorized Retailer for validation on a Lottery Terminal; however, the Retailer is prohibited from paying such Prizes. If the Claimant presents a winning Ticket for a Prize of $600 or more to the Retailer and the Terminal validates the Ticket, the Retailer must return the original Ticket and provide a Winner's Claim Form to the Claimant. The Retailer should also give the Claimant a Claim Authorization Receipt.

C. To Claim an individual winning Ticket for a Prize or Promotional Award (including Advance Play Tickets) of $600 or more, the Claimant must complete a Claim Form and submit it to the Lottery along with the original winning Ticket with the information requested on the back of the Ticket completed. If the Claimant has obtained a Claim Authorization Receipt from a Retailer, that should be submitted also. The Claimant should retain copies of all items submitted.

D. Upon receipt of all required items, the Lottery will process the Claim and authorize payment, provided Ticket validation criteria as set forth in these regulations have been satisfied and that a proper validation authorizing payment appears on the Lottery's Terminal. The Claimant will subsequently be paid the prize amount, less any known withholdings and Offsets. If the Lottery determines the Claim is not valid, it will deny the Claim and notify the Claimant.

E. If the Claimant has used the Advance Play feature and the Claimant's winning Ticket has eligibility remaining, the Lottery will: (1) receive and retain the Ticket for cashing; (2) process and authorize payment of the Prize or Promotional Award if a Lottery Terminal indicates an authorization to pay; and (3) issue and retain the Exchange Ticket and monitor it for Prizes, if any, won on the remaining play(s).

5.1.4. Payment at Lottery District Office Locations

A. Pursuant to California Government Code section 16401.5, the Lottery may issue an immediate payment for Prizes of $1,000 or less that are Claimed by the Winner, in person, at participating Lottery District Office locations.

B. Claims that are payable at participating Lottery District Office locations will be processed according to established Lottery Claim procedures. If the Lottery determines that additional review or processing is necessary, or if technical problems arise, immediate payment may not be available and the Claim may be transferred to the Lottery's headquarters in Sacramento, California.

C. Some Prizes and Awards will not be eligible for immediate payment, including Fuel Pump Sales Program Prizes, 2nd Chance Awards, Promotional Awards, and Prizes won on Advance Play Tickets.

5.2 DEADLINES FOR CLAIMING PRIZES

All Prizes must be Claimed within the applicable Claim Period.

5.2.1. Draw Games

Unless otherwise indicated in Lottery rules or regulations, all Draw game Prizes, except the Mega Millions Jackpot and the Powerball Jackpot, must be Claimed no later than 180 days from the winning Draw date. In the case of Mega Millions and Powerball Jackpots, the Claim Period is one year from the winning Draw date.

5.2.2. Scratchers Games

Unless otherwise indicated in Lottery rules or regulations, all Scratchers game Prizes must be Claimed no later than 180 days from the announced end-of-game date for the individual Scratchers game.

5.2.3. Draw Test Games

Draw Test Game Prizes must be Claimed within the period established by the Director and published in the specified Draw Test Game rules. These Claim Periods may be shorter than 180 days.

5.2.4. Promotions

Promotional Awards must be Claimed within the period established by the Director and published in the specified promotion rules. These Claim Periods may be shorter than 180 days.

5.2.5. 2nd Chance Draws

Prizes for 2nd Chance Draws must be Claimed within the period established by the Director and published in the specified 2nd Chance Draw rules. These Claim Periods may be shorter than 180 days.

5.3 CRITERIA FOR VALIDATION AND AUTHENTICATION

5.3.1. Draw Tickets

In addition to other requirements specified in these regulations and California Government Code section 8880.321, the following requirements apply to validating and authenticating Draw Tickets.

A. The Ticket must be genuine and must have been properly issued, that is, the Ticket data must have been recorded in the Lottery's central gaming system prior to the Draw.

B. The Ticket must be legally obtained from the Lottery or an authorized Retailer, pursuant to applicable Lottery rules and regulations.

C. Except as otherwise provided in these regulations, the original winning Ticket must be submitted to the Lottery before expiration of the applicable Claim Period and must be in a physical condition which allows the Lottery to determine that it

is a winning Ticket using the Lottery's confidential established validation procedures.

5.3.2. Scratchers Tickets

In addition to other requirements specified in these regulations and California Government Code section 8880.321, the following requirements apply to validating and authenticating Scratchers Tickets.

A. The Ticket must be genuine and legally obtained from the Lottery or an authorized California Lottery Retailer, pursuant to applicable Lottery rules and regulations, and must have been properly issued.

B. Except as otherwise provided in these regulations, the original winning Ticket must be submitted to the Lottery before expiration of the applicable Claim Period and must be in a physical condition which allows the Lottery to determine that it is a winning Ticket using the Lottery's confidential established validation procedures.

5.3.3. Alternative Validation of Tickets Based on Substantial Proof

A. Except for Mega Millions and Powerball prizes, pursuant to the Lottery Act, if a Claimant is unable to submit an original, winning Ticket but does submit a timely Claim Form signed under penalty of perjury, the Lottery may pay a Prize if the Claimant can establish by a showing of "substantial proof" that the Ticket is a winning Ticket and the Claimant is the Winner.

B. Pursuant to the Lottery Act, substantial proof means any evidence that would permit the Lottery to use established confidential validation and authentication procedures to validate a Claim. Such evidence must be sufficient, relevant, and credible in light of all the circumstances. All prize payments or denials based on the substantial proof standard must be approved in advance by the Director.

C. In no case will the Lottery make payment of a Prize based upon substantial proof until after the Claim Period for that Prize has expired.

D. The Lottery will not process a Claim or authorize payment for any Mega Millions or Powerball Prize without submission of the original Ticket.

5.4 DETERMINING THE WINNER

5.4.1. Natural Persons

Winners must be natural persons.

5.4.2. Winner Defined

A Winner is a Player who is not a Disqualified Person, who legally acquires a winning Ticket and owns it at the time it is determined to be a winning Ticket either by a Draw or by scratching the play area. Except as otherwise provided in these regulations, a Winner need not have purchased the Ticket; however, the Winner must Claim the Prize. A 2nd Chance Winner is a person whose eligible entry is drawn in a 2nd Chance Draw and who is identified on the Lottery website as the Winner of that Draw.

5.4.3. Unauthorized Assignments

Except under certain limited circumstances, the Lottery Act prohibits the Assignment of a Winner's interest in a Prize to another person during the Winner's lifetime, regardless of the reasons for the Assignment. Assignments not expressly authorized by the Lottery Act are void and unenforceable. In the case of a prohibited Assignment, the person who accepts the purported transfer of the Prize does so at his/her own risk and is not entitled to receive any prize payment from the Lottery.

5.4.4. Statutory Presumptions

In evaluating a prize Claim, the Lottery will rely on statutory presumptions that govern daily relationships among persons, including but not limited to Evidence Code sections 637 and 638 (persons in possession of or exercising control over a thing are presumed to own it) and Civil Code section 3548 (presume the law has been obeyed).

5.4.5. Affidavits and Releases

At its discretion, the Lottery may use affidavits and/or releases submitted under penalty of perjury to assist it in identifying the Winner.

5.4.6. Investigation of Claims

A. If a person submits a valid winning Ticket bearing his/her signature on the back, and a Claim form which bears his/her signature and complete information consistent with his/her ownership of the Ticket, the Lottery will pay the Prize in

reliance upon presumptions. The Lottery will not withhold payment in the absence of a court order requiring it to do so.

B. The Lottery may investigate a Claim if:

(1) The information on the Ticket or on the Claim form indicates that the Claimant may not be the winner,

(2) Any other credible evidence indicates that the Claimant may not be the winner and the Director and Deputy Director of Security authorize such investigation, or

(3) The Claim is submitted by a Lottery Retailer.

C. For Registered Plays, the Lottery may also investigate a Claim if the name on the payment card does not match the name on the identification presented by the Claimant or the Lottery cannot otherwise verify that the purchase of a Registered Play was made by the Claimant.

5.4.7. Only Winners May Claim Prizes

If the Lottery establishes that a Ticket is a winning Ticket, but determines that the Claimant is not the Winner, the Lottery must reject the Claim and notify the Claimant that the Prize must be Claimed by and paid to the Winner. The Winner must submit a Claim Form in order to be paid. If the Winner fails to submit a Claim Form within the Claim Period, the Prize will be treated as an unclaimed Prize.

5.4.8. Disqualified Persons

A. Disqualified Persons cannot be Winners. They are prohibited from purchasing Lottery Tickets or Registered Plays or from Claiming a Prize. This prohibition includes purchasing Mega Millions, or Powerball Tickets or Registered Plays or Claiming Mega Millions, or Powerball Prizes in any jurisdiction participating in those games.

B. The Lottery shall maintain a current list of Disqualified Persons.

C. Prize Claims resulting from winning California Lottery Tickets or Registered Plays purchased or obtained by Disqualified Persons are invalid.

D. In the event that a winning Ticket or Registered Play is purchased or Claimed by a Disqualified Person, the Prize will be treated as an unclaimed Prize.

5.5 PLAYER RESPONSIBILITY

5.5.1. Accuracy of Play Selections

The purchaser is solely responsible for the accuracy of play selections. If a Ticket is erroneously issued or apparently defective when issued, the purchaser's sole recourse is the replacement of the defective or erroneous Ticket with another Ticket of equivalent sales price or reimbursement for the cost of the Ticket.

5.5.2. Accuracy of Prize Payment

Except where the Lottery monitors a Player's Exchange Ticket pursuant to these regulations, Winners are solely responsible for ensuring that they are paid the full prize amount.

5.5.3. Delivery of Tickets and Claims

Winners bear sole responsibility for ensuring that winning Tickets or WVT Claim Receipts and Claim Forms reach the Lottery intact and within the applicable Claim Period. The Lottery is not responsible for Claims until they are successfully delivered to the Lottery. The Lottery is not responsible for late Claims or for postage-due, misdirected, misdelivered, stolen, or lost Tickets or Claims.

5.5.4. Security of Tickets

Players are solely responsible for securing their Tickets against theft, loss, damage, or destruction. General criminal activity involving theft of Lottery Tickets from members of the public will not be investigated by the Lottery. Such crimes should be reported to appropriate law enforcement authorities. However, credible reports of alleged theft or fraud perpetrated by Lottery employees or Lottery Retailers will be investigated by the Lottery.

5.5.5. Unsigned Ticket – Presumptions

The person in possession of an unsigned winning Lottery Ticket or a Ticket bearing his or her signature is the presumptive owner/Winner.

5.5.6. Tickets Stolen from the Lottery or Retailers

Only the Lottery and Lottery Retailers are authorized to sell Lottery Tickets. Tickets stolen from the Lottery or from Lottery Retailers are void and ineligible for Prizes.

5.5.7. Abandoned Tickets

Any unsigned Ticket found by a person other than the owner will be deemed intentionally abandoned property, except where the identity of the owner is known to the finder or where it is reasonably established by credible evidence known to the Lottery that intentional abandonment did not occur. Intentionally abandoned Tickets may be Claimed by any finder who is eligible to receive a Prize, subject to standard validation requirements.

5.5.8. Compliance with Governing Law

Anyone who purchases a Lottery Ticket, plays a Lottery game, participates in a Promotion or Claims a Lottery Prize or Promotional Award agrees to be bound by and must comply with California law, Lottery regulations and all procedures and instructions established by the Lottery for the conduct of the game or Promotion.

5.6 MULTIPLE-WINNER CLAIMS

5.6.1. More than 100 Winners

If there is a group of more than 100 Winners of any one Prize, regardless of the value of the Prize, the Lottery will require the group to select a Designated Group Representative to receive and distribute the Prize. Payment of the Prize to the Designated Group Representative discharges the Lottery from all liability for payment of the Prize to individual members of the group.

5.6.2. Prizes of $1 Million or More

Prizes of $1 million or more, whether payable as annuity payments or lump sum cash payments, may be divided among and paid to up to 100 individual Winners provided the Lottery receives a valid Multiple Ownership Claim Form directing such payment. Payment will be made to each Winner as provided on the Multiple Ownership Claim Form.

5.6.3. Prizes of Less than $1 Million

All cash or merchandise Prizes valued at less than $1 million, Claimed by a group of Winners, will be paid to a Designated Group Representative pursuant to these regulations and Lottery rules. Such payment will discharge the Lottery from all liability for payment of the Prize to individual Winners.

5.7 PRIZE PAYMENT – FEDERAL TAX WITHHOLDING AND OFFSETS

Lottery Prizes are subject to federal tax withholdings and Offsets as provided by state and federal law.

5.8 PUBLICATION OF INFORMATION REGARDING WINNERS

5.8.1. Limited Release of Winner Information

In order to balance the Lottery's desire for transparency with the privacy interests of individuals who play the Lottery, the Lottery may publish in any manner determined by the Director: Winners' names; the names and locations of Retailers who sold winning Tickets or Registered Plays; and Prize amounts. The Lottery will not disclose additional personal information about Winners (e.g., age, home address, employer, phone number) without the Winners' express consent, unless such disclosure is required by law.

5.8.2. Publication of Players' Images

The Lottery may publish images of Lottery Ticket or Registered Play purchasers captured on video and digital recordings at Retailer locations for certain purposes as determined by the Director.

6.0 PRIZE PAYMENTS TO PAYEES OTHER THAN WINNERS

6.1 PRIZE PAYMENTS PURSUANT TO STATUTORILY-AUTHORIZED ASSIGNMENTS

These provisions implement Lottery Act statutes that strictly limit voluntary Assignment of Prizes. In applying these regulations, the Lottery may develop such forms as it deems necessary or advisable.

6.1.1. Assignment of a Prize – General Prohibition

A. The right of any person to a Lottery Prize is not assignable except as expressly authorized in the Lottery Act and these regulations, as amended from time to time.

B. The Lottery Act prohibits the Assignment of payments scheduled to be made during the last three years of an annuitized Prize pursuant to section 6.1.3 or section 6.1.4 of these regulations, except where the underlying assignment contract was entered into on or after September 9, 2013.

6.1.2. Voluntary Assignment of a Prize to a Qualifying Trust

A. During his or her lifetime, a Payee may assign all or a portion of a Prize to a Qualifying Trust which is a revocable living trust established by the Payee for the benefit of the Payee as a beneficiary and governed by the laws of the State of California. Such trust may become irrevocable, in whole or in part, upon the death of either the Payee or any co-grantor as defined by the provisions of the trust instrument.

B. To be effective, the initial Assignment to a Qualifying Trust and any amendment to, or revocation of such Assignment must be executed by the Payee, in the presence of a notary public, on a Lottery-approved form and must be received by the Lottery during the Payee's lifetime. If the Payee, at the time of the initial Assignment or any amendment or revocation of the Assignment, is married, the document either must be approved by the spouse, as evidenced by his or her notarized signature on the document, or must be accompanied by a certified copy of a valid, current court order determining the spouse's interest in the Prize.

C. During the Payee's lifetime, the Prize or portion thereof assigned to a Qualifying Trust will be paid to the trustee(s) of the trust.

D. The Lottery will make payment in accordance with an initial Assignment to a Qualifying Trusts, an amendment thereto, or revocation thereof, provided that the

Payee has complied with the Lottery's documentation requirements at least 60 days prior to the next prize payment date. If the Lottery receives less than 60 days' notice, payment may be delayed.

E. A fee of $500 payable to the Lottery is required before an Assignment to a Qualifying Trust will be processed.

6.1.3. Voluntary Assignment of a Prize as Collateral for a Loan

A. Any Prize payable in annual or weekly installments or any portion thereof may be assigned as collateral to a person or entity to secure a loan pursuant to Division 9 (commencing with section 9101) of the California Commercial Code. In such case, the Lottery continues to make prize payments directly to the Payee unless:

(1) The Payee and the secured creditor file with the Lottery joint instructions directing the Lottery to make prize payments to a federally insured financial institution located within California, which may be subject to the secured creditor's lien. Such instruction must be accompanied by a copy of the security agreement and an endorsed copy of the financing statement. The joint instruction must be in a form approved by the Lottery and the signature of the Payee must be notarized. Notwithstanding, the joint instructions, the Lottery will continue to make the prize payments payable solely to the Payee.

(2) The Payee defaults under the security agreement or obligation it secures, and the Lottery is served with a court order directing that payments be sent directly to the secured creditor as a result of the default. Such order must be accompanied by a copy of the security agreement and an endorsed copy of the financing statement. The Lottery's obligation is limited to making regular prize payments.

(3) The Payee obtains an appropriate court order directing the Lottery to make payment directly to the secured creditor pursuant to Government Code section 8880.325(d) and these regulations.

B. Prior to entering into a binding agreement, both the Payee and the secured creditor have an obligation to provide the Lottery and the California State Controller's Office, at least 60 days prior to the Payee's next payment date, a copy of the security agreement, an endorsed copy of the applicable UCC financing statement, an endorsed copy of the UCC-3 form (if applicable), and joint instruction, if any. In the case of a married Payee, the applicable UCC financing statement must be accompanied by either a notarized Lottery "Consent and Joinder of Spouse" form or a certified copy of a valid, current court order determining the interest of the spouse in the Prize. This requirement is

necessary to allow the California State Controller to comply with Government Code section 8880.325 (f) which requires him/her to determine whether the Payee owes any obligations that are subject to Offset and to provide written notification of such determination to the Lottery and the Secretary of State.

C. Payees/assignors must actually pay obligations subject to Offsets or liens before the Lottery will process a request for Assignment. The Lottery may require confirmation of payment from the California State Controller's Office.

D. The secured creditor is prohibited from assigning the Payee's rights to payments to itself or anyone else. However, the secured creditor may assign the obligation of the debtor and related security interest to a third party in accordance with the Lottery Act and other applicable law.

E. For Assignment of payments scheduled to be made during the last three years of an annuitized prize, the Director may require documentation deemed satisfactory to establish that the underlying assignment contract was entered into on or after September 9, 2013.

F. In order to facilitate financing desired by a Payee, the Lottery may release court orders, Assignments, levies or other evidence of obligation bearing on the Payee's right to receive prize payments to authorized third parties and to the Payee. In doing so, the Lottery may rely upon a written consent-to-release form acceptable to the Lottery bearing the notarized signature of the Payee. Before releasing the information, the Lottery may require additional information from the Payee, including but not limited to photo identification and a copy of a social security card or an Internal Revenue Service form W-9.

G. Upon filing with the Lottery an endorsed UCC financing statement, additional UCC forms (if applicable), and an executed security agreement, a secured creditor may obtain information from the Lottery regarding the Prize which is the collateral for the loan without the consent of the Payee.

H. As provided in the Lottery Act, the Payee is deemed to have waived any statutory period of limitation that otherwise would bar the state from enforcing any rights against Prize payments due once the last assigned payment is released from the creditor's lien.

I. A fee of $500 payable to the Lottery is required before the Lottery will process an Assignment of a Prize. A separate fee is required for each secondary or intermediate Assignment.

J. If a dispute arises regarding ownership of a Prize or any aspect of an Assignment, the Lottery may interplead each payment when it becomes due and

payable to a court of competent jurisdiction and may seek recovery of its actual court costs, including attorneys' fees.

6.1.4. Assignment of a Prize Pursuant to a Court Order Consistent with Lottery Act Criteria

A. A Payee's right to a Prize may be assigned, provided that the Lottery receives an order from a court of competent jurisdiction that satisfies all of the applicable requirements and conditions set forth in the Lottery Act, as amended from time to time. In reliance upon certified or conformed copies of such court order and all court filings and supporting documentation, the Lottery will make payments to one or more assignees in accordance with the order.

B. In addition to statutory requirements set forth in Government Code section 8880.325, in order for the Lottery to process an Assignment pursuant to a court order, the Lottery may require supplementary and/or clarifying information and documentation, including the following:

(1) Direction regarding tax liability, i.e., if the assignee is responsible for the tax withholding and reporting, the statement "less federal taxes and deductions authorized by law" must appear after the gross prize amount. Otherwise, the statement "after deductions authorized by law" must appear after the net prize amount.

(2) The full, legal names and mailing addresses of all parties to the Assignment, including intermediary parties, if any.

(3) The last four digits of the assignor's and assignee's social security numbers in the court order and the full social security numbers submitted separately to the Lottery in confidence. (Where appropriate, tax identification numbers may be substituted.)

(4) For Assignments of payments scheduled to be made during the last three years of an annuitized prize, the Director may require documentation deemed satisfactory to establish that the underlying assignment contract was entered into on or after September 9, 2013.

(5) Evidence supporting the judicial determinations required by the Lottery Act which may include such things as a copy of a declaration from the attorney of record for the Payee setting forth his/her bar number and demonstrating that he/she acted as independent counsel and provided legal advice to the Payee regarding Payee's legal rights and obligations under the Assignment or an affidavit of the Payee under penalty of perjury identifying liens or Offsets or declaring that none exist.

C. The Lottery may release court orders, Assignments, levies or other evidence of obligation bearing on the Payee's right to receive prize payments to authorized third parties and to the Payee. In doing so, the Lottery may rely upon a written consent-to-release form acceptable to the Lottery bearing the notarized signature of the Payee. Before releasing the information, the Lottery may require additional information from the Payee, including but not limited to photo identification and a copy of a social security card or an Internal Revenue Service form W-9.

D. Prior to the Assignment of any Prize pursuant to an appropriate judicial order meeting the requirements of the Lottery Act, the California State Controller's Office will determine whether the Payee owes any obligation that is subject to Offset under Article 2 (commencing with section 12410) of Chapter 5 of Part 2 of Division 3 of Title 2 of the Government Code and notify the Lottery.

E. Payees/assignors must actually pay obligations subject to Offsets or liens before the Lottery will process a request for Assignment. The Lottery may require confirmation of payment from the California State Controller's Office.

F. If the Lottery determines that the court order is complete in all respects and that all Offsets and liens have been paid the Lottery will send to the Payee and the assignee(s) a written confirmation of the court-ordered Assignment and payments will be made in accordance therewith.

G. The Lottery will make payment in accordance with the court order provided that the Payee has complied with the Lottery's documentation requirements at least 60 days prior to the next prize payment date. If the Lottery receives less than 60 days' notice, payment may be delayed.

H. No change in the terms of the Assignment may be made by an assignor or assignee without an appropriate court order.

I. A fee of $500 payable to the Lottery is required before the Lottery will process an Assignment of a Prize. A separate fee is required for each Assignment, even where multiple Assignments are covered by a single court order, or where Assignments are secondary or intermediary.

J. If a dispute arises regarding ownership of the Prize or any aspect of the Assignment, the Lottery may interplead each payment when it becomes due and payable into a court of competent jurisdiction and may seek recovery of its actual court costs, including attorneys' fees.

6.1.5. Assignment of a Prize Pursuant to a Court Order Appointing a Conservator/Guardian

A. The right to a Lottery Prize or any portion thereof may be assigned pursuant to an appropriate judicial order appointing a conservator or a guardian for either:

(1) The protection of the Payee; or

(2) The adjudication of the rights to or ownership of the Prize.

B. The Lottery shall make payment pursuant to such court order provided that:

(1) A certified copy of the court order is timely received by the Lottery.

(2) The court order includes at least the following information:

(a) The Payee's name as it appears on the Lottery Claim Form and the full legal name of the assignee,

(b) The last four digits of the Payee's and assignee's social security number in the court order and the full social security numbers submitted separately to the Lottery in confidence (or where appropriate, tax identification numbers),

(c) The Payee's and assignee's addresses, and

(d) The assignee's citizenship or resident alien number, if applicable.

(e) The prize payments assigned and the date(s) and/or years to be assigned are specified.

(f) Direction regarding tax liability, i.e., if the assignee is responsible for the tax withholding and reporting, the statement "less federal taxes and deductions authorized by law" must appear after the gross prize amount. Otherwise, the statement "after deductions authorized by law" must appear after the net prize amount.

(g) A statement that the "Lottery and the State of California are not parties to the proceeding and that the Lottery and the State may rely upon the order in disbursing the prize payments that are the subject of the order. Further that upon payment of the prize moneys pursuant to the court order, the Lottery, the Director, the Commission, and the employees of the Lottery and the State shall

be discharged of any and all liability for the Prize paid and these persons and entities shall have no duty or obligation to any person asserting another interest in, or right to receive, the prize payment."

C. In order for the Lottery to make a prize payment to an assignee, it must receive a certified copy of a court order satisfying all of the Lottery's requirements at least 60 days prior to the Payee's payment date.

D. It is the responsibility of the Payee or any agent who has legal authority to exercise substituted judgment on behalf of the Payee to bring to the attention of the court, by declaration under penalty of perjury, the existence or non-existence of a current spouse. The Payee must identify such spouse and produce for the court a signed and notarized statement of the spouse consenting to the Assignment. If no consent is produced, the court must determine the interest of the non-consenting spouse in the Prize.

E. It is the responsibility of the Payee or the Payee's spouse or any agent who has legal authority to exercise substituted judgment on behalf of the Payee or the Payee's spouse to bring to the attention of the court, by declaration under penalty of perjury, any and all liens or Offsets, including, without limitation, tax liabilities and withholdings, against prize payments.

F. The Lottery will not process or confirm an Assignment until the Payee has paid all obligations subject to Offset or lien and the Lottery has received confirmation from the California State Controller's Office that all obligations have been discharged.

G. If the Lottery determines that the court order is complete in all respects, the Lottery will send to the Payee and the assignee(s) a written confirmation of the court-ordered Assignment and payments will be made in accordance therewith.

H. No change in the terms of the Assignment may be made by an assignor or assignee without an appropriate court order.

I. If a dispute arises regarding ownership of the Prize or any aspect of the Assignment, the Lottery may interplead each payment when it becomes due and payable into a court of competent jurisdiction and may seek recovery of its actual court costs, including attorneys' fees.

6.2 PRIZE PAYMENT ON THE DEATH OF A PAYEE

6.2.1. PAYMENT TO A QUALIFYING TRUST

Where a Payee-grantor, who assigned his or her future prize payments to a Qualifying Trust in accordance with these regulations, or any co-grantor of such trust dies, the surviving or successor trustee(s) must notify the Lottery of the death and the proper disposition of the payments under the trust provisions. In doing so, the trustee must use Lottery-approved forms and affidavits and must provide the Lottery a complete copy of the Qualifying Trust.

6.2.2. PAYMENT TO A DESIGNATED BENEFICIARY

A. During his or her lifetime, a Payee may designate one or more beneficiaries to receive a Prize after the Payee's death, provided that a notarized, Lottery-approved beneficiary designation form is properly and timely filed with the Lottery and in effect upon the Payee's death.

B. In the case of a married Payee, the beneficiary designation form must be accompanied by a Lottery "Consent and Joinder of Spouse" form bearing the notarized signature of the Payee's spouse, or be accompanied by a certified copy of a valid, current court order determining the spouse's interest in the Prize.

C. The Lottery will make payment to designated beneficiaries who survive a Payee, provided it receives the Payee's death certificate, the address(es), and social security number(s) or federal employer identification number(s) of the beneficiaries and such additional information as the Lottery may require.

6.2.3. PAYMENT IN ACCORDANCE WITH APPLICABLE LAW

A. If it is established to the satisfaction of the Lottery that a Payee is deceased and there is no Qualifying Trust and no surviving designated beneficiary, any Prize remaining unpaid will be paid in accordance with the scheduled payments for that Prize pursuant to California law providing for the disposition of property upon the death of an owner or pursuant to an appropriate court order disposing of the property.

B. The Lottery will not make prize payments to a person or entity other than the Payee of record until it has been established, by proper documentation, that the person or entity is legally entitled to receive the prize payments. If the Lottery is unable to determine the proper Payee, it may hold payment and interplead the right to the Prize to a court of competent jurisdiction. The Lottery may seek recovery of its actual legal fees and costs associated with the interpleader action.

7.0 RETAILER REGULATIONS

7.1 PURPOSE

These Retailer regulations are promulgated for the purpose of establishing, to the extent not already specified in the Lottery Act, (1) the parameters of Retailer contracts, (2) the criteria and procedures for selection and termination of Retailers, and (3) the compensation to be paid to Retailers.

7.2 THRESHOLD REQUIREMENTS FOR APPLICANTS

In order to be considered by the Lottery, a Retailer applicant must (1) be a person, organization or business entity including, but not limited to an existing commercial establishment, corporation, franchise, public entity, trust association, partnership, joint venture, or civic or fraternal organization; (2) be located in, doing business in, and licensed to do business in California; (3) be in good standing with governmental regulatory and taxing agencies; (4) be engaged in business other than selling Lottery products; (5) be at least 18 years of age; and (6) not be a Disqualified Person as defined in these regulations.

7.3 APPLICATION FOR RETAILER CONTRACT

7.3.1. Requisite Forms, Information, and Documentation

A. The Director shall develop all necessary forms and related documents, including, but not limited to a contract application form, a release form authorizing the Lottery to obtain a credit report and/or any other pertinent background information relating to the applicant, and an accessibility certification.

B. In order to be considered by the Lottery, an applicant must complete the application form, provide all information and releases requested by the Lottery in connection with the application, and pay all administrative processing fees established by the Director. Where required, the applicant must provide declarations under penalty of perjury.

C. The applicant must comply with all disclosure requirements on the application form, and specifically must disclose (1) all prior criminal arrests and convictions (including *nolo contendere* pleas), even if the record was expunged as provided in Penal Code section 1203.4 *et seq*., (2) all pending criminal charges and warrants, and (3) all personal or business-related disciplinary actions brought or threatened against the applicant by any federal, state, or local administrative agency. The applicant will be informed that failure to disclose any of this information may result in denial of an application or termination of a contract.

D. By signing and submitting the application form, the applicant agrees to allow the Lottery to conduct credit checks and criminal history background investigations of the applicant for the purpose of determining his or her suitability to be a Lottery Retailer.

E. With respect to a business applying for retailer status, an applicant must make the following disclosures:

(1) if a sole proprietorship, the identity of the owner, and any spouse listed on the business license;

(2) if a general partnership, the identity of the general partners;

(3) if a corporation, the identity of the executive officers, members of the board of directors, and persons owning or controlling 10% or more of the corporate stock;

(4) if a limited partnership or limited liability company, the identity of persons holding or controlling an interest of 10% or more; or

(5) if a civic, fraternal, non-profit or public entity, the identity of each person authorized to contract with the Lottery on behalf of the entity.

7.3.2. Mandatory Background Checks

Applicants must submit fingerprints, as provided below, to the Lottery so that it can examine their qualifications and criminal history. It also may monitor subsequent arrest information concerning applicants and current Retailers. In addition to the individuals listed below, if the applicant designates an Authorized Representative on the application form, then the Lottery may also obtain the Representative's fingerprints. Additional applicants, who may not be listed below, may be required to submit fingerprints at the Director's discretion.

A. For a sole proprietorship, fingerprints must be provided by the owner(s).

B. For a partnership, fingerprints must be provided by any partner who owns or controls a 10% interest in the business.

C. For a corporation, limited partnership, or limited liability company, fingerprints must be provided by executive officers, members of the board of directors, managing partners and members, and shareholders who own or control 10% or more of the corporate stock or interest in the partnership or company, who have the authority to bind the business entity and who are responsible for the day-to-

day operations related to the security and sale of Lottery products in the business entity's locations in California.

D. For civic, fraternal, non-profit or public entities fingerprints must be provided by each person authorized to contract with the Lottery on behalf of the applicant.

7.4 SELECTION OF RETAILERS

7.4.1. Evaluation of Applicants

The Director shall evaluate each applicant's qualifications, including but not limited to competency, integrity, and character by considering, among other things: (1) the applicant's financial responsibility, solvency, integrity, and/or reputation, (2) accessibility of the place of business or activity to the public, (3) security of the premises, (4) sufficiency of existing Retailers to serve the public convenience, (5) current and/or projected volume of Ticket sales, and (6) compliance with the Lottery's accessibility requirements. Although the Director may rely on investigations and reports by Lottery employees, the Director will make the final decision to approve or deny each applicant. The Director will notify applicants of their selection as Retailers and request any additional information or documentation necessary to execute a contract.

7.4.2. Limited or Provisional Approval

A. The Director will determine the number of Retailers, by Tradestyle, sufficient to best serve the public convenience in any given geographical area.

B. The Director may, at his/her discretion, approve an applicant to sell specified Lottery products for a limited time period.

C. The Director may elect to contract with an applicant on a conditional basis. In such case, the applicant must comply with all terms and conditions specified by the Director in writing. A Retailer's failure to comply with the terms and conditions will result in termination of the Conditional Contract.

D. The Director may elect to enter into a provisional contract with a Retailer while the Lottery completes its evaluation of the Retailer's qualifications.

7.4.3. Grounds for Denial of an Application

A retailer application may be denied if the Director determines that it is not in the best interests of the Lottery to contract with the Retailer. Reasons for denial may include but are not limited to the following:

A. General

(1) The applicant's business is located in an area that already has sufficient Retailer locations in applicant's Tradestyle, as determined by the Director.

(2) The applicant's business: (1) is not suitable for the sale of Lottery Tickets; (2) is not readily accessible to the public; and/or (3) does not offer a secure Ticket sales location, as determined by the Lottery.

(3) The applicant's business premises do not comply with accessibility requirements for accommodation of persons with disabilities as established by the Lottery.

(4) The applicant fails to supply information required on the application or in connection with the application.

(5) The applicant fails to supply fingerprint identification acceptable to the Lottery and classifiable by the Federal Bureau of Investigation or the California Department of Justice.

(6) The applicant's financial responsibility or solvency is such that it would not be in the best interest of the Lottery for Tickets to be sold by the applicant.

(7) The applicant has outstanding monetary delinquencies owed to any federal state or local government.

B. Misconduct

(1) The applicant provides false or misleading information including, but not limited to failure to disclose a prior criminal arrest or conviction, even if the record was expunged, or a personal and/or business-related disciplinary action brought or threatened by a federal or state administrative agency.

(2) The applicant has been convicted of or has pleaded *nolo contendere* to any offense punishable as a felony, any gambling-related offense or any offense punishable as a misdemeanor where the underlying facts involved dishonesty, lack of integrity, or moral turpitude.

(3) The applicant is the subject of a current prosecution or pending charges, has a conviction under appeal, or is the subject of an outstanding warrant for any felony or any misdemeanor where the underlying facts involved dishonesty, lack of integrity, moral turpitude or a gambling-related offense.

(4) The applicant or an employee, representative, or agent of the applicant has engaged in or permitted business practices or personal conduct that is dishonest, illegal, or criminal.

(5) The applicant's competence, character, integrity or reputation is such that to enter into a contract with the applicant might jeopardize the integrity, security, honesty, or fairness essential in the operation and administration of the Lottery and Lottery games or undermine the public's confidence in and positive perception of the Lottery.

7.4.4. Notice of Decision

The Lottery will notify applicants in writing of the disposition of their applications for Retailer contracts. If an application is denied, the notice will (1) state the reason(s) for the Director's decision, (2) notify the applicant of the opportunity to file a written appeal, as provided in these regulations, and, (3) specify the deadline for filing an appeal.

7.4.5. Reapplication

Applicants that are denied a Retailer contract for reasons that include, but are not limited to, those provided in section 7.4 are prohibited from reapplying with the Lottery for a period of no fewer than 12 months from the denial date.

7.5 RETAILER CONTRACT TERMS AND CONDITIONS

The contract between the Lottery and a Retailer will contain the following terms and conditions and other terms and conditions as the Director may deem necessary or advisable.

7.5.1. Retailer Access Program

A. Summary of Program

(1) The "Retailer Access Program" (RAP) or "Retailer Compliance Program" is a Lottery program that prohibits discrimination against any individual on the basis of disability. Lottery Retailers must comply with this program by meeting specific accessibility standards so that individuals with disabilities have unobstructed access to Lottery products. Retailers must provide access to all Lottery products to individuals with disabilities as required by law and the RAP. Where unobstructed access to Lottery products is not readily achievable, alternative methods for achieving accessibility and/or a reasonable accommodation must be made. Retailers who do not comply with the RAP may face sanctions, up to and including contract termination.

(2) The RAP accessibility standards may be amended from time to time. New and amended standards will be posted on the Retailer website and Retailers are responsible for ensuring that they are in compliance with the most current accessibility standards. Compliance with the Lottery's RAP does not guarantee that a retail location complies with accessibility standards required by federal or state law.

B. Readily Achievable

As used in this section "Readily Achievable" means easily accomplishable and able to be carried out without much difficulty or expense. Whether providing unobstructed access for persons with disabilities would not be readily achievable to a Retailer is a factual determination involving a balancing test. Factors to be considered may include, but are not necessarily limited to:

(1) The nature and cost of the action,

(2) The overall size, type of operation and financial resources of the Retailer and, if applicable, its parent entities,

(3) The number of persons employed at the Retailer location,

(4) The effect of the action on expenses and resources,

(5) The impact of the action upon the operation of the Retailer location, and

(6) The legitimate safety requirements necessary for the safe operation of the Retailer location.

C. Retailer Compliance

(1) Generally, all Lottery Retailers must provide a clear and unobstructed, accessible path of travel that allows persons with disabilities to reach all Lottery products. The Lottery has adopted specific accessibility standards related to parking, sidewalks, aisles, curb ramps, ramps, entrances, and sales or customer service counters. Those standards are set forth in the Lottery's RAP and related materials that are included in the Retailer contract and available on the Lottery's Retailer website, www.calottery.com/retailer.

(2) Retailers must also provide assistance, if needed, to persons with disabilities wishing to access Lottery products.

(3) In order to be considered for a Retailer contract or to remain a Retailer, applicants and Retailers must certify under penalty of perjury that their location complies with accessibility requirements and the standards specified in the RAP.

(a) If the applicant/Retailer certifies that its location is in compliance, the Lottery may rely on this certification, unless the Lottery actually determines in the course of inspections that the certification is inaccurate.

(b) If the applicant/Retailer does not certify that it meets all of the standards for compliance, he/she may submit a plan for compliance, including a timeline for completing and implementing each item within 180 days of the date of submitting the plan. In the meantime, the applicant/ Retailer must agree to continuously provide assistance to persons with disabilities wishing to access Lottery products. The Retailer contract may be terminated, in accordance with these regulations, if the plan for compliance is not fully implemented within the specified time period.

(c) If the applicant/Retailer does not certify that it meets all of the standards for compliance, but certifies that it would not be Readily Achievable to comply with one or more of the standards, and a Certified Accessibility Consultant (a person or entity certified by the State of California as qualified to provide technical assistance regarding compliance with the RAP and make factual findings in appropriate cases) independently verifies that it would not be readily achievable, the applicant/Retailer may be relieved of the obligation to comply with the standard(s) in question. In such case, the applicant/Retailer must continuously provide assistance to persons with disabilities wishing to access Lottery products.

(d) Failure to certify compliance with the RAP as required by the Lottery will result in denial of the application or termination of the Retailer contract.

(4) The Lottery will conduct accessibility compliance inspections as follows:

(a) Annual compliance inspections of 5% of Lottery Retailer locations, selected at random, and

(b) Follow-up inspections when necessary.

(5) False representations of Retailer compliance may result in denial of an application or termination of the Retailer contract.

D. Complaints and Investigations

(1) Retailers must notify the Lottery of any complaints they receive regarding non-accessibility of Lottery products.

(2) Any credible complaint received by the Lottery alleging that a Lottery Retailer has violated the Lottery's RAP will be investigated.

7.5.2. Payment of Prizes of $599 or Less

A. As a general rule, except for Registered Plays, Retailers must pay, in full, all Claims for Prizes or Promotional Awards of $599 or less properly made during normal business hours, regardless of whether the winning Tickets were sold by the Retailer. The prerequisites to payment are: (1) the Lottery Terminal indicates an authorization to pay by issuing a Cash Authorization Receipt and (2) all other required procedures have been performed by the Retailer. For Registered Plays, Prizes of $599 or less will automatically be credited to the Winner's payment card account.

B. The Lottery may exempt Retailers, on a case-by-case basis, from the general requirement that they pay Prizes of $599 or less, and instead require that the Retailer cash Prizes up to at least $50, where:

(1) The Retailer's corporate policy prohibits cashing larger Prizes, or

(2) The Retailer's location is such that cashing larger Prizes would create an unacceptable security risk.

C. In the appropriate case, the Lottery may allow a Retailer to establish its own "cashing limit" (between $50 and $599) and/or restrict its "cashing hours." Where "cashing hours" are limited, they must be fair and reasonable and must be posted for customer convenience.

7.5.3. Payment of Prizes of $600 or More – Prohibited

Retailers are prohibited from paying Prizes of $600 or more. The Lottery will not reimburse Retailers for such payments. Violations of this provision will result in sanctions up to and including termination of the Retailer contract.

7.5.4. Acquisition of Winning Tickets from Players/Winners – Prohibited

A. Retailers are prohibited from purchasing or otherwise acquiring winning Tickets/rights to Prizes from Players/ Winners. Such transaction, unless expressly authorized under the Lottery Act, constitutes an illegal Assignment and is void and unenforceable by the Retailer.

B. The Lottery will not honor a Retailer's Claim for a Prize that has been purchased or otherwise acquired from a Player/Winner, regardless of the reason for the acquisition and regardless of whether the Retailer paid the Winner the full prize amount for the Ticket.

C. If the Lottery establishes that a Retailer paid a Winner less than the full prize amount for a winning Ticket, the Retailer's prize Claim will be rejected and the Retailer's contract may be terminated.

7.5.5. Responsibility to Protect Lottery Products and Equipment

A. Retailers are responsible for safeguarding Lottery products and equipment in their places of business. Retailers must install such security equipment and employ such security measures as the Director deems necessary to protect Lottery products and equipment from theft and/or damage. Retailers must maintain and use such equipment and security measures throughout the term of their contracts with the Lottery. If a Retailer experiences a security breach, the Lottery may require additional security measures as a condition to maintaining a contract with the Retailer.

B. Retailers must maintain a current and accurate inventory of Lottery products at all times and must conduct ongoing monitoring to ensure early detection of Ticket theft.

C. Retailers must notify the Lottery Security and Law Enforcement Division immediately upon discovery of theft or vandalism of Lottery products or equipment.

D. Retailers must notify the Lottery immediately in the event that Lottery products or equipment is damaged, destroyed or non-functional.

7.5.6. Responsibility to Cooperate with Investigations

Retailers must fully cooperate with and assist in any investigation conducted by the Lottery's Security and Law Enforcement Division and local or state law enforcement in

connection with criminal activity involving the Retailer and/or Lottery products, equipment, or personnel.

7.5.7. Responsibility to Cooperate with Lottery Promotion of Responsible Gaming

Retailers must cooperate with the Lottery in posting “Play Responsibly” signage and other related point-of-sale materials at play centers, including maintaining and making available to players responsible gaming awareness brochures and related publications supplied by the Lottery, and attending responsible gaming awareness training provided by the Lottery.

7.5.8. Responsibility for Financial Loss

A. Lottery Tickets

(1) Retailers are financially responsible for Lottery Tickets stolen, lost, damaged, or destroyed after they have confirmed receipt of the Tickets. However, at the sole discretion of the Director, a Retailer may be reimbursed for the cost of stolen Scratchers Tickets fully paid for by the Retailer. In exercising his/her discretion, the Director shall consider the Retailer’s compliance with the following criteria:

(a) The Retailer has maintained a current and accurate inventory of Lottery products so that stolen Tickets can be readily identified,

(b) The Retailer has reported the theft to the Lottery immediately upon discovery so that stolen Tickets may be deactivated as soon as possible, and

(c) The Retailer has assisted and cooperated fully with any investigation concerning the theft of Tickets.

(2) The Director may reimburse the Retailer up to 100% of the cost of stolen Tickets fully paid for by the Retailer pursuant to the Lottery Credit Policy.

(3) In the sole discretion of the Director, Retailers may be reimbursed for up to 100% of the cost of Tickets fully paid for by the Retailer in the event of loss, damage or destruction occasioned by fire, flood, earthquake or other similar hazard.

(4) If a Retailer whose account has been credited by the Lottery for stolen Tickets recovers all or any portion of the loss from an insurer or other third party, the Retailer must immediately notify the Lottery. The Lottery is

entitled to offset the Retailer's account to reflect the Lottery's share of such recovery. Failure to notify the Lottery of any recovery by the Retailer from an insurer or other third party may result in immediate contract termination.

B. Lottery Equipment

(1) Retailers are financially responsible for Lottery equipment stolen by the Retailer or the Retailer's family members, employees, or agents.

(2) Retailers are financially responsible for all loss of or damage to Lottery equipment caused by the intentional or negligent acts of the Retailer or the Retailer's family members, employees, or agents.

(3) In the Director's sole discretion, the Lottery may replace equipment stolen, vandalized, damaged or destroyed by third parties at no cost to the Retailer, where the Retailer, the Retailer's family members, employees, and agents are not implicated.

(4) In the Director's sole discretion, the Lottery may replace equipment lost or damaged by fire, flood, earthquake or similar hazard.

(5) If a Retailer recovers all or any portion of the equipment loss from an insurer or other third party, the Retailer must immediately notify the Lottery so that the Lottery may offset the Retailer's account to reflect the Lottery's share of such recovery. Failure to notify the Lottery of any recovery by the Retailer from an insurer or other third party may result in immediate contract termination.

7.5.9. Use or Sale of Certain Products – Prohibited

A. Retailers are prohibited from selling non-California Lottery Tickets or unauthorized lottery-related items. Retailers are prohibited from selling California Lottery Tickets outside the State of California. Violation of this provision will result in sanctions up to and including termination of the Retailer contract.

B. Retailers are prohibited from participating in the promotion, distribution, sale or offering of raffles, sweepstakes, or other schemes, games or devices that state or federal law enforcement agencies determine to be illegal gambling/gambling devices or that the Director determines to be adverse to the best interests of the Lottery, regardless of whether such conduct occurs at a Retailer location or at another location. Upon receipt of a warning letter from the Director, the Retailer must immediately stop such activity and remove any and all evidence of it from

the Retailer premises. Failure to comply with the warning letter within 48 hours of receipt may result in immediate termination of the Retailer contract.

7.5.10. Compliance with Applicable Laws

Each Retailer must ensure that he/she is aware of and in compliance with: all applicable laws and regulations; Retailer contract terms and conditions; and directives, policies, and instructions issued by the Director.

7.5.11. Compliance with Fuel Pump Sales Program

Each Retailer may allow Lottery-approved third-party companies and/or their affiliates to sell Lottery products using the Retailer's Fuel Pump Terminals based on the terms and conditions of a mutually-agreed-upon contract between the Retailer and the Lottery-approved third-party companies and/or their affiliates.

7.5.12. Retailer Contract Amendment

The Lottery may amend the Retailer contract from time to time without individual notice to each Retailer. Such changes are effective when posted on the Lottery website. Each Retailer is responsible for being informed of changes and for complying with them. Any Retailer who is unwilling or unable to comply with amendments to the Retailer contract must terminate the contract as provided in these regulations.

7.6 CONTRACT TERMINATION AND PROBATION

7.6.1. Termination for Misconduct

A. For purposes of this section, “Retailer” includes employees, representatives, or agents of the organization or business entity with whom the Lottery has contracted to sell Lottery products to the public.

B. The Lottery may terminate a Retailer contract for misconduct upon 30 days’ prior written notice. However, if the Director determines that exigent circumstances exist, a Retailer may be terminated without notice or on shortened notice. Upon expiration of the 30-day notice period, or such shorter time as the Director may determine, the Lottery may remove all Lottery equipment and products from the Retailer location, regardless of whether a Retailer appeal is pending.

The written notice of termination will state: (1) the effective date of contract termination, (2) the law(s), regulation(s), and/or contract provision(s) violated, and (3) the facts upon which the Director relied in making the decision to terminate. The notice will also advise the Retailer of his/her right to submit a written appeal, and will indicate the final date for submitting such appeal.

C. Reasons for termination based on misconduct include those set forth in the Retailer contract, addenda, and amendment(s) thereto, and the following:

(1) The Retailer provides false or misleading information in its Retailer application.

(2) The Retailer provides false or misleading information to the Lottery concerning its operations and/or activities.

(3) The Retailer breaches one or more terms or conditions of the Retailer contract or terms of probation.

(4) The Retailer or its employee(s), representative(s), or agent(s) engage in or permit any form of misconduct which in the opinion of the Director may tend to adversely impact the public’s perception of the integrity, security, honesty or fairness of the Lottery, Commission, or Lottery games. Such misconduct includes, but is not limited to dishonest, illegal or criminal activity on or off the Retailer premises.

(5) The Retailer has been convicted of or pleaded *nolo contendere* to any offense punishable as a felony, any gambling-related offense, or any

offense punishable as a misdemeanor where the underlying facts involved dishonesty, lack of integrity, or moral turpitude.

(6) The Retailer or its employee(s), representative(s), or agent(s) sells or allows the sale of Lottery Tickets to a person under the age of 18.

(7) The Retailer fails to maintain Lottery equipment, Lottery property, or Retailer's premises in a condition acceptable to the Lottery.

(8) The Retailer fails to comply with any Lottery policy, instruction, directive, rule, requirement, or condition.

(9) The Retailer fails to maintain a sufficient balance in its electronic fund transfer (EFT) account to satisfy all financial obligations the Retailer owes the Lottery.

(10) The Retailer fails to comply with any Lottery Regulations including but not limited to:

(a) 7.5.1.C. Retailer Compliance (RAP)

(b) 7.5.3. Payment of Prizes of $600 or More – Prohibited

(c) 7.5.4. Acquisition of Winning Tickets from Players/Winners – Prohibited

(d) 7.5.9. Use or Sale of Certain Products – Prohibited

7.6.2. Termination by the Lottery for Business Reasons

A. The Lottery may terminate a Retailer contract for business reasons upon 30 days' prior written notice. However, if the Director determines that exigent circumstances exist, a Retailer may be terminated without notice or on shortened notice. Upon expiration of the 30-day notice period, or such shorter time as the Director may determine, the Lottery may remove all Lottery equipment and products from the Retailer location, regardless of whether a Retailer appeal, if applicable, is pending.

The written notice of termination will state: (1) the effective date of contract termination, and (2) the rationale upon which the Director relied in making the decision to terminate. The notice will also advise the Retailer of his/her right to submit a written appeal, if applicable, and will indicate the final date for submitting such appeal.

If the Director determines that it is in the best interests of the Lottery for any business reason, including but not limited to changes in the Lottery's games, game delivery methodology, or business model, he/she may terminate an individual Retailer or certain categories or types of Retailers.

B. If the Director determines that the financial status of a Retailer's business, including but not limited to insolvency or bankruptcy or federal, state or local tax delinquencies and/or tax liens, jeopardizes the interests of the Lottery, he/she may terminate the Retailer's contract. If the Director determines that the Retailer's business operations and/or location pose an unacceptable risk of financial loss to the Lottery, he/she may terminate the Retailer's contract.

C. If a Retailer fails to meet minimum sales requirements established by the Lottery, his/her Retailer contract may be terminated.

7.6.3. Retailer Contract Termination by the Retailer

A contract may be terminated by a Retailer 30 days from the date written notice of termination is received at Lottery headquarters or the Lottery district office nearest to the Retailer location.

7.6.4. Retailer Responsibilities on Termination of Contract

A. Upon termination, a Retailer must pay all funds owed to the Lottery, by a method authorized and date specified by the Lottery. The Lottery may reduce any compensation or bonus owing to the Retailer by the amount owed. To ensure prompt and full recovery of money owed to it, the Lottery may electronically transfer funds out of a Retailer's account.

B. Upon termination of the contract, the Retailer must immediately surrender to an authorized Lottery representative the Retailer's Certificate of Authority and all Lottery property, including all unsold Lottery products.

C. In addition to the foregoing, the Retailer must take such additional action as required by the Director upon termination.

7.6.5. Reapplication for a Retailer Contract

Retailers with Retailer contracts that are terminated for reasons that include, but are not limited to, those provided in section 7.6 are prohibited from reapplying with the Lottery for a period of no less than 12 months from the termination date.

7.6.6. Probation

The Director may offer a Retailer probation in lieu of termination if the Director determines that it is in the best interests of the Lottery. If the Retailer agrees to probation, his/her failure to comply with the terms and conditions of probation will result in immediate termination. By agreeing to probation, a Retailer waives the right to appeal from such subsequent termination.

A. The Retailer will be notified in writing of the conduct or circumstances warranting termination and the terms and conditions of probation, which may include but are not limited to:

(1) Limitations on persons who may work at the retail location,

(2) Requirements regarding the presence of and oversight by the Retailer at the retail location,

(3) Prohibitions against the Retailer and/or family members playing the Lottery/winning Prizes,

(4) Implementation of additional security measures, and

(5) Any other conditions reasonably related to the reason(s) for placing the Retailer on probation.

B. By accepting probation, the Retailer agrees to pay an amount established by the Lottery that will not to exceed the actual costs of monitoring his/her compliance with the terms of probation.

7.6.7. Warning Letter

The Director may issue a warning letter to a Retailer in situations that may not warrant termination. The warning letter will direct the Retailer to take appropriate steps to correct or eliminate an objectionable condition or occurrence and ensure that it does not happen again. The warning letter may set forth consequences if corrective measures are not taken. Failure of the Retailer to comply with the direction set forth in the warning letter may result in termination.

7.7 LOTTERY'S USE OF CRIMINAL HISTORY/RELATED INFORMATION

The following criteria will be considered by the Director when evaluating criminal history information in connection with Retailer applications and Retailer contract terminations.

7.7.1. Felony Convictions

A. In a majority of cases, an application will be denied or a Retailer contract will be terminated where the applicant or Retailer has been convicted of or has pleaded *nolo contendere* to any felony, unless it is determined that the applicant/Retailer is rehabilitated.

B. There is a presumption that a felon is rehabilitated if ten years have elapsed since the date of conviction, provided that the felon has had an exemplary record during that period. However, in extraordinary circumstances, the Director may determine that a felon has been rehabilitated in fewer than ten years or that, despite the passage of ten years, a felon is not rehabilitated.

C. A false representation to the Lottery concerning the applicant's/Retailer's criminal history made by either affirmative statement or omission for the purpose of obtaining or retaining a Retailer contract is evidence of a lack of rehabilitation.

7.7.2. Misdemeanor Convictions Involving Dishonesty, Lack of Integrity, Moral Turpitude or Gambling

A. In a majority of cases, an application will be denied or a Retailer contract will be terminated where the applicant or Retailer has been convicted of or pleaded *nolo contendere to* a misdemeanor involving dishonesty, lack of integrity, moral turpitude or gambling, unless it is determined that the applicant/Retailer is rehabilitated.

B. There is a presumption that such person is rehabilitated if six years have elapsed since the date of the misdemeanor conviction, provided that he/she has had an exemplary record during that period. However, in extraordinary circumstances, the Director may determine that the applicant/Retailer has been rehabilitated in fewer than six years or that, despite the passage of six years, the applicant/Retailer is not rehabilitated.

C. A false representation to the Lottery concerning the applicant's/Retailer's criminal history made by either affirmative statement or omission for the purpose of obtaining or retaining a Retailer contract is evidence of a lack of rehabilitation.

7.8 AGGRAVATING AND MITIGATING FACTORS

In evaluating a Retailer's criminal history or misconduct in connection with the application or termination process, the Director may consider the following factors: (1) the nature and severity of the misconduct, conviction or *nolo contendere* plea, (2) the underlying facts of the misconduct or crime, (3) the length of time that has passed from the date of the misconduct, conviction or *nolo contendere* plea, (4) other misconduct,

convictions or *nolo contendere* pleas, (5) the location of the misconduct or the criminal activity (whether on business premises, or elsewhere), (6) the relationship of the misconduct or the criminal activity to the Lottery's operations and a Retailer's contractual obligations to the Lottery; (7) the court-imposed penalty and/or terms of probation, (8) disciplinary action by federal or state administrative agencies, (9) the potential that the misconduct or criminal activity could undermine the public's confidence in the administration and operation of the Lottery, and (10) the impact of the criminal activity on the ability of the Lottery to meet its statutory obligations.

7.9 APPLICANT AND RETAILER APPEALS

7.9.1. Written Appeal

Except as otherwise provided in these regulations, an applicant/Retailer may file a written appeal from the Lottery's decision to (1) deny an application; (2) terminate a contract; or (3) deny a claim for reimbursement for Lottery Tickets or for replacement of Lottery equipment where the Tickets or equipment have been stolen, lost, damaged or destroyed. The written appeal must state the factual and/or legal arguments and mitigating circumstances supporting the applicant's/Retailer's appeal and must include all supporting information or documentation. In addition, the applicant/Retailer must provide any additional information or documentation requested by the Lottery. All appeals from termination or application denials that are based on misconduct will be reviewed by the Director.

7.9.2. Deadline for Appeal

The appeal must be filed with the Lottery at the address stated in the notice of decision and postmarked no later than 15 calendar days from the date of the notice of the Lottery's decision. Untimely appeals will not be considered.

7.9.3. Director's Decision

Within 60 days of receipt of the appeal, the Director will notify the applicant/Retailer, in writing, of his/her final decision on the appeal, the reason(s) therefore, and the effect of the decision. If, during the appeal process, the Director requests additional information from the applicant/ Retailer, the Director may take an additional 15 days from the date of receipt of such additional information to make a decision. All decisions on appeal are final.

7.9.4. No Right of Appeal

Where the Director terminates all Retailers of a particular class, type, Tradestyle or all Retailers located in a specified geographical area, affected Retailers have no right to appeal.

Unless otherwise specified by the Lottery, where the Retailer is terminated for failure to comply with the terms and conditions of probation or a Conditional Contract, the right to appeal is waived.

7.10 RETAILER COMPENSATION AND INCENTIVES

7.10.1. Compensation for Ticket Sales

A. Draw Games

(1) Unless otherwise specified in an individual Retailer contract, the Lottery will compensate Retailers for selling Draw game Tickets as follows:

(a) 4.5% of the retail sales price for each Ticket issued from an SST.

(b) 6% of the retail sales price for each Ticket issued from a Retailer Clerk Terminal.

(2) Unless otherwise specified in an individual Retailer contract, the Retailer handling fee for issuing Fantasy 5 free Tickets will be $.06 for each free Ticket issued from any Terminal.

(3) Subject to the terms of their agreement with the Lottery's Fuel Pump Sales Program Retailer, Retailers may also receive incentives or bonuses for Registered Plays sold via fuel pumps associated with their retail location.

B. Scratchers

(1) Unless otherwise specified in an individual Retailer contract, the Retailer compensation for selling Scratchers Tickets is 6% of the retail sales price for each Ticket sold by the Retailer at his/her authorized Lottery retailer location.

(2) Unless otherwise specified in an individual Retailer contract, the Retailer handling fee for issuing free Scratchers Tickets as Prizes is 6% of the retail sales price for each free Ticket.

7.10.2. Incentive Bonuses for Sale of Winning Tickets

A. The Lottery may pay an incentive bonus to Retailers based on attainment of sales volume or other objectives as approved by the Director for any of the Lottery's games. Participating Retailers who meet the objectives and requirements of an authorized incentive bonus program will receive a bonus

payment according to these regulations and the terms and conditions of the program.

B. Unless otherwise specified in an individual Retailer contract, Retailers will be paid an incentive bonus of 0.5% under the following circumstances:

(1) Draw Games

(a) A Retailer that sells a valid winning Fantasy 5 five-of-five Ticket or a valid winning Daily Derby Grand Prize Ticket will receive a bonus payment equal to 0.5% of the value of the Player's winnings.

(b) Except for Registered Plays, a Retailer that sells a valid winning SuperLotto Plus jackpot prize Ticket will receive a bonus payment equal to 0.5% of the advertised annuity jackpot value of the Player's winnings, regardless of the payment option selected, up to a maximum of $1 million per retail location irrespective of the number of winning tickets sold at that location for that winning drawing.

(c) Except for Registered Plays, a Retailer that sells a valid winning Mega Millions Ticket resulting in a Prize of $1 million or more to a Winner will receive a bonus payment equal to 0.5% of the cash value of Player's winnings or, in the case of the Jackpot Prize, 0.5% of the advertised, estimated annuity jackpot value of the Player's winnings, regardless of the payment option selected, up to a maximum of $1 million per retail location irrespective of the number of winning tickets sold at that location for that winning drawing.

(d) Except for Registered Plays, a Retailer that sells a valid winning Powerball Ticket resulting in a Prize of $1 million or more to a Winner will receive a bonus payment equal to 0.5% of the cash value of Player's winnings or, in the case of the Jackpot Prize, 0.5% of the advertised, estimated annuity Jackpot value of the Player's winnings, regardless of the payment option selected, up to a maximum of $1 million per retail location irrespective of the number of winning tickets sold at that location for that winning drawing.

(e) A Retailer that sells a valid winning Raffle Grand Prize Ticket will receive a bonus payment equal to 0.5% of the value of the Player's winnings.

(2) Scratchers

A Retailer that sells a valid Scratchers Ticket resulting in the payment of a Prize of $1 million or more to a Winner will receive a bonus payment equal to 0.5% of the value of that Prize.

(3) Promotions

The Director may authorize bonus payments for Retailers in connection with Promotional Awards as specified in the rules for each promotion.

C. Subject to the terms of their agreement with the Lottery's Fuel Pump Sales Program Retailer, Retailers may also receive incentives or bonuses for winning Registered Plays sold via fuel pumps associated with their retail location.

D. If a Retailer is delinquent in payments to the Lottery, the Lottery may deduct the total amount of the delinquency from incentive bonus payment(s) due the Retailer.

7.10.3. Cashing Bonus for Payment of Prizes of $599 or Less

A. For Scratchers, unless otherwise specified in an individual Retailer contract, Retailers are paid a cashing bonus of 1% of the value of Prizes of $599 or less that Retailers pay to Winners on valid winning Tickets.

B. For Draw games, unless otherwise specified in an individual Retailer contract, Retailers are paid a cashing bonus of 3% of the value of each Prize that Retailers pay to Winners on valid winning Tickets with aggregate prize amounts of at least $99 but less than $600 on a single Ticket.

C. The determination of what constitutes a valid winning Ticket and a Winner will be made solely by the Lottery in accordance with applicable law and Lottery regulations and procedures.

7.10.4. Payment Upon Termination of a Game or Termination of an Incentive Bonus Program

A. Termination of a Game or Promotion

(1) The Director may announce, at any time, a termination date for a Lottery game or Promotion after which date no Tickets or shares may be sold.

(2) When the Director terminates a game or Promotion, Retailers will be paid compensation and/or bonuses earned up to and including the termination date.

B. Termination of an Incentive Bonus Program

(1) The Director may terminate an incentive bonus program at any time.

(2) If the Director terminates an incentive bonus program, Retailers will receive any bonus payment owing through the termination date, as provided in these regulations and the terms and conditions of the incentive bonus program.

7.10.5. Alternative Compensation Agreements

A. The Commission finds that there is a need for the Lottery to develop alternative business models to partner with certain Retailers.

B. The Director may enter into alternative compensation agreements with Lottery Retailers to accommodate new business models aimed at the retention of existing Retailers and the recruitment of new Retailers, chain accounts, and Tradestyles. The Director must notify the Chair of the Commission prior to entering into such agreements. Pilot alternative compensation agreements can be used to pay Retailers higher sales commissions, or incentive and cashing bonuses different than those specified in these regulations. Such agreements may also establish unique payment terms.

C. If a business compensation model results in an overall compensation plan to a Retailer that is less than 5% of Tickets or shares sold, then the Lottery Director must obtain Commission approval before implementing the plan.

7.10.6. Retailer Contribution Programs

The Director may establish Retailer contribution programs that allow for reimbursement of up to one-half of the amount a Retailer or group of Retailers pays to purchase and/or maintain equipment used in the sale of Lottery products, provided:

A. The material or equipment is obtained from a Lottery-approved supplier;

B. The material or equipment furthers the purpose of the Lottery;

C. The Director establishes written rules for participation in the contribution program; and

D. The funds use to pay for the program are approved by the Commission and accounted for in the Lottery’s annual budget.

8.0 CONTRACTS

8.1 PROCEDURES FOR PROCUREMENT OF GOODS AND SERVICES VALUED AT MORE THAN $100,000 AND EXCEPTIONS

8.1.1. General Rule

Except as provided by section 8.1.2., the Lottery will use a formal competitive process to procure goods or services involving an expenditure of more than $100,000, to ensure that it obtains the best value for the Lottery. Factors to be considered in evaluating bidders may include, but are not limited to quality, competence, experience, past performance, efficiency, reliability, financial viability, durability, adaptability, timely performance, integrity, security, and price.

8.1.2. Exceptions

Notwithstanding the general rule, the Lottery may procure goods or services valued at more than $100,000 without utilizing formal competitive procedures where any of the following circumstances exist:

A. There is insufficient time for a formal competitive process because of an urgent and compelling need to contract for goods or services necessary for the immediate preservation of Lottery operations, the integrity and security of Lottery operations, or the protection of Lottery property. In such situations, where feasible, an informal competitive bid process should be used that adheres as closely as possible to the procedures outlined in section 8.2.1 below.

B. The goods or services will be obtained through (1) an interagency or intergovernmental agreement with a federal, state, local, or other government entity, or (2) an agreement with an auxiliary organization established pursuant to the California Education Code.

C. The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices.

D. The Director has determined, after a good faith effort to locate potential bidders, that only one viable source exists for the goods and/or services due to proprietary interests, licensing restrictions, or any other reason.

E. The contract is solely for the retention of legal counsel or a uniquely qualified expert.

Whenever an exception procedure in this subpart is used, the Director must prepare a memorandum explaining the applicable circumstances and provide written notice to the Chair of the Commission.

8.1.3. The Formal Solicitation Process

A. Pre-Solicitation: In order to identify the availability, durability, adaptability or other specifications of goods or services, the Director may use a pre-solicitation process which may include:

(1) Oral presentations,

(2) Pre-solicitation notices,

(3) Pre-solicitation conferences,

(4) Requests for information,

(5) Site visits, and

(6) Any other pre-solicitation process the Director deems appropriate.

B. Notice of Solicitation: The Lottery will provide notice on its website of each solicitation involving an expenditure of more than $100,000.

C. Solicitation Documents: The Lottery will use a written or electronic solicitation document for procurements that includes a description of the goods or services to be procured, the scope of work, identification of deliverables, applicable deadlines, evaluation factors, the point of contact at the Lottery, and any other necessary information relating to the procurement.

D. Requirement that Contractors Competitively Bid Subcontracts over $100,000: Where a Lottery Contractor subcontracts a portion of a contract involving the expenditure of more than $100,000 to a single subcontractor, the Contractor, where feasible, must solicit and obtain proposals from at least three potential subcontractors. This requirement may be waived by the Lottery in writing upon a showing that there is a single source for the service or product sought or where time does not permit solicitations of multiple bids. When selecting subcontractors, Contractors should consider price, quality, competence, experience, past

performance, efficiency, reliability, financial viability, durability, availability, adaptability, timely performance, integrity, and security.

E. Perceived Errors/Defects in the Solicitation Document: Any potential bidder who believes that a solicitation document contains errors or omissions or includes provisions that unjustifiably restrict competition must bring these matters to the attention of the Lottery in writing no later than five business days prior to the deadline for submission of bids. The Lottery will review the complaint and may modify the solicitation if it determines that the complaint is meritorious.

F. Modification or Cancellation of the Solicitation Document: A solicitation may be modified or cancelled at any time. Bidders are responsible for ensuring that they are responding to the current version of the solicitation document.

G. Rejection of All Bids: In all solicitations, the Lottery, in its sole discretion, may reject all bids.

H. Disclosure Requirements for Bids/Contracts relating to solicitations for materials, supplies, services or equipment not common to the ordinary operation of state agencies:

(1) All bidders must make disclosures outlined in Government Code section 8880.57(a) as required by the Director.

(2) The apparent successful bidder must provide the information outlined in Government Code section 8880.57(b) for the bidder and for each person or entity identified in section 8880.57(a) at the request of the Lottery.

(3) The Lottery may take any steps it deems appropriate to verify or clarify information provided by bidders.

(4) Contracts with bidders who have not complied with the disclosure requirements are unenforceable against the Lottery.

(5) Contractors subject to the disclosure requirements of the Lottery Act and these regulations are required to ensure that disclosures are kept current during the term of the contract.

I. Notice of Intent to Award: The Lottery shall notify all bidders of the selection of the apparent successful bidder by posting a notice of intent to award on the Lottery website.

J. Inspection of Proposal/Bid: Within two business days of posting the notice of intent to award, the Lottery will make available to bidders, upon request, all proposals/bids, evaluations, and work sheets.

The same information made available to bidders under the preceding paragraph will be made available to the general public, upon request, commencing two business days after (1) the time for protest has passed and no protest has been filed, (2) a timely protest has been either withdrawn or finally resolved, or (3) the solicitation has been cancelled.

K. Bid Protests:

(1) Only an actual bidder may protest a contract award, and only on the following ground:

(a) The Lottery did not follow its own written procedures in selecting the apparent successful bidder, and

(b) The protestor can demonstrate that had the Lottery followed its procedures, the protesting bidder would have been the successful bidder.

(2) A notice of intent to protest must be received by the Lottery within seven business days after the Lottery posts a notice of intent to award on its website. A timely notice of intent to protest is a prerequisite to any protest.

(3) Provided that a timely notice of intent to protest has been filed with the Lottery, a protest must be filed within 12 business days after the Lottery posts its notice of intent to award on its website. A protest must include a complete and detailed explanation of how the facts support the protest.

(4) All protest documents must be received by the Lottery at its Sacramento headquarters no later than 3:00 p.m. Pacific Time on the last day of the applicable protest period. The envelope containing protest documents or the cover page to a protest must be addressed to the attention of the Director and must be clearly labeled: “Protest to the (title and number of the solicitation), DO NOT OPEN IN MAILROOM.” Untimely protests will not be considered.

(5) It is the protestor’s responsibility to ensure that the Director has all information and arguments that the protestor deems relevant and necessary to resolve the protest. The Director may request additional information in writing from the protestor or from other sources, including

the apparent successful bidder and Lottery staff, as he/she deems appropriate for resolution of the protest.

(6) The Director will issue a written decision within 15 days of completion of his/her review of the record.

(7) In his/her sole discretion, the Director may determine that it is in the best interests of the Lottery to proceed with contract award and performance, while a protest is pending, and may direct a Contractor to commence work.

8.2 PROCUREMENTS VALUED AT $100,000 OR LESS

8.2.1. Informal Competitive Bid

In the interests of obtaining the lowest and best proposal and at the same time minimizing administrative costs and delays associated with formal bid procedures, the Director will use informal competitive bid strategies for contracts valued at $100,000 or less.

Informal bidding is not required in circumstances excepted from formal bid procedures pursuant to section 8.1.2 of these regulations, nor in circumstances involving the procurement of training services for individual employees in furtherance of their specific employment obligations/goals.

A. Where possible, an informal solicitation should include the following: (1) direct contact with potential bidders with the goal of eliciting competition; (2) effective communication of contract terms to potential bidders; (3) documentation of all contacts with potential bidders; (4) receipt of verbal or written bids; and (5) a determination of which bidder is qualified to perform the contract and submitted the best bid. Actual bids should be accurately recorded and evaluated by Lottery staff, subject to written confirmation of contract terms by the apparent successful bidder prior to contract award.

B. The pre-solicitation process and the bidder disclosure requirements applicable to contracts valued at more than $100,000 apply equally to contracts valued at $100,000 or less.

C. An informal solicitation may be modified or withdrawn at any time prior to the deadline for submission of proposals or bids.

D. In all informal solicitations, the Lottery, in its sole discretion, may reject all bids.

8.2.2. Protest Unavailable

A protest procedure is not available to bidders under the informal bid process.

8.3 LIST OF INTERESTED VENDORS AND SERVICE PROVIDERS

The Lottery will maintain a “List of Interested Vendors and Service Providers” by posting a continuous invitation on the Lottery website where interested businesses may provide contact information to the Lottery. The list will be one resource from which the Lottery may draw in identifying potential bidders for solicitations. Inclusion on the list does not confer any right upon a business.

8.4 SMALL AND MICRO BUSINESS PARTICIPATION – ALL PROCUREMENTS

8.4.1. The Small Business Procurement and Contract Act (SBPC Act)

A. The SBPC Act applies to Lottery procurements. It requires contract participation goals and preferences for small and micro businesses.

B. Pursuant to the SBPC Act, the Lottery establishes an overall annual goal for small and micro business participation in its contracts. The Lottery also sets specific goals on a contract-by-contract basis.

C. The Lottery requires that, in order to qualify for the small or micro business preference either as a bidder or as a subcontractor, the small or micro business must be certified as such by the Department of General Services, Office of Small Business and Disabled Veteran Business Enterprise Services, and must contribute to the fulfillment of the contract requirements by performing a commercially useful function as defined in the SBPC Act.

8.4.2. Application of Preferences

A. The preference given to small/micro business bidders and non-small business bidders who meet contract participation goals for small/micro business subcontracting is 5% of the lowest price offered by a responsible, non-small business bidder.

B. The preference given to non-small business bidders, who subcontract with small/micro business(es) but fail to meet the contract participation goals, is a pro-rated portion of the 5% preference described in the preceding paragraph based on the percentage of participation commitment.

C. The preference under this provision may not exceed $50,000.

D. Under no circumstances will the application of preferences under these provisions favor a non-small business over a small business.

E. In the case of a precise tie between a non-small business bidder and a small/micro business bidder after application of the preference, the contract must be awarded to the small or micro business.

8.4.3. Certain Solicitations May Be Limited to Small/Micro Businesses

Notwithstanding general competitive bidding requirements in these regulations relating to formal and informal bids, the Lottery may award a contract for goods, services, information technology or construction to a small or micro business by obtaining two or more bids exclusively from small or micro businesses.

8.4.4. Contract Commitment to Small/Micro Business Participation

Where a contract is awarded to a non-small business bidder whose bid included participation of small and/or micro businesses as subcontractors, such participation will be incorporated as an enforceable term of the contract. The Lottery will monitor compliance by requiring periodic reports and a final end-of-contract report on actual participation.

8.5 DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PARTICIPATION – ALL PROCUREMENTS

8.5.1. Annual Overall DVBE Participation Goal

The Lottery will establish annual participation goals for DVBEs, as defined in the Military and Veterans Code, of at least 3% of overall dollars expended for Lottery contracts annually.

8.5.2. Contract-Specific DVBE Goals

With respect to individual contracts, the Lottery will determine whether to include DVBE participation requirements in solicitations based on the availability of contracting or subcontracting opportunities within the scope of services of the particular contract.

8.5.3. Requirements for Bidders

Where the Lottery determines that DVBE contracting opportunities exist with respect to a specific contract, bidders will be required to meet a minimum DVBE participation goal for that contract either by being a certified DVBE and participating in the contract at a sufficiently high level to meet the goal or by subcontracting with certified DVBE(s) for a

sufficient percentage of the contract to meet the contract goal. If the bidder fails to meet a required DVBE participation goal, the bidder will be deemed unresponsive and ineligible for award.

8.5.4. Participation Incentives

For any contract solicitation, regardless of whether it has a contract-specific DVBE participation goal, the Lottery may apply incentives to encourage DVBE participation.

A. The incentive is applied during the evaluation process to bids from responsive and responsible bidders. The Lottery may develop an incentive scale that will grant greater incentives for higher levels of participation.

B. An incentive of not less than 1% and not greater than 5% may be applied by reducing the bid price by the amount of the incentive as computed from the lowest responsive and responsible bid price. The computation is for evaluation purposes only. For each solicitation, the Director may elect to place a cap of not less than $100,000 on the incentive and/or a cap of not less than $100,000 for all combined incentives and preferences.

C. Application of the incentive shall not displace an award to a small business with a non-small business.

8.5.5. Requirements for DVBEs

In order to qualify as a DVBE and count toward the participation goal, a DVBE must be certified by the Department of General Services, Office of Small Business and Disabled Veteran Business Enterprise Services, and must contribute to the fulfillment of the contract requirements by performing a commercially useful function as defined in the Military and Veterans Code. Equipment brokers, as defined by the Military and Veterans Code, may not be counted toward a DVBE goal.

8.5.6. Certain Solicitations May Be Limited to DVBEs

Notwithstanding general competitive bidding requirements in these regulations relating to formal and informal bids, the Lottery may award a contract for goods, services, information technology or construction to a DVBE by obtaining two or more bids exclusively from DVBEs.

8.5.7. Contract Commitment to DVBE Participation

A. Where a contract is awarded to a non-DVBE bidder whose bid includes participation by DVBE subcontractors, such participation will be incorporated as

an enforceable term of the contract. The Lottery will monitor compliance by requiring periodic reports and a final end-of-contract report on actual participation.

B. DVBE subcontractors must be used unless a substitution is approved by the Lottery. Where feasible, the substitution must maintain, at a minimum, the level of DVBE participation stated in the bid. If this is not feasible, the replacement subcontractor must be a certified small business.

C. All requests for substitution of DVBE subcontractors must be submitted to the Lottery with a copy to the DVBE. If the DVBE does not challenge the substitution, it may be allowed subject to subsection B above. If the DVBE objects, the Director will determine whether the request is justified because the DVBE is bankrupt, insolvent, or no longer in business, not properly certified, licensed or bonded, or is otherwise unable, unwilling or unfit to perform the subcontract.

8.5.8. Disabled Veteran-Owned Small/Micro Business Prevails in Case of Tie

In the event of a precise tie between a small/micro business and a disabled veteran-owned small/micro business, the contract will be awarded to the disabled veteran-owned business.

8.5.9. Reporting to the Legislature

The Lottery will report DVBE participation in its contracts to the Legislature as part of the report submitted to the Legislature pursuant to Government Code section 8880.56(b)(5).

8.6 COMMISSION APPROVAL OF CONTRACTS

8.6.1. Existence of Quorum Presumed

The contract approval requirements of this subdivision assume the existence of a Commission quorum. Where vacancies on the Commission make Commission action impossible, the Director, as the chief administrator of the Lottery, may enter into or terminate any contract, with the exception of contracts for the purchase or sale of real property, without prior Commission approval.

8.6.2. Contracts Valued at $250,000 or More

No contract with an estimated value of $250,000 or more may be executed without prior Commission approval.

8.6.3. Certain Contract Amendments

A. No contract amendment that brings the cumulative value of a contract to $250,000 or more may be executed without prior Commission approval.

B. No contract previously approved by the Commission may be amended without prior Commission approval if the amendment extends the term of the contract by 25% or six months, whichever is shorter, or if it adds funds to the contract that increase the total amount obligated by 10% or $250,000, whichever is less.

8.6.4. Termination of Commission-Approved Contracts

No contract that required Commission approval may be terminated without prior approval of the Commission.

8.6.5. Certain Leases and Lease Amendments

A. No lease valued at $250,000 or more may be executed without prior approval of the Commission.

B. No amendment to an existing lease where the lease, with the amendment, would be valued at $250,000 or more may be executed by the Director without prior approval of the Commission.

C. No amendment to a lease previously approved by the Commission may be executed without prior Commission approval if the amendment extends the term of the lease by 25% or six months, whichever is shorter, or if funds are added to the lease agreement that increase the total amount obligated by 10% or $250,000, whichever is less.

8.6.6. Exceptions

A. Notwithstanding the foregoing requirements for Commission approval, if circumstances require work under a particular contract or contract amendment to commence prior to the next Commission meeting, the Director may authorize the execution of the contract with simultaneous notification to the Chair of the Commission. Thereafter, at the next opportunity, the Director will seek Commission ratification of the contract or amendment. In addition, the Director will place in the contract file a memorandum explaining the rationale for the expedited procedure.

B. Notwithstanding the foregoing requirements for Commission approval, the Director may terminate any contract or lease that was approved by the

Commission in the first instance without prior approval of the Commission, upon notification of the Chair of the Commission, if the Director determines that such immediate termination is in the best interests of the Lottery. Thereafter, at the next opportunity, the Director shall seek Commission ratification of the termination. In addition, the Director will place in the contract file a memorandum explaining the rationale for the expedited procedure.

8.6.7. Purchase or Sale of Real Property

The Director has authority to purchase and sell real property with the prior approval of the Commission.

8.7 DEBARMENT

8.7.1. Contracts with Persons/Entities Debarred by Other Agencies

The Lottery may not enter into or continue a contract with a bidder or Contractor that is debarred or suspended by any local, state, or federal agency unless the Director determines in writing that, due to exigent circumstances, it is in the Lottery's best interest to do so.

8.7.2. Extent of Debarment

For any of the reasons listed in section 8.7.4. below, the Director, in his/her sole discretion, may debar, for a specified period of time, a bidder or contractor and its partners, principals, members, directors, officers, managing employees, agents, successors-in-interest, parent companies, or other affiliates from bidding on or entering into contracts with the Lottery, participating as subcontractors on any Lottery contracts, or providing services, materials, equipment, goods, or supplies under Lottery contracts. A debarment may cover known affiliates and successors-in-interest of a business entity.

8.7.3. Effect of Pending Debarment

When a debarment is pending, the Director may suspend subject bidders and contractors from bidding on or entering into contracts with the Lottery until completion of an investigation or issuance of a final decision. However, with respect to existing contracts with a Contractor subject to debarment or a pending debarment, the Director may elect to continue such contracts if it is in the best interests of the Lottery.

8.7.4. Grounds for Debarment include:

A. Unsatisfactory performance or inexcusable failure of performance of one or more prior or existing contract(s),

B. Refusal to honor a binding offer,

C. Knowingly supplying false information or failing to provide material information in order to obtain a contract,

D. Knowingly conferring or offering to confer any gift, gratuity, favor, or advantage upon any Lottery Commissioner or Lottery employee,

E. Conviction, *nolo contendere* plea, or pending criminal investigation relating to any felony charge in connection with bidding on, award of, or performance of any contract,

F. Admission to a bidding crime by a Contractor or a Contractor's principals,

G. Conviction of, or pending criminal investigation related to, any offense which indicates a lack of moral or ethical integrity and which reasonably relates to or reflects upon the business practices of the Contractor,

H. Violation of state ethics laws,

I. Commission of any other offense or act demonstrating a lack of business integrity that seriously and directly affects the present responsibility of the Contractor, or

J. Any other cause of so serious or compelling a nature that it affects the present responsibility of the bidder or Contractor.

8.7.5. Term of Debarment

A. The duration of any debarment must be for a period commensurate with the seriousness of the misconduct that resulted in the debarment and must be specified in writing in the Director's final decision.

B. In establishing or modifying a term of debarment, the Director may consider circumstances such as: the degree of the Contractor's culpability, the period of debarment necessary to protect Lottery interests, the restitution paid by the Contractor, the Contractor's cooperation with law enforcement authorities, and the Contractor's repudiation of criminal or unethical activity.

8.7.6. Debarment Procedures

A. Anyone may submit to the Director, in writing, information that would support the debarment of any Contractor or bidder.

B. The Director will review and investigate the information submitted, and determine whether it supports debarment. If the Director decides that the Contractor or bidder should be debarred, he/she will notify the bidder or Contractor in writing of the proposed debarment and the reasons therefor, and offer an opportunity for rebuttal. A bidder or Contractor may be suspended immediately upon decision of the Director.

C. Within 15 business days from the date of the notice of proposed debarment, the bidder/Contractor must respond in writing, submitting all rebuttal evidence to the Director. The rebuttal must be received by the Lottery at its Sacramento headquarters no later than 3:00 p.m. on the 15th day. The envelope(s) containing the rebuttal must be clearly labeled on the outside to the attention of the Director and must state: “Rebuttal to Debarment, DO NOT OPEN IN MAILROOM.” Rebuttals received after the deadline will not be considered.

D. The Director will issue a final written decision within 15 business days of receiving the rebuttal or responses to subsequent requests by the Director for information, whichever is later. The decision must include the allegation(s) considered, the evidence presented, any findings related to credibility, the Director’s decision, the basis for the decision, and the duration of the debarment.

E. The Director may refer cases that involve possible criminal activity to law enforcement authorities, as appropriate.

9.0 CODE OF CONDUCT OF CALIFORNIA STATE LOTTERY COMMISSION AND SENIOR MANAGEMENT

9.1 CONFLICTS OF INTEREST

Commissioners and members of senior management shall disclose all known or potential conflicts of interest which could influence or appear to influence their judgment on Lottery matters as well as all information required to be disclosed in the Statement of Economic Interests—Form 700 which each Commissioner and member of senior management shall file within 30 days of assuming office and annually thereafter.

9.2 PROFESSIONALISM AND RESPECT

Commissioners and members of senior management shall conduct themselves professionally and respectfully towards one another and shall be sensitive to cultural, ethnic, social, economic, and political issues and protocols in their activities.

9.3 INDEPENDENCE

No Commissioner or member of senior management shall derive any financial gain or advantage from confidential information acquired in the course of his or her appointment and/or employment.

9.4 DILIGENCE

Commissioners and members of senior management shall maintain the highest standards of integrity and objectivity in exercising their duties and authority to approve contracts, select consultants, and determine other Lottery expenditures.

9.5 CONFIDENTIALITY

Commissioners and members of senior management shall protect confidential information they receive in the course of their service on behalf of the Lottery, and shall not communicate confidential information to a third party without the prior approval of the Commission or Director.

9.6 COMMISSION'S RESPECT FOR ROLE OF MANAGEMENT

No Commissioner shall attempt to exercise individual authority over the organization. Commissioners shall defer to the Director regarding day-to-day operational matters, internal staff issues, disputes, litigation, settlement, and negotiations, and shall not seek

to unduly influence contracting or staffing decisions that are the responsibility of the Director.

In the event that a Commissioner meets with Lottery vendors, potential vendors or service providers regarding Lottery business or potential business, the Commissioner shall notify the Director or include the Director or his/her designee in the meeting.

9.7 COMMISSION AUTHORITY

Unless specifically authorized by the Commission, individual Commissioners may not speak on behalf of the Commission or Lottery in their interactions with the public, press, or other entities.

9.8 COMPLIANCE WITH APPLICABLE LAWS

No Commissioner or member of senior management shall approve any practice, activity, or decision that violates any law or regulation.

9.9 MEETINGS

The Commission shall meet with the Director not less than once each quarter to set policy, approve or reject reports of the Director, and transact such other business that may be properly brought before it.

9.10 TRANSPARENCY

The Lottery Commission and senior management are committed to the promotion of transparency in practices and operations and to the clear demonstration that the Lottery operates in accordance with its mission and the standards described in this Code of Conduct.

9.11 NEPOTISM

The Lottery Commission and senior management shall take appropriate action to ensure that recruitment, hiring, and assignment of employees is based on merit and that hiring practices do not lead toward favoritism or bias. To prevent nepotism and conflicts of interest, those in close personal relationships shall not have a direct supervisor/subordinate relationship with each other.

9.12 REPORTING MISCONDUCT AND OTHER VIOLATIONS

The Lottery provides an environment that fosters employee confidence in meeting the responsibility to report wrongdoing or misconduct. The Commission and senior

management shall take effective action on matters reported, and demonstrate organizational support for employees who in good faith report misconduct or inappropriate activity.

9.13 ACCEPTANCE OF CONSIDERATION OR EMPLOYMENT AFTER LEAVING THE LOTTERY

The Lottery Commission and Lottery senior management shall comply with the specific limitations on consideration and employment set forth in the Lottery Act, Government Code section 8880.60, and any other applicable statutes imposing restrictions on activities after leaving state office.