

Minutes of the Lottery Advisory Commission  
January 19, 2016

Attendance

A meeting of the Lottery Advisory Commission (Commission) was held from 2:01 p.m. – 2:51 p.m., on Tuesday, January 19, 2016. Representing the Commission was Mr. Russ Hanson; Representative Lois Delmore and Representative Thomas Beadle participated by telephone. Senator Nicole Poolman and Mr. Mike Rud were absent. Representing the North Dakota Lottery (Lottery) were Mr. Randy Miller, director, Mr. Ryan Koppy, sales and marketing manager, Mr. Matt Anderson, account budget specialist, Ms. Missy Steele, administrative staff officer, and Ms. Sonja Walder, administrative assistant.

In the absence of Chairman Rud, Commissioner Delmore made a motion for Commissioner Hanson to serve as chairman for the meeting. Commissioner Beadle seconded the motion. The motion passed 3-0.

Approval of Minutes

Commissioner Delmore made a motion to approve the minutes of the October 7, 2015 meeting. Commissioner Beadle seconded the motion. The motion passed 3-0.

Approval of the Draft Administrative Rules for the Repeal of the Wild Card 2 Game and Miscellaneous Rule Changes

Mr. Miller provided an overview of the draft proposed administrative rule changes/additions. The proposed rules are attached. Mr. Miller requested the proposed rules be amended to reflect effective dates of February 1, 2016 and February 25, 2016 rather than January 31, 2016 and February 24, 2016. The proposed amendments addressing changes to the General Rules definitions; Retailer sales commission and bonus; Conduct and Play games authorized, claim of a prize, and subscription; Wild Card 2 Game description, expected prize pool percentages and odds, and prize pool and payment; and the Lucky for Life Game prize liability limits are emergency rules with declared effective dates as interim final rules of February 1, 2016 and February 25, 2016.

Commissioner Beadle made a motion to approve the draft administrative rules as amended with effective dates of February 1, 2016 and February 25, 2016. Commissioner Delmore seconded the motion. The motion passed 3-0. The recommendation will be presented to Attorney General Stenehjem for approval prior to moving forward with the rule adoption process.

Revenues and Expenses for the Quarter Ended September 30, 2015 and October Through December 2015 Sales (Unaudited)

Mr. Anderson presented the overview of revenues and expenses for the quarter ended September 30, 2015. Total ticket sales increased by \$251,489 or 4.11% compared to the same period last year primarily due to a \$300 million Powerball jackpot in 2015 and the 2by2 promotion that ran during July/August 2015. Total operating expenses increased \$258,228 or 5.84% compared to the same period last year. Prize expense increased \$111,257 and retailer commissions/bonuses expense increased \$28,013 both due to increased sales, along with a \$10,000 retailer bonus paid for selling a \$2 million Powerball ticket. Marketing expense increased \$20,514 due to a 2by2 promotion that ran during July/August 2015.

Salaries and benefits increased \$26,456 due to July 1, 2015 salary increases and during the quarter in 2014 the account/budget specialist position was vacant. Other operating expenses increased \$95,655 due to the addition of the Players Club.

For the quarter ended December 31, 2015, overall ticket sales decreased \$50,934 or .79% compared to the same period last year. Ticket sales increased for both Powerball and Hot Lotto, but decreased for Mega Millions, Wild Card 2 and 2by2.

Mr. Kopyy arrived at 2:18 p.m.

#### Marketing Activity and Short-Term Marketing Plans

Mr. Kopyy presented the overview on marketing activity and short-term marketing plans. The North Dakota Lottery Players Club has 13,044 registered members. The following prizes were given away to players through the Points for Drawings program: one home theatre package, four Kuerig 2.0 Brewing Systems, four Ninja Kitchen Systems, one Kenmore Appliance Package, four Michael Kors His and Hers Watch Sets, two 55" LG 3D LED SMART TVs, one World Poker Tour Game Room, and three Bose Wave Radio III's. The Lottery is currently running a point sign-up bonus promotion. New Players Club members receive 250 bonus points upon registration. The current Points for Drawings promotions include Fitbit Flex Bundle – 15 points per entry, Apple TV Bundle – 25 points per entry, and bedroom package – 50 points per entry.

In November Black Friday and Cyber Monday sales promotions offered Players Club members 20% off Points for Prizes store purchases when using Promo Code BLACKFRIDAY20. During the month of December, Players Club members received 15% off Points for Prizes store purchases when using Promo Code HOLIDAY15.

The Lottery held several Flash Sale promotions for subscriptions offered through the Players Club. The promotions were held on four different dates throughout December for a four hour time span. During this time, players were credited \$2 for each \$10 in subscriptions they purchased. Total dollar amount of credit earned by subscribers was \$6,082. The advertising budget was \$600.

The Powerball jackpot reached a world record \$1.5 billion. Lottery ticket sales are typically \$400,000 to \$450,000 per week. The week of January 3, ticket sales were over \$4.1 million and the week of January 10, ticket sales were over \$4.4 million. For the January 13 drawing, the Lottery tripled its typical jackpot alert budget from \$5,000 to \$15,000 adding an extra day of radio and billboards.

The Lucky for Life game is scheduled to launch on January 31, 2016. It is a \$2 draw game with a top prize of \$1,000 a day for life and a second prize of \$25,000 a year for life. Drawings will be held on Mondays and Thursdays. The budget was increased to \$130,000 including TV, radio, social media posts, online ads, point-of-sale, and billboards.

The Lottery tentatively plans to conduct a Lucky for Life promotion in May 2016. The proposed budget will be approximately \$80,000 with the prize expense budget ranging from \$30,000 to \$40,000.

Ms. Steele arrived at 2:44 p.m.

#### Omnibus Items

Ms. Steele provided the Commission with an overview of the subscription sales. As of January 18, 2016, there were 2,837 active subscriptions and 1,052 active subscribers. Because of the success of the Flash Sale promotions, December subscription sales were \$90,181. Scientific Games is working on subscription promotions that will be less labor intensive for the Lottery to perform in the future.

Mr. Miller reported the Lottery has not received the draft audit report from the Office of the State Auditor. The draft report should be available by the end of January.

Mr. Miller reported that due to the \$1.5 billion Powerball jackpot, Lottery sales are approximately \$8 million or 57% ahead of last year with five and one-half months remaining in the fiscal year.

#### Adjournment

Commissioner Delmore made a motion to adjourn. Commissioner Beadle seconded the motion. The motion passed 3-0. The meeting adjourned at 2:51 p.m.

NORTH DAKOTA LOTTERY

Underlined represents proposed additions to the present rules.  
~~Strikethrough~~ represents proposed deletions to the present rules.

**ARTICLE 10-16**

**MULTI-STATE LOTTERY**

Chapter	
10-16-01	General Rules
10-16-02	Retailer
10-16-03	Conduct and Play
10-16-04	POWERBALL® Game
10-16-05	HOT LOTTO® Game
10-16-06	WILD CARD 2® Game <del>[Repealed]</del>
10-16-07	2BY2® Game
10-16-08	MEGA MILLIONS® Game
10-16-09	North Dakota Lottery Players Club <sup>SM</sup> Points for Prizes®
10-16-10	North Dakota Lottery Players Club <sup>SM</sup> Points for Drawings <sup>TM</sup>
10-16-11	LUCKY FOR LIFE <sup>TM</sup> Game

**CHAPTER 10-16-01**

**GENERAL RULES**

Section	
10-16-01-01	Definitions
10-16-01-02	Advertising
10-16-01-03	Debt Offset of Prize
10-16-01-04	Audit of Security <del>[Repealed]</del>
10-16-01-05	Restrictions, Requirements, and Authorizations

**10-16-01-01. Definitions.** As used in this article:

1. “Applicant’s agent” means a general manager, sole proprietor, partner of a partnership or, for a corporation, an officer or director who is primarily responsible for financial affairs or a shareholder who owns ten percent of more of the common stock, of a business that is applying for or renewing a license. A general manager is a person who regularly is onsite and primarily responsible and accountable for managing and controlling the day-to-day operations of the business.
2. “Cash Voucher” means a voucher generated by the lottery’s player activated terminal that can be validated for cash at the retailer’s lottery terminal.

3. "Draw" means the formal process of randomly selecting winning numbers, letters, or symbols that determine the number of winning plays for each prize level of a game.
4. "Deposit account" means the account to which funds are deposited and from which subscription purchases are made.
- 4-5. "Game" means an on-line game authorized by the lottery.
- 5-6. "Game group" means a group of lotteries that have joined together to offer a game on a multi-state basis according to the terms of the MUSL or the game group's rules or both.
- 6-7. "Grand prize" means the top prize that can be won in a game.
- 7-8. "Group play" means two or more individuals sharing a purchase made.
- 8-9. "Lottery" means the North Dakota lottery.
- 9-10. "Multi-state lottery" means a lottery game that spans the individual borders of a state, jurisdiction, province, district, commonwealth, territory, or country.
- 10-11. "MUSL" means the multi-state lottery association.
- 11-12. "North Dakota Lottery Players Club<sup>SM</sup>" means a program that players can join to earn exclusive benefits and rewards.
- 12-13. "Online gaming system" means a computer system designed to control, monitor, communicate with a terminal, and record play transactions and accounting data.
- 13-14. "Play" means the numbers, letters, or symbols that are on a ticket or properly and validly registered subscription play to be played by a player in a draw, excluding a lottery promotion.
- 14-15. "Play area" means the area of a play slip that contains one or more sets of numbered squares to be marked by a player for a game. Each set contains a certain number of numbers, letters, or symbols that correspond to the game.
- 15-16. "Play slip" means a card used in marking a player's selections of numbers, letters, or symbols and containing one or more play areas for a game.
- 16-17. "Player-Activated terminal" means a device authorized by the lottery and operated by a player to function in an on-line, interactive mode with

the lottery's computer system to receive and process lottery transactions including the purchase and issuance of a ticket, the validation of a ticket, and the issuance of a cash voucher.

~~17-18.~~ "Points for Drawings™" means a program where players can enter drawings by using points received from the submission of valid tickets.

~~18-19.~~ "Points for Prizes®" means a rewards program where players can earn points by becoming registered members and submitting valid tickets.

~~19-20.~~ "Quick pick" means a random selection of numbers, letters, or symbols by a computer system that are printed on a ticket or properly and validly registered subscription play and played by a player for a draw in a game.

~~20-21.~~ "Retailer fraud" means an owner or employee of a licensed retailer who knowingly and intentionally:

- a. Fails to properly validate a player's winning ticket;
- b. Fails to pay the players the proper prize amount on a winning ticket;
- c. Fails to provide the player the proper exchange ticket on a winning multi-draw ticket; or
- d. Performs any other act that causes financial harm to a player in violation of the lottery law or rules.

~~21-22.~~ "Set prize" means all prizes, except the grand prize for a game that are to be paid by a single cash payment and, except as provided by rule, will be equal to the prize amount established by the MUSL and/or game group for the prize level of the game.

~~22-23.~~ "Subscription" means a purchase of a draw game play for drawings up to one year.

~~23-24.~~ "Terminal" means a device authorized by the lottery and operated by a retailer or the lottery to function in an on-line, interactive mode with the lottery's computer system to issue a ticket and enter, receive and process a lottery transaction, including a purchase, validation of a ticket, and issuance of a report.

~~24-25.~~ "Ticket holder" means a person who has signed a ticket or possesses an unsigned ticket.

~~25-26.~~ “Top Prize” means the first prize that can be won in a game.

~~26-27.~~ “Validation” means the process of determining whether a ticket presented for a prize is a winning ticket.

~~27-28.~~ “Winning Account” means the account to which subscription winnings are deposited and from which player withdrawals are made.

~~28-29.~~ “Winning numbers” means the numbers, letters, or symbols randomly selected in a draw to determine a winning play contained on a ticket or properly and validly registered subscription play or randomly selected in a lottery promotion to determine a winning prize stated on a ticket or coupon.

**History:** Effective February 1, 2004; amended effective April 1, 2006; July 1, 2008; July 6, 2014; January 31, 2016; February 1, 2016.

**General Authority:** NDCC 53-12.1-13

**Law Implemented:** NDCC 53-12.1-13

NORTH DAKOTA LOTTERY

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**CHAPTER 10-16-02**

**RETAILER**

**10-16-02-07. Sales commission and bonus.**

1. The lottery shall credit a retailer's account for:
  - a. A sales commission of five percent of the retail price of ticket sold or otherwise issued by the retailer;
  - b. A sales commission of five percent of the amount of a subscription sale that is transacted through the North Dakota Lottery Players Club when a player chooses a specific retailer. The retailer must be currently licensed when the subscription is purchased; and
  - c. A sales bonus for selling a ticket with a winning play, for a game as stated below. However, the retailer must be currently licensed when a draw is conducted that results in the winning play of a ticket. If the winning play for POWERBALL® has the Power Play option, or the winning play for MEGA MILLIONS® has the Megaplier® option, or the winning play for HOT LOTTO® has the Triple Sizzler option, the retailer's account must also be credited for an additional bonus as stated below:

<u>Prize</u>	<u>Bonus</u>	<u>Additional Bonus</u>
POWERBALL®		
Grand prize	\$50,000	Additional \$50,000 with Power Play
\$1,000,000	\$5,000	Additional \$5,000 with Power Play
\$50,000	\$1,000	Additional \$1,000 with Power Play
MEGA MILLIONS®		
Grand prize	\$50,000	Additional \$50,000 with Megaplier®
\$1,000,000	\$5,000	Additional \$5,000 with Megaplier®
\$5,000	\$250	Additional \$250 with Megaplier®

<b>HOT LOTTO®</b>		
Grand prize	\$5,000	Additional \$5,000 with Triple Sizzler
\$30,000	\$750	Additional \$750 with Triple Sizzler
\$3,000	\$150	Additional \$150 with Triple Sizzler
<b>LUCKY FOR LIFE™</b>		
\$7,000/Week for Life	\$25,000	
\$25,000/Year for Life	\$2,500	
\$5,000	\$250	
<b>WILDCARD 2®</b>		
<del>Grand Prize</del>	<del>\$2,000</del>	
<del>\$6,000</del>	<del>\$250</del>	
<b>2by2®</b>		
\$22,000	\$500	
\$44,000*	\$1,000	

\*Tuesday draw double grand prize winning play on a qualifying multi-draw ticket.

2. The lottery may credit a retailer's account for a fixed or graduated sales commission or bonus for a special promotion, including Power Play, Megaplier®, and Triple Sizzler, that the lottery conducts for a certain period of time based on parameters set by the lottery.

**History:** Effective February 1, 2004; amended effective January 1, 2006; January 3, 2008; January 31, 2010; January 15, 2012; October 19, 2013; July 6, 2014; October 4, 2015; February 25, 2016.

**General Authority:** NDCC, 53-12.1-13

**Law Implemented:** NDCC 53-12.1-02, 53-12.1-03, 53-12.1-13

NORTH DAKOTA LOTTERY

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**CHAPTER 10-16-03  
CONDUCT AND PLAY**

**10-16-03-01. Games authorized.** The lottery may conduct online games of POWERBALL®, MEGA MILLIONS®, HOT LOTTO®, ~~WILD CARD 2®~~, 2BY2®, and LUCKY FOR LIFE™.

**History:** Effective February 1, 2004; amended effective November 8, 2005; July 1, 2008; January 31, 2010; January 31, 2016; February 25, 2016.

**General Authority:** NDCC 53-12.1-13

**Law Implemented:** NDCC 53-12.1-02, 53-12.1-03, 53-12.1-13

**10-16-03-08. Claim of a prize.** A prize for a validated winning ticket must be claimed as follows:

1. No prize may be awarded nor is the lottery liable for a ticket not submitted for validation or for an announcement or dissemination by the lottery or any other person of an incorrect number, letter, or symbol drawn.
2. A ticket bought or used to claim a prize in violation of federal or state law, or bought in violation of the lottery law or rules, is void and may not be used to claim a prize.
3. A ticket for a prize must be actually received or, if mailed, postmarked, within one hundred eighty days after the date of a draw for the game for which the ticket was issued. If the final day of the claim period is a Saturday, Sunday, or state holiday, the claim period is extended to the next business day. An unclaimed prize is forfeited and retained by the lottery. However, if the grand prize for the game of POWERBALL®, MEGA MILLIONS®, or HOT LOTTO®, ~~or WILD CARD 2®~~ is unclaimed, then MUSL shall administer the grand prize money. If the top prize or second prize for LUCKY FOR LIFE™ is unclaimed, the lottery's liability for that prize expires and no settlement of funds will be scheduled. If a lower tier prize for LUCKY FOR LIFE™ is unclaimed, the lottery's liability for that prize expires and is allocated back to the lottery in relation to the sale's percent for the specific drawing.
4. A person who owns or redeems a winning ticket:
  - a. Agrees to be bound by the lottery law, rules, procedure, policy, validation requirements, dispute resolution, and game group game rules related to the game for which the ticket was issued; and

- b. Agrees that the state, lottery, the MUSL, game group, and their officers, employees, agents, representatives, and contractor are discharged from any liability upon payment of a prize on a ticket.
5. The owner of a winning ticket may win only one prize per play for the winning numbers, letters, or symbols drawn and is entitled only to the prize won by those numbers in the highest matching prize category.
6. A retailer may redeem a ticket only at the business address listed on the license. The retailer may pay a prize in cash or by business check, certified or cashier's check, money order, or combination of methods.
7. A person may redeem a winning ticket for a prize only during the normal business hours of a retailer provided that the lottery's online computer system is operating and a ticket may be validated. If the retailer is normally open for business before or after the hours when the lottery's on-line computer system operates, the retailer shall post the hours at the site when a person may redeem a ticket.
8. To claim a prize for an apparent winning ticket of less than six hundred dollars, a player may:
  - a. Present the ticket to a retailer, regardless of which retailer sold the ticket; or
  - b. Complete the back side of the ticket by entering the person's full name and address and signing the ticket, and present or mail the ticket to the lottery's office.
9. If a ticket has a prize value of less than six hundred dollars, is owned by one person, and is presented to a retailer, the retailer may redeem the ticket and pay the prize to the person who physically possesses an unsigned ticket or to the person whose signature is shown on the ticket. If a person desires to redeem a winning ticket that is signed, the retailer shall request evidential proof of identity from the player before the retailer may validate or pay the prize. If the player does not provide proof of identity, the retailer may not validate the ticket or pay the player a prize and shall return the ticket to the player. For an unsigned ticket or a signed ticket in which the ticket holder is the identified owner, the retailer shall validate the ticket and, for a winning ticket, pay the prize to the player. If the retailer is unable to validate a ticket, the retailer shall provide the ticket holder with a prize claim form and instruct the ticket holder how to file a claim with the lottery.
10. If an apparent winning ticket has a total prize value of all plays of six hundred dollars or more and one person signed or claims ownership of the ticket, a

retailer may not redeem the ticket and shall provide the ticket holder with a prize claim form and instruct the ticket holder how to file a claim with the lottery. The ticket holder shall complete and sign the form and back side of the ticket and present or mail the form and ticket to the lottery. For a validated winning ticket, the lottery shall present or mail a check to the player for the amount of the prize, less withholding of income tax required by federal or state law and any debt setoff according to section 10-16-01-03, unless the payment is delayed according to section 10-16-03-12. The lottery shall pay the prize to the person whose name is on the ticket, notwithstanding the name on the claim form. For a nonwinning ticket, the lottery shall deny the claim, notify the claimant, and return the ticket.

11. If more than one person signed or claims ownership of an apparent winning ticket, the retailer shall provide the claimant with a prize claim form and instruct the claimant how to file a claim with the lottery, as follows:
  - a. Each person who claims part ownership of the ticket must complete and sign the prize claim form and designate the person's percentage of ownership and, if subdivision d applies, the one authorized payee;
  - b. At least one of the people who claim ownership must sign the ticket and that signature must be on the prize claim form;
  - c. The prize claim form and ticket must be presented or mailed to the lottery;
  - d. For a validated ticket, if the amount of the prize allocated to each claimant is six hundred dollars or more, the lottery shall present or mail a separate prize check to each claimant. The lottery shall present or mail a check to each claimant for the amount of each player's prize, less withholding of income tax required by federal or state law and any debt setoff according to section 10-16-01-03, unless the payment is delayed according to section 10-16-03-12. If the prize allocated to each claimant is less than six hundred dollars, at the claimant's request, the lottery shall issue a single prize check to the person designated and authorized on the prize claim form to receive payment of the prize on behalf of all the claimants or present or mail a check to each claimant for the amount of each player's prize; and
  - e. Notwithstanding subdivision d, if the claimants desire to designate one person in whose name the entire claim may be made and list the persons to whom the winnings are taxable, the claimants may file, along with a prize claim form, internal revenue service form 5754 (statement by person(s) receiving gambling winnings) with the lottery.

12. The lottery shall pay a prize to a player within a reasonable time after the player's winning ticket is validated by the lottery.
13. Except as provided by rule, if two or more plays win the grand prize, the prize money must be divided equally among the players whose tickets won. Except as provided by rule, for a set prize, each player wins the set amount of a prize regardless of whether two or more players have winning tickets for the prize.
14. The lottery is not liable for a ticket not delivered to the correct address of the lottery or a delay in delivery of a ticket or damage to a ticket while being delivered to the lottery.
15. A player who redeems a winning ticket is solely responsible for any federal or state income tax liability related to the prize.
16. A person's right to a prize is assignable and payment of a prize may be made to a person pursuant to an appropriate judicial order.
17. A prize may not be payable to a trust until after the lottery conducts a debt setoff on the beneficiaries of the trust.
18. If a player redeems an original multi-draw ticket before the ticket's last draw and a retailer returns the original ticket, rather than an issued exchange ticket, to the player, the lottery may not pay another prize on the original ticket until after the exchange ticket expires and has not been redeemed.
19. A winning ticket with a total prize value of all plays of six hundred dollars or more may not be paid to a person who is identified as being in the United States illegally.

**History:** Effective February 1, 2004; amended effective April 1, 2006; April 1, 2008; January 31, 2010; January 1, 2011; October 19, 2013; January 31, 2016; February 25, 2016.

**General Authority:** NDCC 53-12.1-13

**Law Implemented:** NDCC 53-12.1-02, 53-12.1-03, 53-12.1-08, 53-12.1-09, 53-12.1-13

#### **10-16-03-08.1. Subscription.**

1. A player shall purchase a subscription only from, and the financial transaction for that subscription must be only with, the lottery through the North Dakota Lottery Players Club<sup>SM</sup> website and payment processor. A player may use automated clearinghouse, debit card, or authorized credit card to pay for a subscription.
2. A person must be at least eighteen years of age.
3. A person must provide the following information when registering as a player, or a member of a group, for the lottery subscription service:

- a. Name;
  - b. Address;
  - c. Date of Birth;
  - d. Telephone number;
  - e. Valid email address; and,
  - f. Last four digits of their Social Security Number.
4. A person, whether individually or as a member of a group, must have a North Dakota mailing address and must pass all verification processes used by the lottery during the player's registration process.
5. A player may purchase one or more subscriptions for one or more games. Each subscription is limited to one play for a draw for one game. A player may purchase a subscription for up to fifty-two weeks. A subscription is not refundable or cancelable by a player unless the game group makes a matrix change to the game at which time, the subscription would be canceled by the lottery and funds used to purchase the subscription would be refunded to the player's ~~winning deposit~~ account through the lottery's subscription service, based on the number of draws actually held under the former game matrix in relation to the total number of draws purchased.
6. To be valid, a subscription play must be properly and validly registered with the lottery on its subscriber data base at its central computer site which meets the requirements established by the product group and MUSL security and integrity committee. All data on a subscriber is confidential.
7. The owner of a subscription play is the person whose name is validly and properly registered with the lottery. However, the lottery may split a prize among two or more persons who are registered members of a group play.
8. After the lottery properly and validly registers a subscription play, the lottery shall send a confirmation email to the subscriber. The confirmation email is the player's evidence of an actual play in a draw and there is no actual ticket. The confirmation email must include:
  - a. Name of game. For the game of POWERBALL® indication of whether the play has the Power Play option. For the game of MEGA MILLIONS®, indication of whether the play has the Megaplier® option. For the game of HOT LOTTO®, indication whether the play has the Triple Sizzler option;
  - b. Number of and starting and ending dates of the draws;
  - c. Numbers, letters or symbols of the play;
  - d. The subscriber is responsible for ensuring that all subscriber information and

game play numbers, letters, or symbols are correct; and

- e. Explanation of how a prize will be awarded.
9. Except as provided by subsection 10, a subscription play is valid for only the date range of draws specified in the confirmation email. The effective date of a new subscription play will be valid for the present draw in the game, if it is purchased at by 8:58 p.m. central time.
  10. If the value of a prize on a winning POWERBALL®, HOT LOTTO®, ~~WILDCARD 2®~~, MEGA MILLIONS®, LUCKY FOR LIFE™, or 2BY2® subscription play for a draw is:
    - a. Less than six hundred dollars, the lottery shall automatically deposit the funds into the player's winning account;
    - b. Equal to or more than six hundred dollars, the lottery shall contact the player by email and phone to arrange payment of the prize, less withholding of income tax required by federal or state law and any debt setoff according to North Dakota Century Code section 53-12.1-12.
  11. If the owner of a subscription changes the owner's name, the owner shall provide the lottery with a notarized letter of the change. If the owner of a subscription dies, the lawful representative of the owner's estate shall provide the lottery with a notarized statement of the death and the lottery shall change the ownership of the subscription to "The Estate of" the owner.

**History:** Effective November 8, 2005; amended effective January 3, 2008; November 1, 2008; July 1, 2010; October 19, 2013, July 6, 2014; January 31, 2016; February 1, 2016.

**General Authority:** NDCC 53-12.1-13

**Law Implemented:** NDCC 53-12.1-01, 53-12.1-02, 53-12.1-03, 53-12.1-08, 53-12.1-13





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NORTH DAKOTA LOTTERY

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Chapter 10-16-06 is repealed.

**CHAPTER 10-16-06**  
**WILD CARD 2® GAME**

Section	
<del>10-16-06-01</del>	<del>Game Description</del>
<del>10-16-06-02</del>	<del>Expected Prize Pool Percentages and Odds</del>
<del>10-16-06-03</del>	<del>Probability of Winning [Repealed]</del>
<del>10-16-06-04</del>	<del>Prize Pool and Payment</del>
<del>10-16-06-05</del>	<del>Prize Payment [Repealed]</del>

~~**10-16-06-01. Game description.** To play WILD CARD 2®, a player selects five different white numbers, between one and thirty three, and one out of sixteen card symbols (wild card) selected from the jack, queen, king, or ace of any suit. The player selects two plays for a minimum price of one dollar. A grand prize is paid on a single-payment cash pari-mutuel basis and a set prize (cash prize of six thousand dollars or less) is paid on a single-payment cash basis. Draws are held every Wednesday and Saturday.~~

~~**History:** Effective February 1, 2004; amended effective April 1, 2006; January 13, 2013.~~

~~**General Authority:** NDCC 53-12.1-13~~

~~**Law Implemented:** NDCC 53-12.1-13~~

~~**10-16-06-02. Expected prize pool percentages and odds.** The minimum grand prize is two hundred thousand dollars and is paid on a pari-mutuel basis. Except as provided by rule, a set prize must be paid according to these matches per play and prize amounts with these expected prize payout percentages:~~

<u>Matches Per Play</u>	<u>Prize</u>	<u>Prize Pool Percentage</u>	
		<u>Allocated to Prize</u>	<u>Odds*</u>
<del>5 white + Wild Card</del>	<del>Grand prize</del>	<del>42.23%</del>	<del>1:1,898,688</del>
<del>5 white + no Wild Card</del>	<del>\$6,000</del>	<del>8.32%</del>	<del>1:126,579</del>
<del>4 white + Wild Card</del>	<del>\$500</del>	<del>6.47%</del>	<del>1:13,562</del>
<del>4 white + no Wild Card</del>	<del>\$30</del>	<del>5.82%</del>	<del>1:904</del>
<del>3 white + Wild Card</del>	<del>\$6</del>	<del>2.10%</del>	<del>1:502</del>
<del>3 white + no Wild Card</del>	<del>\$2</del>	<del>10.48%</del>	<del>1:33</del>
<del>2 white + Wild Card</del>	<del>\$2</del>	<del>6.05%</del>	<del>1:58</del>
<del>1 white + Wild Card</del>	<del>\$1</del>	<del>9.46%</del>	<del>1:19</del>
<del>0 white + Wild Card</del>	<del>\$1</del>	<del>9.08%</del>	<del>1:19</del>

~~Overall odds of winning a prize on a one dollar play are 1:6.67.~~

[Type text]

~~\*Reflects the odds of winning and probable distribution of winning plays in and among each prize tier, based on the total number of possible combinations.~~

~~**History:** Effective February 1, 2004; amended effective April 1, 2006; January 13, 2013.~~

~~**General Authority:** NDCC 53-12.1-13~~

~~**Law Implemented:** NDCC 53-12.1-13~~

~~**10-16-06-03. Probability of winning.** Repealed effective April 1, 2006.~~

~~**10-16-06-04. Prize pool and payment.**~~

- ~~1. The prize pool for all prize categories must consist of fifty-seven percent of each draw period's sales after the prize reserve account is funded.~~
- ~~2. The prize money allocated to the grand prize pool must be divided equally by the number of plays that win the grand prize. If the grand prize is not won in a draw, subject to any restrictions by the game group, the prize money allocated for the grand prize must roll over and be added to the grand prize pool for the next draw. A grand prize must be paid in cash in a single payment.~~
- ~~3. The prize pool percentage allocated to set prizes must be carried forward to the next draw if all or a portion of it is not needed to pay the set prizes awarded in the current draw.~~
- ~~4. The lottery may not pay a grand or set cash prize until after it receives authorization from the MUSL. The lottery may pay the prize before it receives the funds from the MUSL.~~

~~**History:** Effective February 1, 2004; amended effective April 1, 2006; April 1, 2008; January 13, 2013.~~

~~**General Authority:** NDCC 53-12.1-13~~

~~**Law Implemented:** NDCC 53-12.1-13~~

~~**10-16-06-05. Prize payment.** Repealed effective April 1, 2006.~~

Repealed effective February 25, 2016.

NORTH DAKOTA LOTTERY

Underlined represents proposed additions to the present rules.  
~~Strikethrough~~ represents proposed deletions to the present rules.

**CHAPTER 10-16-11**  
**LUCKY FOR LIFE™ GAME**

**10-16-11-04 Prize Liability Limits.** There are ten prize levels in the game.

1. Except as provided in these rules, the top prize must be annuitized and based on a top prize liability that will be split equally among the number of winning game tickets. A top prize winner may request the cash option, the amount of which is to be established by the game group for a defined period of drawings. Notice of the amount of and changes to the cash option must be posted on the game's website. Under certain circumstances, as detailed below, the top prize is required to be paid in a single lump sum cash payment and no annuitized payment option is available.
  - a. One top prize winner. If there is one top prize winner, the annuitized prize value will be seven thousand dollars per week for life. As an alternative to the annuitized payment option, the top prize winner may request the top prize cash option.
  - b. Two to fourteen top prize winners. If there are between two and fourteen top prize winners, the annuitized prize option, based on an annuitized prize value of seven thousand dollars per week, will be divided by the total number of top prize winners. Any of these two to fourteen top prize winners may choose the cash option as an alternative to the annuitized payment option. The amount of the cash option for this category will be the amount of the top prize cash option divided by the total number of top prize winners.
  - c. Fifteen or more top prize winners. If there are fifteen or more top prize winners, the top prize liability will be capped at seven million one hundred twenty-five thousand dollars, must be split equally among all top prize winners, and paid in a single lump sum cash payment without an annuitized payment option.
  - d. The winner or winners of the top prize who do not request the cash option must be paid their appropriate top prize share on a weekly an annual basis, ~~or according to such other schedule of payments set at the discretion of the lottery as permitted in the rules~~ for a minimum period of twenty years. The first top prize payment will be made when the prize is claimed at the lottery's office.
  - e. Measuring life. For a single wager, the measuring life of a top prize winner used to determine the duration over which the top prize is paid, shall be the natural life of the individual determined by the lottery to be the top prize winner. If the top prize under a single wager is being claimed by more than one natural person or by a legal entity, the measuring life for that top prize

winner shall be twenty years.

- f. If paid in a single lump sum cash payment, top prize amounts will be rounded to the nearest whole dollar.
2. Except as provided in these rules, the second prize winner will be paid twenty-five thousand dollars a year for life. A second prize winner may request the cash option, the amount of which is to be established by the game group for a defined period of drawings. Notice of the amount of and changes to the cash option shall be posted on the game's website. Under certain circumstances, as detailed below, the second prize is required to be paid in a single lump sum cash payment and no annuitized payment option is available.
    - a. One to twenty second prize winners. If there are between one and twenty second prize winners, the annuitized prize value will be twenty-five thousand dollars per year for life. Any of these one to twenty second prize winners may choose the second prize cash option as an alternative to the annuitized payment option.
    - b. Twenty-one or more second prize winners. If there are twenty-one or more second prize winners, the second prize liability is capped at nine million four hundred thousand dollars, must be split equally among all second prize winners, and paid in a single lump sum cash payment without an annuitized payment option.
    - c. The winner or winners of the second prize who do not request the cash option shall be paid their appropriate second prize share on an annual basis for a minimum period of twenty years. The initial second prize payment will be made when the prize is claimed at the lottery's office; subsequent second prize payments will be made annually thereafter.
    - d. Measuring life. For a single wager, the measuring life of a second prize winner used to determine the duration over which the second prize is paid, is the natural life of the individual determined by the lottery to be the second prize winner. If the second prize under a single wager is being claimed by more than one natural person or by a legal entity, the measuring life for that second prize winner is twenty years.
    - e. If paid in a single lump sum cash payment, second prize amounts will be rounded to the nearest whole dollar.
  3. Except as provided in these rules, the third prize will be paid as a five thousand dollar set prize. If there are more than one thousand winners of this prize level in a single drawing, the total prize liability of five million dollars will be split equally among the winners. Under no circumstances, however, will the value of the third prize fall below a minimum prize value of two hundred dollars per winner regardless of the number of winners. Third prizes will be rounded to the nearest whole dollar and paid in a single lump sum cash payment.

**History:** Effective January 31, 2016; amended effective February 1, 2016.

**General Authority:** NDCC 53-12.1-13

**Law Implemented:** NDCC 53-12.1-13