

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

SCOPE

The Online Game Rules and Regulations contain specific rules, regulations, procedures, instructions and directives which apply to Online Games developed and offered for distribution and sale to the public by the North Carolina Education Lottery (NCEL), created pursuant to the North Carolina State Lottery Act. The NCEL will from time to time amend these Rules and Regulations and adopt new Rules and Regulations that pertain to all Online Games and that pertain to game specific items for each Online Game. The Multi-State Lottery Association (MUSL) Rules and Powerball (PB) group rules as applicable are incorporated herein by reference. In the event of a conflict among the Act, the Online Game Rules and Regulations, and the Retailer Contract, the Act will govern the Online Game Rules and Regulations, and the Online Game Rules and Regulations will govern the Retailer Contract.

DEFINITIONS

Capitalized terms used herein shall have the meanings set forth in Chapter 8.00 unless otherwise defined in context.

GENERAL RULES

- A. If the NCEL, in its sole discretion, has authorized a Retailer to sell Tickets for Online Games at one or more of its Retailer Business Locations, in addition to all provisions, terms and conditions of the Act, other Rules and Regulations, and the Retailer Contract, the Online Game Rules and Regulations herein shall apply to all Online Games. To the extent of any inconsistency between the Retailer Contract and the Retailer Rules and Regulations found in Chapter 8.01 of the NCEL Policies and Procedures Manual, the Online Game Rules and Regulations shall govern the Online Games.
- B. Only Retailers who have entered into a Retailer Contract with the NCEL, and have been approved by the NCEL, in the NCEL's sole discretion, for the sale of Online Games, are authorized to sell Online Game Tickets. Online Game Tickets may only be sold at the Retailer Business Location(s) listed in the Retailer Contract for which the NCEL has authorized the sale of Tickets for Online Games. Each Retailer Business Location shall offer for sale Tickets for all Online Games that are authorized for sale by the NCEL at each such individual Retailer Business Location.
- C. NCEL will install an Online Game lottery terminal at each of the Retailer Business Locations listed in the Retailer Contract for which the NCEL has authorized the sale of Tickets for Online Games.
- D. Retailer shall pay a \$15.00 per week service fee for each installed Online Game lottery terminal, or as otherwise stated in the Retailer Rules at Section 8.01.
- E. By signing the Retailer Contract, Retailer acknowledges and agrees that it is responsible for making or having made, and bearing all costs associated therewith, any and all necessary or appropriate modifications to its telecommunications systems or facilities which are reasonably

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

requested by NCEL to facilitate the installation, operation and maintenance of any lottery related equipment.

- F. Retailer shall provide approximately 2 feet by 4 feet of floor space at its business premises, which is acceptable to NCEL, for a free-standing play station. Retailer further agrees to provide a space at least 20 inches wide, 30 inches deep, and 30 inches high, which is acceptable to NCEL, for its Online Game lottery terminal(s) to allow proper ventilation, maintenance and material loading and removing.
- G. Retailer agrees that it shall be responsible for all expenses including telecommunications charges associated with all Retailer requested terminal and/or monitor relocations.
- H. Retailer shall sell Online Game Tickets, for any and /or all Online Games as authorized and directed by the NCEL, at each of the Retailer Business Locations listed in the Retailer Contract for which the NCEL has authorized the sale of Tickets for the respective Online Games.
- I. Retailer must meet or exceed the NCEL's minimum weekly sales average as may be established by the NCEL, in accordance with the Rules and Regulations, as may be amended from time to time, in order to retain possession and use of the Online Games lottery terminal and/or monitor.
- J. Sale of Online Game Tickets
 - 1. Each Online Game Ticket shall sell for the retail sales price authorized by the Executive Director and stated in the individual Game Procedures. Subject to the laws and regulations governing the NCEL, Retailers may authorize the sale of Online Game Tickets at a discount for promotional purposes, provided that such discounted sales shall be reported to the NCEL at full gross sales value.
 - 2. Retailers shall sell lottery Tickets for any and all Online Games, as directed by the NCEL.
- K. Game Procedures

The Game Procedures for each Online Game shall contain the following information:

1. game name;
2. Prize Structure;
3. Play Style;
4. retail sales price;
5. frequency of games and drawings and selection of winning tickets or shares;
6. means of conducting drawing.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

L. Ticket Validation Requirements

1. Each Online Game Ticket shall be validated according to validation procedures prior to payment of a prize.
2. An Online Game ticket shall comply with all of the following:
 - a. The Ticket shall not be counterfeit or forged, in whole or in part.
 - b. The Ticket shall not be mutilated, altered, unreadable, reconstituted, or tampered with in any manner.
 - c. The Ticket shall have been issued by the NCEL in an authorized manner.
 - d. The Ticket shall have been received or recorded by the NCEL by applicable deadlines.
 - e. In addition to the validation requirements, an Online Game Ticket shall not be valid unless all of the following conditions are met:
 - i. The Ticket data shall have been recorded on the central computer system on magnetic tape or disk prior to the drawing and the Ticket data shall match this computer record in every respect;
 - ii. The player's numbers, the Security Code data and the drawing data of the Ticket shall appear on the official file of winning Tickets, and a Ticket with that exact data shall not have been previously paid.
 - f. The game, Ticket, and Security Code(s) must be present in their entirety and be fully legible.
 - g. The play type, Security Code, Retailer code, number, and Ticket stock number must be correctly displayed on the Ticket.
 - h. The Ticket must not be blank or partially blank, mis-registered, defective, or printed or produced in error.
 - i. A lottery Ticket shall be the only valid proof of the Play and the only valid instrument for claiming a prize.
3. Any Ticket not passing all of the validation tests and requirements is void and ineligible for any prize and shall not be paid. The Executive Director may make an exclusive determination to reimburse the player for the purchase price of the void Ticket.
4. If a defective Ticket is purchased, the NCEL's only liability shall be reimbursement for the purchase price of the void Ticket.
5. The final determination on validation rests with the Executive Director.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

6. Any person who submits a lottery Ticket for validation or who claims a prize, in whatever capacity, agrees to be bound and shall be bound by the provisions of the NCEL's Online Game Rules and Regulations.

M. Ticket Responsibility

1. The purchaser of an Online Game Ticket shall be solely responsible for verifying, at the time of purchase, the accuracy, legibility and condition of the data printed on the Ticket, and for determining that the Ticket accurately reflects the Play.
2. A Ticket is a bearer instrument until signed on the back by the Ticket holder.
3. The NCEL shall not be responsible for lost, stolen, or destroyed Tickets.
4. The NCEL shall not be responsible for erroneous or mutilated Tickets.
5. The NCEL shall not be responsible for Tickets claimed by a player in error for a lower prize at a Retailer.
6. The NCEL may not pay prizes to any Claimant who purchases a Ticket from an unauthorized retailer.
7. Exchange Tickets issued pursuant to a cashed multi-draw Play shall not be canceled.
8. The Executive Director shall not pay a prize on any canceled or voided Online Game Ticket.

N. Disputed Ticket

If a dispute arises between the NCEL and a Ticket Claimant concerning whether the Ticket is a winning Ticket and if the Ticket prize has not been paid, the Executive Director may exclusively make a determination to reimburse the Claimant for the purchase price of the disputed Ticket. This shall be the Claimant's exclusive remedy.

O. Game Termination and Prize Claim Period

1. The NCEL, at any time, may announce the termination date for an individual Online Game. If this occurs, no Tickets shall be sold past the termination date.
2. Online Game Prizes shall be claimed no later than the end of the NCEL's business day (local standard time), as posted by the NCEL, on the one hundred eightieth (180th) calendar day after the drawing date of the individual Online Game. If the 180th calendar day falls on a day in which the NCEL is not open for business, the ticket must be claimed by the end of the NCEL's next business day. The risk of loss or late delivery of a claim package submitted by mail or other carrier remains with the Player. Post marks shall not constitute satisfaction of the 180 day requirement.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

3. The NCEL reserves the right to decline to accept a Play.

P. Governing Law

In purchasing a Ticket, the customer or player agrees to comply with, and abide by, the Act, other applicable North Carolina laws, all Rules and Regulations and all final decisions of the NCEL, and all procedures and instructions established by the NCEL or the Executive Director for the conduct of the respective game.

Q. Annuitized Prizes

Subject to any contrary provisions of these Rules and Regulations that only concern Grand Prize Payments for Powerball, the following rules also shall apply to Annuitized prizes:

1. If the annuitized value of the payment to each winner is less than one million dollars (\$1,000,000.00), at the discretion of the Executive Director each winner may receive his/her share of money allocated to the Jackpot prize pool in a lump sum payment.
2. The NCEL may elect to fund annuitized prize payments directly, through purchase of annuities or by other means.
3. The initial payment of an annuitized prize may be delayed for up to thirty (30) calendar days following the final determination by the Executive Director that the claim is valid.

R. Acceleration of Prize Payments

Unless otherwise provided in the Rules and Regulations, with the exception of Powerball, no payment of an Annuitized prize shall be accelerated beyond the normal dates of payment.

S. Dissemination of Winning Numbers Information

The dissemination and publication of winning numbers by telephone or in the media is for informational purposes only, and the NCEL shall not pay a prize based upon information obtained from winning number information lines or any source other than the official draw results electronically recorded in the central computer system.

T. Drawings

1. The Executive Director shall determine the time, frequency, date and method of the drawing(s) for each Online Game and shall include such information in the Game Procedures.
2. The purpose of Online Game drawings shall be to select winning numbers at random with the aid of mechanical drawing equipment or with the aid of computer drawing equipment and programs.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

3. All Online Game drawings shall be witnessed by an independent certified public accountant.
4. Any equipment used in the drawings shall be inspected by the independent certified public accountant and an employee of the Commission both before and after the drawings.
5. Online Game drawings shall be recorded on a video and audio tape, but failure to record the draw totally or in part due to electronic or mechanical malfunctions shall not invalidate the draw or change the outcome of a game once it has been announced by the Executive Director.
6. Official winning numbers from any Online Game drawings are not certified until the numbers have been certified by an independent certified public accountant, verified by NCEL Security Operations and NCEL Internal Control System Operator, and electronically recorded in the central computer system.

U. Method of Playing an Online Game

1. The Executive Director shall determine the method of play for each game, including but not limited to:
 - a. indicating the requisite digits or numbers which shall be entered manually into the lottery terminal by the Online Game Retailer; or
 - b. presenting a completed Play Slip to an Online Game Retailer; or
 - c. requesting a Quick Pick.
2. Game instructions issued to Retailers and made available to the public shall include the method of play.

V. Play Slip

1. The NCEL, or its authorized distributors, may provide Play Slips at no cost to the players.
2. Play Slips are provided solely for the convenience of players and shall have no monetary or prize value or constitute evidence of a Play.
3. If a Play Slip is used, the player shall select the requisite numbers for each single lettered Panel for that game.
4. The requisite numbers and the associated letter constitute a single game Panel on a Play Slip.
5. Play Slips shall be processed through the lottery terminal by the Retailer, and Tickets shall be issued only through the lottery terminal.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04 – ONLINE TICKET GAME RULES

6. If the Play Slip is rejected by the lottery terminal, the Play is not valid and the player may submit another Play Slip.
7. All Play Slips must be filled out by hand. Play Slips filled out by any mechanical and computerized means will not be accepted nor will any prizes be paid as a result of Play Slips filled out in this manner.