NEW JERSEY ADMINISTRATIVE CODE

TITLE 17, CHAPTER 20

RULES OF THE LOTTERY COMMISSION

SUBCHAPTER 1. GENERAL PROVISIONS

17:20-1.1 Scope and interpretation

(a) The rules in this chapter shall be interpreted consistent with the purpose of the State Lottery Law, N.J.S.A. 5:9-1 et seq., and the direction that the State Lottery shall produce the maximum amount of State revenue for State institutions and State aid for education consonant with the dignity of the State and the general welfare of the people.

(b) Any decision as to the construction or interpretation of these rules shall be made by the Director of the Division of the State Lottery, and such interpretation or construction is final and binding.

(c) In the event of a conflict between these rules and the rules of a specific lottery game, the specific game rules shall govern.

(d) These rules have been drafted to avoid repetition of statutory material and rules governing specific games. These materials, along with contracts and directives from the Lottery, should be read to determine the rights, duties, and powers of the banks, agents, customers, and the Lottery.

17:20-1.2 Erroneous or mutilated tickets

(a) Gaming system generated lottery tickets mutilated in any way shall be void.

(b) Instant Game tickets that are stolen, unissued, unreadable, mutilated, altered, counterfeit in whole or in part, miscut, misregistered, multiply-printed, defective, printed or produced in error, blank or partially blank shall be void, as permitted by game rules.

(c) Unless a mutilated ticket is proven to the satisfaction of the Director to be genuine, no credit will be issued to the agent.

17:20-1.3 Persons prohibited from purchasing tickets or shares

(a) In addition to those affected by N.J.S.A. 5:9-16, the following are prohibited from purchasing tickets or shares in any New Jersey State Lottery and no prize shall be paid to:

1. Any Lottery commissioner;

2. Any officer or employee of the State, or State contracted vendor, who participates in the design, manufacture, or oversight of a New Jersey Lottery game;

3. Any person residing in the principal place of abode of such commissioner, officer, or employee, excepting a tenant not related by blood or marriage; or

4. Any individual identified as courier service personnel, including any owner, partner, shareholders holding 10 percent or more of company stock, and employee of a courier service. Additionally, any person residing in the principal place of abode of such courier service personnel is prohibited from purchasing tickets.

17:20-1.4 Background investigations as a condition of employment

(a) The Division may conduct background inquiries on candidates for Division positions, and on other individuals seeking access to secure areas of the Division's offices, to ensure that only qualified individuals of good character are appointed, or given access to secure areas of the Division's offices, and to ensure that information contained on Division employment applications is accurate and complete. The inquiry shall be conducted and the acquired information shall be kept confidential in accordance with any applicable laws (and, in the case of applicants for employment, in accordance with the Civil Service Act (N.J.S.A. 11A:1-1 et seq.)), and may include, but is not limited to, the following:

1. Appropriate criminal background investigation checks;

2. Confirmation of employment and background checks on the reasons for separation;

3. Contacting references, as required;

4. In the case of candidates for employment, confirmation of any education listed on a candidate's application; and

5. In the case of candidates for employment, other inquiries, including interviews, which stem from the above inquiries and which directly relate to criminal convictions or pending charges, employment history, references, education, or other qualifications for the position sought.

17:20-1.5 Internet sales of lottery tickets by the Division of State Lottery

The Division may directly sell tickets for draw-based games, to customers located in New Jersey at the time of purchase, through the New Jersey Lottery webpage and/or mobile application(s). Each such sale shall be recorded on the gaming system with a unique ticket identification number and associated with the purchasing customer. The unique ticket identification number for each such purchase shall serve as the purchasing customer's record of such purchase and as a ticket for all purposes pursuant to this chapter.

SUBCHAPTER 2. DEFINITIONS

17:20-2.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Act" or "law" means the State Lottery Law, P.L. 1970, c. 13 (N.J.S.A. 5:9-1 et seq.) as amended and supplemented from time to time.

"Affiliate agent" means an agent licensed pursuant to this chapter with whom the courier service conducts business by contractual agreement.

"Agent" means a retailer or any applicant who has been approved by the Director to serve as a licensed lottery agent.

"Annuity" means a Lottery prize which is payable in more than one installment, and includes Lottery prizes whose installments are payable more often or less often than annually.

"Applicant" means any person or entity who shall apply to the Division for an application to become an agent or courier service.

"Application" means the process by which a person or entity applies to become an agent or courier service.

"Assignee" means a person to whom all or any portion of a Lottery prize is assigned pursuant to N.J.S.A. 5:9-13c or 5:9-13d, or who is granted a security interest in all or part of a prize pursuant to N.J.S.A. 5:9-13k.

"Assignment" means an assignment or reassignment of all or any portion of a prize pursuant to N.J.S.A. 5:9-13c or N.J.S.A. 5:9-13d or the granting of a security interest in all or part of a prize pursuant to N.J.S.A. 5:9-13k.

"Assignor" means a person who assigns all or any portion of a prize pursuant to N.J.S.A. 5:9-13c or N.J.S.A. 5:9-13d, or who grants a security interest in all or part of a prize pursuant to N.J.S.A. 5:9-13k.

"Authorized game" means any non-cancellable draw based game approved by the Director for purchase by a courier service. Authorized games are subject to change at the discretion of the Director with proper notice being given to all courier services.

"Authorized promotion" means any promotion approved by the Director.

"Authorized promotional items" refers to promotional items whose manufacture and distribution have been authorized by the Director.

"Bank" means any banking or financial institution where agents, including affiliate agents and courier services, keep their required accounts.

"Candidate" means any person seeking employment with the Division of State Lottery.

"Claim" means a process for submitting a ticket for prize payment subject to applicable Lottery validation and claims processing procedures.

"Claim center" means a machine agent who has been licensed under the Act to validate and redeem winning tickets at the licensed location.

"Claimant" means any person who makes a claim for a lottery prize but has not yet been determined a winner.

"Commission" means the State Lottery Commission established by N.J.S.A. 5:9-1 et seq.

"Courier customer" means a natural person who holds an account with a courier service and who requests purchase and delivery of one or more authorized game ticket(s) through the courier network.

"Courier customer account" means an account established by a courier customer with a registered courier service. A courier customer account is used for the deposit and withdrawal of funds used for the purchase of tickets.

"Courier internet site" means the website of a courier service.

"Courier mobile application" means the mobile application of a courier service.

"Courier quick pick process" or "courier quick pick" means all activity conducted via the courier service website or mobile application where the outcome of the courier customer's purchase is determined by a random number generator (RNG).

"Courier service" means a person or business entity registered with the Division to purchase authorized game tickets on behalf of individuals within the State of New Jersey and deliver those tickets, by approved means, to those individuals in the State as a for-profit service.

"Courier Service Act" means P.L. 2017, c. 11, an act concerning lottery courier services and supplementing P.L. 1970, c. 13.

"Courier service locations" means individually and collectively, the physical facilities owned or leased by a courier service or its affiliates from which the courier or its affiliates provides any services.

"Courier service system" means all hardware, software, and communications that enable courier customers within the State to request the courier service to purchase tickets on the

courier customer's behalf and to receive delivery of a facsimile and other electronic confirmation of the tickets and the entire courier service's information technology infrastructure including, but not limited to, hardware, software, third party vendors, third party modules, financial systems, and all other components connected to the courier service network including the courier service's website and mobile application.

"Courier service ticket processing" means the courier service's process of: (1) accepting a request to purchase authorized game tickets; (2) generating the tickets to complete the courier customer's purchase request through a dedicated terminal of the affiliate agent; (3) scanning the front and back of the tickets to create a legible image thereof; (4) matching the tickets to the courier customer's purchase request and verifying the accuracy of the purchase; and (5) providing the courier customer with a purchase confirmation and an image of the front and back of the tickets purchased.

"Data warehouse" means a system of one or more servers located in the United States for the purpose of storing transactions received from the courier service website.

"Dedicated terminal" means the terminal of an affiliate agent that is used exclusively to produce authorized game tickets for customers of a courier service.

"Director" means the Executive Director of the Division of the State Lottery.

"Distribution network" means all courier services, armored car services, and all other entities engaged by the Division to handle the distribution and pick-up of Lottery tickets, settlement forms and other lottery materials.

"Division" means the Division of the State Lottery.

"Division of Risk Management" is a division within the New Jersey Department of the Treasury.

"Dormant courier customer account" means a courier customer account that has no courier customer activity for a period of thirteen months.

"Draw based game" means a game whose tickets are generated from the gaming system; the winning numbers are randomly drawn by mechanical or electronic means, and does not have a pre-determined outcome.

"Gaming system" means the infrastructure necessary to produce a point of sale terminal generated ticket. This infrastructure includes the central ticket purchasing system, the point of sale ticket terminal, and the network connectivity between the central system and point of sale terminals.

"Installment" means any payment made pursuant to the schedule established at the time the prize was claimed.

"Instant-only agent" means a person who has been licensed under the Act to sell tickets manually. When "person" is a corporation, the term includes officers, directors, and shareholders (holding greater than a 10 percent interest thereof). When "person" is a limited liability company, the term includes any person holding greater than a 10 percent interest therein.

"Key personnel-agent" means and includes any person managing the following: operation of a ticket sales terminal; the sale, validation, or redemption of tickets; preparing settlements; making bank deposits; or in any other manner handling lottery transactions. It also includes any person managing, or otherwise in charge of, a licensed business in the absence of the owner.

"Key personnel-courier service" means the owners, operators, officers, directors, managers, supervisors, individuals owning 10 percent or more of company stock, contractors, subcontractors, and agents of the courier service who perform any services for a courier service.

"Lottery" or "State Lottery" means the lottery established and operated pursuant to the Act.

"Machine agent" means a person who has been licensed under the Act to sell tickets and in addition has been authorized by the Director to sell certain tickets through the Lottery's designated gaming system(s), terminals, and other authorized equipment. When "person" is a corporation, the term includes officers, directors, and shareholders (holding greater than a 10 percent interest thereof). When "person" is a limited liability company, the term includes any person holding greater than a 10 percent interest therein.

"Multi-draw ticket" means a lottery game feature that allows a lottery player to select plays for multiple consecutive drawings on one ticket starting with the next scheduled drawing.

"NJDGE" means the New Jersey Division of Gaming Enforcement within the Department of Law and Public Safety.

"Non-cancellable game" means a lottery game in which the official rules of that game state that tickets cannot be canceled once the transaction occurs on the gaming system.

"Partial assignment" means any assignment of less than all the installments or less than any individual installment.

"Person" shall be construed to mean and include an individual, association, corporation, limited liability company, club, trust, estate, society, company, joint stock company, limited partnership, partnership, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any other combination of individuals. "Person" shall also be construed to

mean and include all departments, commissions, agencies and instrumentalities of the State, including counties and municipalities and agencies and instrumentalities thereof.

"Personal information" shall mean the courier customer's information used to create a courier customer account including, but not limited to, name, address, phone number, date of birth, last four digits of Social Security number, driver's license number, financial information, such as credit card or banking information, and any similar identifying information. For foreign courier customers, a Social Security number can be substituted by a passport number, taxpayer identification number, or other identification number from a governmental entity. A courier customer may provide the full Social Security number, or the equivalent for a foreign courier customer, if it is voluntarily provided.

"Play slip" or "bet slip" means a machine-readable paper form used by players to choose their lottery numbers. A retailer can insert the play slip into a reader and the lottery terminal will generate a ticket for a draw game. The Director may authorize other means to convey numbers requested by a lottery player to generate tickets from a lottery terminal.

"Promotion" means stimulation of sales through contests, demonstrations, discounts, exhibitions or trade shows, games, giveaways, point-of-sale displays and merchandising, special offers, and other similar activities.

"Promotional items" means items bearing one or more of the Lottery's distinctive marks, other than tickets, brochures, or displays.

"Registration" shall mean the Division's action approving a courier services applicant (or applicant for renewal of courier service registration) to operate for three years as a registered courier service within the meaning of the Courier Services Act and this chapter.

"Second chance drawing" means a feature whereby winning and/or non-winning tickets provide an additional opportunity to win prizes other than those in the specific game presented on the ticket.

"Secure transaction file" means a file that contains data, which is unalterable or cannot be modified without detection.

"Strong authentication" means an effective method of providing higher security than a user name and password alone.

"Suspended account" means a courier customer account that has been temporarily disabled from engaging in purchasing activity.

"Ticket" means a ticket for a New Jersey State Lottery game issued by the State Lottery for sale to the general public.

"Ticket storage" means the electronic and physical storage of tickets.

"Validation" means successful authorization of a winning ticket pursuant to game rules and subject to claim processing procedures.

"Winner" means a claimant who has demonstrated to the Director's satisfaction that the claim has successfully complied with all the rules of a lottery game so as to be eligible for the prize set forth in the rules of said game.

SUBCHAPTER 3. DIRECTOR

17:20-3.1 Disputes over ownership or validity of winning tickets

(a) In the event that a dispute arises involving the ownership of a winning ticket or the validity of such a ticket, the Director shall treat the matter as a contested case within the meaning of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and N.J.A.C. 1:1. Such treatment shall also be afforded with respect to the denial of a claim of entitlement to a lottery prize, in the Director’s discretion.

(b) Agents or courier services may be required to assist in disputes over ownership or validity of winning tickets and shall be required to provide information or data to the Division.

SUBCHAPTER 4. LOTTERY AGENT APPLICATION AND LICENSE

17:20-4.1 Agent application; form

(a) Any person who wishes to be licensed as an agent by the Division of the State Lottery must first file a "Request for Evaluation" from the Division. Upon receipt of such request, the Director shall cause a preliminary investigation to be made. If the investigation discloses reasons why the requesting party or the involved location is unsuitable for licensing based on the standards set forth in the Act and this chapter, no application shall be issued, and the requesting party shall be so informed. Such action shall be tantamount to the denial of an application for purposes of N.J.A.C. 17:20-5.3.

(b) The Director may prescribe forms of application to call for such information as may be deemed necessary or helpful in evaluating the factors for licensing as set forth in the Act and this chapter.

(c) An applicant for licensure shall divulge any previous application to or licensure with the New Jersey State Lottery or any other State agency, along with any record of arrests or convictions in this or any other State.

(d) The application process shall include such consents to credit checks, criminal record searches, and such other waivers and release provisions as may be required by the Director to assure a full and complete review of the application.

(e) An applicant who is denied a lottery license shall not reapply for a period of one year. However, the Director may, if conditions, which were the basis for the denial change, allow the applicant to reapply in less than one year.

(f) All applicants must report to the Director any change in status, such as ownership, control, address or other data relevant to licensure, within 10 days of occurrence.

(g) All officers and shareholders shall be disclosed and listed on an Application for License or a License Renewal Application with the percentage of shares owned by each. The Corporate Identification number and Federal Identification number including all New Jersey Division of Taxation assigned suffixes shall also be noted. Failure to disclose the aforementioned information shall be cause for denial of a New Jersey Lottery license under N.J.A.C. 17:20-5.1(a)1.

(h) All applicants shall provide a copy of a valid Business Registration Certificate issued by the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services.

l7:20-4.2 Ineligibility of minors

(a) No person under the age of 21 shall make application to become or be licensed as an agent.

(b) No person under the age of 18 shall operate a lottery terminal, sell, validate, and redeem tickets, or participate in any lottery operation or transaction.

l7:20-4.3 Review of agent application

(a) Upon receipt of an application that appears to be complete and in order, the Director shall subject it to a thorough review, including:

l. Verification of references;

2. A check of credit reporting sources, other State departments and agencies and criminal justice agencies;

3. A separate marketing study that may include (but need not be limited to) the following factors:

i. The applicant's hours of operation;

ii. The types of businesses in which the applicant engages;

iii. The presence or absence of similar types of businesses among nearby agents;

iv. The distance from the applicant's location to nearby agents;

v. Traffic patterns, parking access, store type and other factors which affect public access;

vi. The potential for increased ticket sales, which may be arrived at by comparing 13-week average sales for agents in the applicant's municipality with the statewide per-agent average for the same time period or by analyzing the public cross-section frequenting establishments of the applicant’s type, or by analysis of the other geodemographic data; and

vii. The applicant's business experience and marketing attitude; and

4. Such other procedures as may be needed to substantiate the moral character of the applicant and key personnel and the ability of the applicant to satisfy the other licensing criteria as set forth in the Act and this chapter.

(b) The Director may schedule and hold a public information gathering hearing to facilitate the review of a license application, in addition to any hearing which may be requested pursuant to N.J.A.C. l7:20-5.3.

(c) The Director may dispense with such of the above procedures or factors as are deemed unnecessary in completing a particular application review.

l7:20-4.4 Issuance of agent license; conditions

(a) The Director may license an applicant to be an instant-only agent or a machine agent as the facts and circumstances may warrant. Before issuing a license, the Director shall provide training to all applicants and key personnel to the extent the Director deems appropriate, and shall require that training be administered to such persons as will best preserve the integrity and most effective operation of the Lottery. Training shall cover machine operations, handling of instant tickets, redemption and settlement procedures and all other aspects of transacting business as an agent of the Lottery.

(b) The Director may grant a license subject to such conditions as may reasonably assure satisfaction of the licensing criteria set forth in the Act and this chapter.

(c) The Director may grant a license for a trial period, subject to further review and evaluation.

(d) No license shall be issued to an applicant whose business primarily involves:

1. The sale, rental or display of sexually explicit material; or

2. The sale of literature or equipment dealing with the cultivation or use of controlled dangerous substances.

(e) An agent's license shall remain in full force and effect until the license is suspended or revoked by the Director or until the Director receives a written resignation from the agent.

(f) All agents shall report any change in status, such as ownership, control, address, business purpose or other data relevant to licensure, within l0 days of occurrence. Failure to do so shall be cause for discipline under N.J.A.C. l7:20-5.l. All such changes in status will be subject to the review and approval of the Director, consistent with the standards used in the initial license approval.

17:20-4.5 Agent license renewal

The Director shall require license renewal applications on a biennial basis, to insure continuing compliance with the Act and with this chapter. The agent shall provide such other information as the Director may deem necessary for the proper administration of the Division's activities. Information required by the Division shall include tax, employment, credit history, criminal history and wage records from both private and governmental agencies. The Lottery may procure and exchange information with other agencies regarding information required of applicants or agents as provided by law.

l7:20-4.6 Display of agent license

(a) Every agent shall prominently display in an area visible to the general public:

1. The Lottery license;
2. Lottery promotional materials;
3. Betting slips;
4. Game flyers; and
5. Other related circulating material.

17:20-4.7 Bonding of agents

The Director may require a non-refundable annual bonding fee from any or every licensed location. For agents operating less than a full calendar year, the fee may be determined proportionately.

17:20-4.8 Conversion of agents

The Director may in the exercise of discretion convert any licensed location from an instant-only agent to a machine agent, or vice versa.

17:20-4.9 Sale of tickets at specific agent locations

(a) An agent shall not sell tickets at any location other than that which is specified in the license. All transactions involved in the sale of said tickets shall occur at the licensed

location, and not elsewhere, but the holder of a winning ticket need not redeem such ticket at the place of purchase.

(b) Notwithstanding the provisions of (a) above, the Director may authorize additional temporary locations under the existing license, in accordance with the provisions of this chapter. Such authorization shall be in writing and shall be displayed at such temporary locations.

(c) An agent shall only accept official New Jersey Lottery bet slips that are hand- marked and manually completed. Facsimiles and laser printed bet slips shall not be accepted. The Director may authorize other means to convey numbers requested by a lottery player to generate tickets from a lottery terminal.

l7:20-4.10 Special or seasonal lottery agents

(a) The Director may, upon proper application, license special or seasonal lottery agents.

(b) A special license may be issued subject to such special conditions or limitations as the Director in the exercise of discretion may deem prudent, consistent with the dignity of the State, the general welfare of the people and the dignity and integrity of the Lottery.

(c) These limitations or conditions may include, but are not limited to the following:

1. Length of licensure period;
2. Hours of sale;
3. Location;
4. Specific persons who may sell tickets; or
5. Specific sporting, charitable, social, or other special events where tickets may be sold.

(d) Agents holding special lottery licenses shall be subject to all rules and regulations of the Lottery Commission not inconsistent with this rule.

17:20-4.11 Changes and transfers of ownership (of agent licensed premises)

(a) A Lottery license issued pursuant to these regulations is not transferable without the prior approval of the Director.

(b) The Director shall be notified in writing at least 30 days prior to any change in ownership of the following: a sole proprietorship, corporate stock transfer of 10 percent or more or change in the ownership interest of a limited liability company of 10 percent or more. Immediate written notice is also due when an agent lists, advertises or offers for sale the primary business. Failure to comply with this requirement may result in immediate suspension or revocation.

(c) The new owner(s) of such a business may be issued a temporary license for a period not to exceed 90 days during which an application for licensure may be filed and reviewed, provided that the Division has received timely notice as described above.

(d) No agent shall advertise or make any representation to potential buyers of the business that the Lottery license shall be transferred with the sale or assignment or lease of the business. No advertisement, offer, representation, binder, or contract shall include any reference to a Lottery license, status as an affiliate agent, or Lottery business.

(e) The Director may set a date on which responsibility passes from the current agent to the prospective agent with respect to obligations to and compensation from the Lottery. Such date may be the closing date submitted to the Division by the parties. The Director may also establish other procedures to facilitate such events.

(f) An agent shall notify the Director within five days of receipt of any notice received or served pertaining to an eviction or foreclosure of the licensed premises.

(g) Any holder of a financial interest in a mortgage, lease, or rental agreement of a licensed premise shall notify the Director of any intention or attempt to evict or foreclose on the agent immediately upon commencing such action for eviction or foreclosure.

17:20-4.12 Merchant of record

The registered courier service is the merchant of record on the Lottery's behalf in connection with processing certain lottery product transactions.

SUBCHAPTER 5. DENIAL, REVOCATION, OR SUSPENSION OF AGENT LICENSE OR COURIER SERVICE REGISTRATION

17:20-5.1 Reasons for denial, revocation, suspension, renewal rejection, or imposition of civil penalties

(a) In the discretion of the Director, an agent application or courier registration may be denied, or an agent license or courier registration suspended, revoked, or its renewal rejected for any one or more of the following reasons:

1. Whenever the application for an agent license or renewal thereof, or a courier service registration or renewal thereof, contains knowingly false or misleading information or is incomplete or whenever an agent or courier service fails to complete and submit the license or registration renewal application form within the specified time requested;

2. Whenever the agent or courier service violates or fails to perform in accordance with any of the provisions of the Act or these rules and regulations or the general operational procedures of the Lottery;

3. Whenever a person:

i. Has been indicted, arrested for, or convicted of a crime, disorderly persons offense, or violation of ordinance or administrative regulation relating adversely to the duties of a lottery agent, courier service, or as an incident to obtaining or attempting to obtain a Lottery license or courier service registration; or

ii. Has been the subject of a verified complaint or accusation for such offense; or

iii. Has failed to notify the Director in writing within five days of any of the above actions.

4. Whenever an agent or courier service engages in conduct detrimental to a sound business relationship between the agent and the Lottery or the courier service and the Lottery;

5. Whenever it is determined that such action would be in the best interest of the Lottery based on actions that reflect upon the agent's or courier service's moral character or affect the integrity of the Lottery;

6. Whenever an agent applicant or courier service applicant does not, or an agent or courier service can no longer, satisfy the criteria set forth in N.J.S.A. 5:9-11 or this chapter for the issuance of a license or registration;

7. Whenever ownership of the agent or courier service has been changed without the Director's approval;

8. Whenever an agent or courier service fails to report any change in status, control, address, or other data relevant to licensure within 10 days of occurrence;

9. Whenever the agent or courier service fails to meet minimum sales quotas set by the Director;

10. Whenever the agent or courier service fails to make prompt and timely payment of a civil penalty imposed under N.J.A.C. 17:20-9;

11. Whenever it is determined that an agent or courier service has discounted a prize associated with a winning ticket resulting in a reduced prize payment to the holder of a winning ticket of less than the actual prize or prize share value;

12. Whenever an agent or courier service has violated the Federal Organized Crime Control Act of 1970, or committed the crime of embezzlement, theft, forgery, bribery, falsification or destruction of records, perjury, false swearing,

receiving stolen property, obstruction of justice, or any other offense indicating a lack of business integrity or honesty or committed an act of moral turpitude;

13. Whenever an agent or courier service has violated the Federal or State antitrust statutes or the Federal Anti-Kickback Act (18 U.S.C. § 874, 40 U.S.C. § 276b, c);

14. Whenever an agent or courier service has violated any laws governing the conduct of elections of the Federal government, State of New Jersey or of its political subdivisions, or any other state;

15. Whenever an agent or courier service has violated any laws governing the conduct of occupations or professions or regulated industries;

16. Whenever an agent or courier service has violated any laws, ordinances, regulations of the Federal government, State of New Jersey, its political subdivisions, or any other state that may bear upon a lack of fiscal responsibility or moral integrity;

17. Whenever an agent or courier service has made any offer or agreement to pay or has made payment either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee as defined by the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13b and c) in the Department of Treasury or any other agency with which such an agent transacts and offers or proposes to transact business, or to any member of the immediate family as defined by the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13i) of any such officer or employee, or any partnership, firm, or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13g) under circumstances from which it might reasonably be inferred that such offer, agreement, or payment was made for the purpose of influencing the recipient as to the discharge of official duties regarding the agent by the recipient or by any person affiliated with the recipient within the meaning of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13b, 13c, or 13d);

18. Whenever any agent or courier service has influenced or attempted to influence or caused to be influenced, any State officer or employee or special State officer or employee in his or her official capacity in any manner that might tend to impair the objectivity or independence of judgment of said officer or employee;

19. Whenever any agent or courier service has caused or influenced or attempted to cause or influence any State officer or employee or special State officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the agent or any other person;

20. Whenever it is determined that an agent has intentionally removed or defaced any portion of an instant scratch off ticket latex overlay coating for the purpose of compromising the outcome of the ticket;

21. Whenever a courier service alters a courier customer's order for ticket purchases without the courier customer's authorization; or

22. Whenever a courier service alters a courier customer's personal information contained in their account without the courier customer's authorization.

(b) The Director may summarily suspend an agent license or courier service registration for up to five consecutive days without prior notice if such suspension is deemed imminently necessary:

1. To prevent a breach of security;

2. In the event of the misuse of a lottery machine or other lottery equipment;

3. To protect the Lottery from economic harm; or

4. Whenever any activity, policy, or conduct of an agent or courier service presents a serious or imminent hazard to the health, safety, and well-being of the public or whenever any activity, policy, or conduct presents a threat to the integrity or business operations of the State Lottery.

(c) Notices of summary suspension, including the reasons therefor, shall be given to agents or courier services as promptly as possible and by means deemed most effective by the Director.

(d) The following conditions shall apply to any licensing or registration action including the suspension, non-renewal, or revocation of a lottery agent license or courier service registration or the rejection of an application therefor:

1. The existence of any of the causes set forth in (a) above shall not necessarily require the Director to take license or registration action. In each instance, the decision to take licensing or registration action shall be made within the discretion of the Director in the best interest of the State;

2. All mitigating factors shall be considered in determining the seriousness of the offense, failure, or inadequacy of performance in deciding whether licensing or registration action is warranted;

3. Any licensing or registration action shall be taken in accordance with the provisions of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the

Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Any action to summarily suspend a license shall be given immediate effect.

(e) In addition to an action to suspend, revoke, or not renew a license or registration or to reject an application of an agent or courier service for violations of this section, the Director may take any other action permitted by law, including action to impose civil penalties pursuant to N.J.A.C. 17:20-9.1 et seq.

17:20-5.2 Termination procedures for agents and courier services

(a) Upon termination of an agent's license by revocation, resignation, non-renewal of license, or cessation of operations for any other reason, the agent shall appear on a date and at a location designated by the Director to render a final lottery accounting and surrender the license and other lottery property, including, but not limited to:

1. Signage;
2. Decals;
3. Point of sale material;
4. Bet slips;
5. Lottery terminal;
6. Instant tickets;
7. Ticket dispenser; and
8. Any other items provided by the Lottery to the agent and all physical references to the Lottery.

(b) Upon termination of a courier service registration by revocation, resignation, non-renewal, or cessation of operations for any other reason, the courier service's authorized representative shall appear on a date and at a location designated by the Director to render a final accounting for full reimbursement of all courier customers and surrender all certificates of registration originally issued by the Division. Additionally, the courier service's affiliate agent(s) shall surrender the dedicated terminal(s) to the Lottery. Further, the courier service shall ensure that the courier service's website and mobile applications are no longer active.

17:20-5.3 Disciplinary procedures for agents and courier services

(a) Disciplinary action shall follow a progression, depending on the frequency and/or severity of the infraction and the history of the agent or courier service. Disciplinary action will usually start with a reprimand, and/or an informational conference and/or imposition of a civil penalty. Disciplinary actions may include requiring the agent or courier service to submit a plan of correction for the Director's approval that complies with the State Lottery Law, the Courier Service Act, and this chapter, and to submit to unannounced verification of compliance with the plan of correction.

(b) In the case of a decision to suspend an agent license or courier service registration, the agent or courier service shall be notified of the reason for suspension. In addition, the

agent or courier service shall be afforded an opportunity for an informational conference and/or hearing.

17:20-5.4 Hearings for agents and courier services

(a) The Director may personally hold hearings required by law and any person entitled to a hearing shall receive one upon proper request. All hearings shall be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Where the suspension has been instituted summarily, the agent or courier service shall be entitled to a hearing on an expedited basis.

(b) The request for a hearing shall:

1. Be in writing, signed by the petitioner or attorney on behalf of the petitioner and include the petitioner's mailing address;

2. Specify the ruling, action or matter on which the hearing is requested and indicate what relief is desired.

(c) A petition or request to the Director for hearing or other relief, unless otherwise required by law or these rules and regulations, must be received by the Director within 15 days after the date of service of the notice of the action.

(d) If the petitioner without sufficient reasons fails to appear at the scheduled hearing, such failure may be treated as a withdrawal of the petition or request. The Director may in the exercise of discretion dismiss the petition, adjourn the hearing to a future date or take such action as may be just and proper under the circumstances.

(e) All hearings and contested cases will be held at Lottery headquarters unless otherwise specified by the Director or unless referred to the Office of Administrative Law.

(f) All hearings before the Director are public hearings and shall be recorded. The Director may close to the public portions of the hearing during which confidential matters, such as lottery system security, agent or courier financial matters, or courier customer information will be addressed or discussed, but the closed portion of the hearing shall be recorded. The Director’s reason for closing the hearing shall be placed into the hearing record. Upon receipt of a request for a transcript of such a hearing, the Director will direct that a transcript of the hearing be prepared or will send the appropriate recording to an outside transcribing service for preparation of the transcript. The cost of preparing said transcript shall be billed to the party making the request, who shall also be responsible for any deposit that may be required by the transcriber or by administrative rule. Any closed portion of the hearing shall be redacted from the transcript.

17:20-5.5 Reapplication for agent license and courier service registration after revocation

Any agent whose license or courier service whose registration has been revoked shall not reapply for one year from the date of the written revocation except where the Director in the exercise of discretion determines that the conditions underlying the revocation have been remedied. Any application submitted by such an agent or courier service shall, in addition to the other application requirements set forth in this chapter, specifically address how the applicant has addressed the noncompliance with the State Lottery Law, the Courier Services Act, or this chapter that was the reason for the prior license/registration revocation.

17:20-5.6 Permanent revocation of agent license or courier service registration

Notwithstanding the provisions of N.J.A.C. 17:20-1 through 9, the Director is empowered to revoke any agent's license or courier service registration permanently for acts impairing the integrity and security of the Lottery.

SUBCHAPTER 6. AGENT DISTRIBUTION AND SALE OF TICKETS AND DEPOSIT OF LOTTERY MONIES

17:20-6.1 Distribution of tickets; conduct of business

(a) An agent may delegate authority to an employee regarding transactions with the Lottery or distribution network. However, the agent shall remain, at all times, liable to the Lottery regardless of what the agent’s delegate may do or fail to do.

(b) The Director may issue an identification card to any agent which, if issued, must be displayed whenever the agent transacts business with the Lottery contracted vendor.

(c) The agent accepts all tickets in trust for the Lottery. Tickets in the hands of an agent are the agent's sole responsibility and it is the agent's sole duty as a fiduciary of the Lottery either to return the tickets to the Lottery within the specified time or to remit the face value of the tickets to the Lottery, less any commissions, bonuses and reimbursements for redeemed tickets to which the agent is entitled. Tickets shall remain the property of the Lottery. The agent understands that this is an express trust relationship between the Lottery and the agent with respect to tickets and sale proceeds and any failure to remit the face value of the tickets to the Lottery, less any commissions, bonuses and reimbursements for redeemed tickets to which the agent is entitled, will be considered a fraud or defalcation by a fiduciary.

17:20-6.2 Agent sale, redemption, and retention of tickets

(a) At all times during normal business hours, agents shall make current tickets available for sale to the public, and shall, within the limits set forth by law and these rules, redeem all winning tickets by payment of cash or check to the holder.

(b) The agent shall sell only authorized New Jersey State tickets. No other tickets for any other lottery or facsimiles thereof shall be sold by any agent.

(c) The agent shall not deactivate the machine during hours of operation approved for licensure without prior permission of the Director.

(d) No person under the age of 18 may sell a ticket or share.

(e) No person shall sell a ticket or share at a greater or lesser price than that fixed by individual game rules.

(f) Ticket sales shall not be combined with the sale of any other product or service without the express written approval of the Director. This prohibition shall not apply to promotions, conducted entirely at the expense of the agent, involving non-winning tickets, tickets for which the drawing date or claiming period has expired or other tickets that no longer have value for lottery purposes.

(g) Notwithstanding (f) above, the Director may, in accordance with the provisions of this chapter, approve special promotions that are proposed by agents that may include the sale of tickets at less than face value. The agent shall remain liable to the Lottery for the face value of all tickets sold or distributed.

(h) Winning tickets less than $600.00 shall be destroyed upon redemption.

(i) Canceled tickets shall be held for a period of 13 months from the date of the relevant drawing.

17:20-6.3 Agent deposit of lottery monies

(a) Agents, including affiliate agents, shall remit net lottery receipts to the bank on the dates specified by the lottery. Affiliate agents are additionally required to collect the net lottery receipts from their associated courier service in sufficient time to deposit the funds in said bank by the dates specified by the lottery. Notwithstanding the rules of any specific game to the contrary, the Director may, in the exercise of discretion, require the agent to account fully for any and all tickets issued to that agent and to remit immediately all sums due the Lottery.

(b) Monies received by an agent from the sale of tickets are the property of the Lottery and are held by the agent in trust for the Lottery. The agent shall immediately segregate all monies received from the sale of tickets, and shall hold such monies in express trust for the Lottery in a bank account specifically designated as a New Jersey Lottery account.

(c) The agent shall be absolutely liable for payment of such monies to the Lottery notwithstanding the degree of care exercised with respect to such monies by the agent.

(d) The agent shall keep current records of all operations in conformity with the Act and this chapter, and such other instructions as may be issued by the Director.

(e) All agent lottery operations, reports, and records shall be subject, upon demand, to inspection and audit by representatives of the Lottery, but such reports and records shall remain confidential for all other purposes except income tax reporting required by law.

(f) The bank shall provide the Lottery with a statement of all transactions as required.

(g) Net settlements due to the Lottery shall bear interest at the legal rate from the date payment is due until it is received by the Lottery; however, the Director may establish grace periods for payment without the accrual of such interest.

17:20-6.4 Agent lost, stolen, or canceled tickets

(a) Agents are responsible to the Lottery for lost, damaged, destroyed, stolen, improperly canceled tickets or missing lottery receipts and tickets notwithstanding the degree of care that they may have exercised with regard to the tickets and receipts.

(b) Agents are responsible to the Lottery for the consequences of the loss of tickets, the improper cancellation of tickets, or for other breaches of these rules or game rules. Such responsibility includes reimbursement to the Lottery for prizes paid to ticket holders.

(c) Agents shall report to the Lottery within two hours of discovery regarding any theft from, or unauthorized entry upon, licensed premises, whether or not any lottery monies or property appear to be missing at the time and shall supplement such report regarding any lottery monies and property (including full and partial pack numbers and ticket sequence numbers) that are missing.

(d) No prize shall be paid to any agent with respect to stolen tickets or regarding unclaimed winning tickets unless the Director so determines.

17:20-6.5 Agent distribution of promotional items

(a) The Lottery may authorize the manufacture of promotional items and the sale and distribution of such items by agents or by the Division. Agents may, but are not required to, purchase authorized promotional items for distribution to the public. Agents shall not acquire or distribute promotional items except as provided in this section.

1. Agents choosing to acquire authorized promotional items shall purchase them, at the agent's sole expense, from the Division or the authorized distributor designated by the Division, whose name and address shall be provided to agents by the Division upon their request.

2. Agents may sell authorized promotional items at a cost to be determined by the agent, or may give away promotional items at no charge.

3. Agents may offer authorized promotional items to the public in connection with the purchase of tickets or other items available at the agent's business. However, no promotional item may be provided, offered, or advertised by the agent in connection with alcoholic beverages, tobacco products, any product of an intimate or sexual nature, any product associated with illegal activity, or any product targeted for use by minors.

(b) Acquisition or distribution of promotional items in any manner other than that provided in this section shall be grounds for suspension or revocation of the agent's license, in accordance with N.J.A.C. 17:20-5.3, or penalties in accordance with N.J.A.C. 17:20-9.

17:20-6.6 Agent acquisition or distribution of counterfeit items prohibited

Agents shall not acquire or distribute any item, other than an authorized promotional item which, by use of words or symbols, indicates that the item is authorized or manufactured by, or associated with, the New Jersey Lottery. Failure to comply with this section shall be grounds for suspension or revocation of the agent's license, in accordance with N.J.A.C. 17:20-5.3, or penalties in accordance with N.J.A.C. 17:20-9.

17:20-6.7 Compliance

Failure to comply with any requirements of N.J.A.C. 17:20-6 shall result in an imposition of a civil penalty, suspension or revocation, in accordance with the disciplinary procedures outlined in N.J.A.C. 17:20-5.3.

SUBCHAPTER 7. PAYMENT OF PRIZES

17:20-7.1 Information to be furnished by prize claimant

(a) Before receiving any prize of $600.00 or more, the claimant shall furnish the Director with a Social Security number if one exists, or with any identifying number or account number assigned by the Internal Revenue Service for Federal Income Tax purposes, in addition to such other identification data as may be requested by the Director.

(b) Prize claimants who are nonresident aliens for Federal Income Tax purposes shall also file with the Director proof of their nonresident alien status.

(c) The Director may require proof of age prior to the aware of any prize.

(d) If more than one person claims ownership of a winning ticket, that fact must be shown on the ticket or claim form submitted to the Lottery, and each claimant must provide the information and proof required by this section.

(e) The Director may waive compliance with any of the requirements of this subchapter in appropriate cases if satisfied that such compliance is unnecessary.

17:20-7.2 Requirement of additional information

In any case where additional information is required to show that a person claiming a prize is the owner of the ticket and is entitled to receive payment of said prize, the Director may require the claimant to supply such further evidence as may be appropriate under the circumstances of the case.

17:20-7.3 Time of award of prizes

(a) Except as herein provided, prizes shall be awarded as soon as reasonably possible after the claimant has been identified to the satisfaction of the Director and the claim validated pursuant to the applicable game rules.

(b) Unless the individual game rules provide otherwise, the payment of prizes to winners who are to be paid in installments shall be made annually on or about the anniversary date of the claim except that the first payment shall be made as soon as reasonably possible.

(c) Upon the death of a prize winner, all monies or any portion thereof that remain payable to the winner's estate shall be paid either to an executor (executrix) or administrator (administratrix) of the decedent's estate, upon presentation of a short certificate issued within six months, in accordance with the provisions of N.J.S.A. 54:35-l9 and individual game rules. A "short certificate" as referenced in N.J.S.A. 22A:2-30 is a sealed document issued by the Surrogate's Court indicating that the named person was previously appointed by the Surrogate's Court as the fiduciary for the estate and the fiduciary's appointment is still in effect.

1. Said monies may be transferred either by intestate succession or by testamentary disposition.

2. Upon payment to the estate, the Lottery shall be absolved of any further liability for award of prizes.

(d) Under no circumstances will prize awards be accelerated.

(e) Claims may be amended prior to the delivery of the initial check(s), with the approval of the Director. Thereafter, no change shall be made except in conformity with N.J.S.A. 5:9-l3.

17:20-7.4 Manner of payment of prizes

(a) Payment of monetary prizes shall be made by check, or other means approved by the Director, payable to the bearer of the ticket; however, the Director may, in the exercise of discretion, withhold payment pending clarification of ownership of the ticket. The Director may authorize cash redemption of certain prizes payable to the bearer of the "winning" ticket. With respect to machine issued tickets, the Director may refuse payment if the computer file and other validation records show that payment has been made.

(b) In cases of multiple ownership, the following shall apply:

1. Single payment (non-installment) prize winners shall be issued one check to the group representative designated on the claim form unless an appropriate document is submitted requesting a split of the prize. The individual designated to represent the group shall be responsible for filing the appropriate Internal Revenue Service forms with the Lottery and distributing the monies to the co-winners. All individuals in the group with prize shares of $600.00 or more will be subject to offset regulations identified in N.J.S.A. 5:9-13.17 and 13.18.

2. Installment prize winners may request the issuance of separate checks. The gross (pre-tax) value of each separate check, however, must be $5,000.00 or greater. All individuals in the group with prize shares of $600.00 or more will be subject to offset regulations identified in N.J.S.A. 5:9-13.17 and 13.18.

(c) Non-cash prizes such as trips, tickets to theaters or other places of amusement, meals or tangible property shall be awarded by the Director in such manner as is consistent with the dignity and integrity of the Lottery, the convenience of the winner and of the provider of the prize. The Director may establish time limits for the filing of claims for prizes where the event is one of limited duration. The Director may authorize the liquidation of a non-cash prize in order to satisfy any eligible debts owed as per N.J.S.A. 5:9-13.17 and 13.18.

17:20-7.5 Discharge of State liability upon award

(a) The State of New Jersey, its subdivisions, agents, officers, and employees, the State Lottery Commission, the Director, the Division of the State Lottery, its agents, officers, and employees shall be discharged of all liability upon award of a prize.

(b) The Director's decision regarding the determination of a winning ticket shall be final.

(c) In the event of a dispute between two or more persons claiming to be the owners of a winning ticket, the Director may, with or without holding a hearing, deposit the prize money in the Superior Court of the State of New Jersey and interplead all known claims. The Lottery shall thereafter be relieved of any further responsibility or liability with respect to such monies.

17:20-7.6 Unallocated prize money; breakage

(a) Upon the conclusion of any specific game, when the prize allocation is in excess of the allocation necessary to sustain the payment of prizes within the prize pool, such excess shall be allocated as unclaimed prize money pursuant to N.J.S.A. 5:9-l7.

(b) During the term of any specific game, when the prize allocation is in excess of the allocation necessary to sustain the payment of prizes within the prize pool as a result of rounding-off to even dollar amounts ("breakage"), such excess shall be added to the pool of monies available for the award of future prizes pursuant to specific game rules.

17:20-7.7 Disclosure

(a) Pursuant to N.J.S.A. 5:9-7.b, holders of winning tickets or shares may remain anonymous indefinitely. The identity of a prize winner choosing to remain anonymous shall be confidential and proprietary for all purposes, including the New Jersey Open Public Records Act (OPRA), N.J.S.A. 47:1A-1 et seq.

(b) In accordance with (a) above, winner information will be restricted as follows:

1. Winners are anonymous, but may expressly consent to waive their anonymity to allow the following information to be published by the Division or its marketing and sales contractors and subcontractors:

i. Name;
ii. Town and state of residence;
iii. Game name and drawing date;
iv. Amount won; and
v. Photographic and video-graphic likeness in any medium for purposes of publicity or promotion; and

2. In the event that a winner remains anonymous, the Division or its marketing and sales contractors and subcontractors may publish the following:

i. Name of the county and state where winner resides;
ii. Name of retailer who sold the winning ticket, including the retailer's town and county;
iii. Game name and drawing date; and
iv. Amount won.

(c) Anonymity does not apply to those who win a second chance drawing, as defined at N.J.A.C. 17:20-2.1, or things such as a contest or giveaway where the player has not purchased a ticket. In such instances, house number, street name, Social Security numbers, taxpayer ID numbers, driver's license numbers, passport numbers, and any other identifying information, other than individual's name and town of residence, shall

remain confidential for all purposes, including the Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

(d) For winners that waive anonymity, information including their house numbers, street name, Social Security numbers, taxpayer ID numbers, driver's license numbers, passport numbers, and any other identifying information other than the information set forth at (b)1 above, shall not be disclosed for any purposes, including the Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

(e) For winners that do not waive anonymity, retailers and courier services may choose to advertise or publish winner information, but shall release the following information only:

1. Name of the county where winner resides;
2. Game name and drawing date; and
3. Amount won.

(f) A winner who procured their ticket through a lottery courier service may, in writing, expressly waive anonymity. Such waiver shall permit the courier and the Division of Lottery to publish winner information. Pursuant to such circumstances, a courier service and the Division shall release only the identifying information set forth at (b)1 above. Additionally, a courier service must continue to follow the provisions at N.J.A.C. 17:20-12.23. Waiver of anonymity cannot be required by a courier service as a condition of service.

17.20-7.8 Voluntary assignments pursuant to agreements approved prior to May 15, 1998

In the case of voluntary assignments or reassignments of prize payments pursuant to court order or assignments of prize payments as collateral for a loan to which N.J.S.A. 5:9-13o applies, the parties to the transaction shall present satisfactory evidence to the Lottery, or to the court in obtaining any further court order, that the assignment or loan agreement was approved prior to May 15, 1998, and that the parties have agreed in a joint writing that the assignment or transaction is to be relied upon by the Lottery.

17.20-7.9 Voluntary assignment of prize pursuant to an appropriate judicial order

(a) In the case of a voluntary assignment of all or part of the right to receive a prize pursuant to N.J.S.A. 5:9-13d, the Lottery shall make payment to the person or entity designated by the court order provided that a certified copy of the court order is filed with the Lottery by personal delivery or mail pursuant to the timeline set forth in (b) below, and provided the court order contains the requisite statutory findings under N.J.S.A. 5:913d.

(b) Sufficient notice shall be provided to the Lottery prior to the payment date to allow for a change in the payee. The Lottery shall not be responsible for failure to make a payment to an assignee if adequate time is not allowed for processing the change. As used in this section, “sufficient notice” means: receipt by the Lottery of a certified copy of a

court order in compliance with (a) above at least 45 days prior to the applicable payment date.

(c) Upon filing with the Lottery a notarized “consent to release” form signed by the assignor authorizing release of the information to an identified third party, the Lottery shall review its records for court orders, assignments, levies or other rights to receive payments applicable to the involved payment or payments. Thereafter, the Lottery shall notify the parties of any court orders, assignments, levies or other rights to receive payments to which the payment or payments may be subject.

(d) The Lottery shall not appear or participate in any hearing unless ordered to do so by a court.

(e) It is the responsibility of the assignor or the assignor's spouse or any agent who has legal authority to exercise substituted judgment on behalf of the assignor or spouse to bring to the attention of the court, either by sworn testimony or by written declaration under penalty of perjury, any and all liens or offsets including, without limitation, tax liabilities and withholdings against prize payments. The Lottery shall not pay the assignee an amount in excess of the prize payment less such liens, offsets and tax liabilities and withholdings. If the amount of the assignment included in the court order is greater than the prize payment less all liens, offsets, and tax liabilities and withholdings, the Lottery shall not confirm the assignment or make payment to anyone until the parties obtain a correct order reflecting the assignor's obligations. If the prize payment date is imminent, the Lottery may make payment to the clerk of the court of the prize payment, less liens, offsets, tax liabilities and withholdings, and less the fee under (g) below for processing the assignment.

(f) If the Lottery determines that the court order is complete and correct in all respects, it shall, pursuant to N.J.S.A. 5:9-13f, send to the parties written confirmation of receipt of the court-ordered assignment and its intention to rely thereon in making future payments to the assignee(s) named in the court order. Payments shall be made in accordance with the court order until either the term of the court order ends or a later court order directs payment otherwise. Checks shall be made payable to the name of the assignee designated in the court order and to no other name.

(g) No change in the terms of the assignment pursuant to court order may be made without an appropriate court order. A fee of $100.00 shall be charged by the Division to an assignor for processing each assignment. For each partial assignment, an additional fee of $50.00 shall be charged to each assignor for each installment affected by said partial assignment. A processing fee of $50.00 shall be charged to the assignor in connection with any change in the terms of any assignment pursuant to N.J.S.A. 5:9-13p. Payment of any prize, or portion thereof, affected by an assignment shall be held in abeyance until the fee established by this section is paid. No fee shall be charged for the payment of a prize to the estate of a deceased prizewinner pursuant to N.J.S.A. 5:9-13b.

(h) If a dispute arises between the assignor and the assignee or between either the assignor or the assignee and a third party, the Lottery may interplead each payment when it becomes due, as per the terms of N.J.A.C. 17:20-7.5(c) and pay the installment to a court of competent jurisdiction for judicial resolution. In the event such action is necessary, the Lottery may recover, as part of the fee charged for processing assignments, its actual legal fees and costs associated with the interpleader.

(i) Prior to the assignment of any prize pursuant to an appropriate judicial order pursuant to this section, the appropriate agency shall determine whether the assignor owes any obligation that is subject to offset under N.J.S.A. 5:9-13.1 to -13. 6 and shall provide notification of such determination to the Lottery, the parties and the court.

(j) No one shall have the right to assign prize payments due during the last two years of the annuity term.

17:20-7.10 Pledges or security interests made or granted pursuant to judicial order

(a) Upon receipt of a certified copy of a court order authorizing a pledge or the grant of a security interest pursuant to N.J.S.A. 5:9-13k, the Lottery shall note the existence of the pledge or security interest on its records and shall take no further action until notified:

1. That the pledge has been satisfied or the security interest discharged or

2. That the creditor wishes to enforce the pledge or foreclose on the security interest.

(b) Upon receipt of notice by the holder of a pledge or security interest authorized by judicial order that payments are to be made to the pledge holder or creditor, the Lottery shall send to both parties written confirmation of receipt of the notice and of its intention to rely thereon in making future payments until the pledge or security interest is satisfied or the prize is paid in full, whichever event occurs first. For purposes of N.J.S.A. 5:9-13m and 13n, notice pursuant to this subsection shall be treated like a court order issued pursuant to N.J.S.A. 5:9-13d, effective as of the date of the order authorizing the pledge or grant of security interest.

(c) The Lottery shall not impose a fee for noting the receipt of a court order pursuant (a) above but shall impose the fees provided by N.J.A.C. 17:20-7.9(g) prior to implementing a notice filed pursuant to (b) above.

(d) All applicable provisions of N.J.A.C. 17:20-7.9 shall apply to applications for issuance of a judicial order approving a pledge or the grant of a security interest in a prize.

17:20-7.11 Delegation of authority to develop forms

The Commission grants to the Director the authority to develop forms consistent with the governing statute and this subchapter.

17:20-7.12 Authorized payment period for Lottery prize award

All winners can be paid (for up to one year from the drawing date for gaming system generated games and throughout the selling period up to one year after the announced close of an Instant Lottery game) for prizes less than $600.00, by an official New Jersey Lottery agent after proper gaming system validation. Validated and paid tickets less than $600.00 will not be returned to the winner. If the winning ticket entitles the holder to a prize that is $600.00 or more, the agent shall validate the ticket via the gaming system, the claimant and agent shall fill out a claim form issued by the agent, and the claimant will mail the completed claim form, validated winning ticket, and validation receipt to Lottery headquarters in the claim form mailer envelope. Once a winning ticket and claim form are received and verified by the Lottery, the winning ticket is considered "claimed," will be retained by the New Jersey Lottery, and will not be returned to the winner. For tickets validated and scanned at an authorized New Jersey Lottery agent within the one-year claim period, and then sent to Lottery headquarters for verification and claim processing, said ticket must be received at the headquarters' office on or before the close of business on the 30th day after the expiration of the official claim period in order to be paid. One year means the anniversary date of the draw unless the draw date is February 29 in which case the anniversary is considered to be March 1.

SUBCHAPTER 8. LOTTERY VENDORS' CODE OF ETHICS

17:20-8.1 Lottery vendors' code of ethics

(a) No Lottery vendor shall employ any person or maintain any business relationship with any person who is a Lottery Commissioner, officer or employee or his or her immediate family or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of the New Jersey Conflict of Interest Law (N.J.S.A. 52:l3D-13g). As used in this section, Lottery vendor means any person, firm or corporation, or Lottery retailer engaging or seeking to engage in business with the Division of the State Lottery.

(b) The maintenance of a business relationship shall be deemed to include, but not be limited to, any interest, financial or otherwise, direct or indirect, any business transaction or professional activity involving a Commissioner, officer or employee, including the sale of any interest in the vendor.

(c) No Lottery vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, officer or employee to act in his or her official capacity in any manner which might tend to impair the objectivity or independence of judgment of said Lottery Commissioner, officer or employee.

(d) No Lottery vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the Lottery vendor or for any other person.

(e) No Lottery vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, to any Lottery Commissioner, officer or employee or to any member of the immediate family, as defined by the New Jersey Conflicts of Interest Law (N.J.S.A. 52:l3D-13i), of any such person, or any partnership, firm, or corporation with which such person is employed or associated, or in which such person has an interest within the meaning of New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13g), any fee, commission, compensation, gift, favor, service or other thing of value under circumstances from which it might be reasonably inferred that such gift, service or other thing of value was given or offered for the purpose of influencing the recipient in the discharge of his or her official duties. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any commissioner, officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the State Ethics Commission.

(f) No Lottery vendor shall, without the written approval of the Director, disclose, directly or indirectly, any information not generally or legally available to the public concerning the affairs of the Division.

(g) This code is intended to augment and not replace existing administrative orders and pertinent codes of ethics.

SUBCHAPTER 9. CIVIL PENALTIES AND SANCTIONS FOR AGENTS AND COURIER SERVICES

17:20-9.1 Penalties not exceeding $10,000 for agents and courier services

(a) The Director may, after notice and hearing, impose civil penalties on agents and courier services in an amount up to $10,000 per incident for violations of the Act or this chapter pursuant to N.J.S.A. 5:9-12.1(a).

(b) The Director shall make findings of fact in each instance where penalties are imposed and shall report periodically to the Commission regarding the imposition of such penalties.

(c) In assessing civil penalties under this section, the Director shall give due consideration to:

1. The nature of the conduct or offense;

2. The impact of the offense upon the operations of the Division;

3. The prior history of the agent or courier service and any mitigating factors that may be proven;

4. The need to preserve the dignity of the State and the integrity of the Lottery;

5. The need for deterrence of future violations by the party charged or by others; and

6. The amount of the penalty in relation to the severity of the offense and the financial means of the agent and/or courier service.

17:20-9.2 Restitution; cease and desist orders

(a) The Director shall exercise the power to order restitution and/or enter cease and desist orders pursuant to N.J.S.A. 5:9-12.1(b) and (c).

(b) In the absence of a petition for review the Director shall be empowered to seek judicial relief for the enforcement of orders entered under this section.

17:20-9.3 Hearings; procedures

All determinations under this subchapter shall be made in conformity with N.J.A.C. 17:20-5.3 through 5.6.

SUBCHAPTER 10. DIVISION OF STATE LOTTERY MISSION, ORGANIZATION, AND PUBLIC ACCESS

17:20-10.1 Division's mission

The mission of the New Jersey Lottery is to raise revenue for maximum contribution to State education and institutions benefiting the citizens of New Jersey through the responsible sale of lottery products. This is accomplished by providing entertaining products through a dynamic public business enterprise built upon honesty, integrity, customer satisfaction, teamwork, and public/private partnerships.

17:20-10.2 Division of State Lottery organization

(a) The New Jersey Lottery Commission consists of the State Treasurer, the Director of the Division of Investment, and five public members, all citizens and residents of New Jersey, appointed by the Governor with the advice and consent of the Senate. All public members serve a five-year term, and are unsalaried.

(b) The Division of State Lottery consists of the Executive Director, Deputy Executive Director, Legislative Liaison, Public Information Officer, and the operating units consisting of Administration and Contract Compliance, Security and Licensing,

Marketing, Sales, Finance, Information Systems, Operations and Organization Support, and Game Research and Development.

1. The Executive Director is the administrator and head of the Division of State Lottery and has the duties listed in N.J.S.A. 5:9-8. The Executive Director directs the planning, implementation and delivery of services and programs to the State's taxpayers as outlined in the Governor's budget for the Division of State Lottery.

2. The Deputy Executive Director, who is second in command, is responsible for the day-to-day administration of Lottery operations, and oversees the following organizational units of Administration, Security and Licensing, Marketing, Sales, Finance, Information Management Systems, Operations and Organization Support, and Game Research and Development with the assistance of Deputy Directors and managers.

3. The Legislative Liaison monitors State and Federal legislation impacting the business of the Lottery, coordinates the rulemaking process for the Division as the Administrative Practices Officer, and manages the Division's Responsible Play initiatives.

4. The Public Information Officer processes information requests from the public and press regarding matters related to public information and general policies and coordinates and supports promotional events and activities.

5. The Administration and Contract Compliance Unit directs the planning, implementation, and delivery of services and programs of the Lottery, including the administration of policies and procedures, long-term contracts with major vendors, and registration and renewal of courier services.

6. Security and Licensing maintains safeguards that insure the integrity of all aspects of the Lottery. This includes all investigative and licensing services, as well as ensuring the integrity of all drawings.

7. Marketing is responsible for marketing lottery game products to generate revenue for State education and institutions.

8. Sales is responsible for managing the retailer network, corporate accounts and field staff to maximize sales of on-line and instant ticket games.

9. Finance insures the financial integrity of the Division of State Lottery by performing the routine audit of the gaming system to verify financial accountability to the Agent sales network and the State of New Jersey. The Finance Unit also reports on the results of Lottery operations in conformance with generally accepted auditing standards.

10. Information Management Services provides support for information processing, systems security, internal control processing, and voice communications.

11. Operations and Organization Support ensures the validation and timely processing of winners' claims and reconciliation of instant ticket returns; oversees the games pool closing processes; coordinates human resources matters with the Department of the Treasury; oversees information management services and maintains all warehouse activities and records retention;

12. Game Research and Development is responsible for researching industry trends and developing Lottery game enhancements and promotions.

(c) A detailed list of the current organizational positions of the Division of State Lottery is posted on the Division of State Lottery website.

17:20-10.3 Public information, requests, and submissions

Members of the public may submit questions concerning public information and general policies by contacting the Division's Public Information Office at PO Box 041, Trenton, New Jersey 08625-0041, by calling 609-599-5875, or through the Lottery's website, http://www.njlottery.com.

SUBCHAPTER 11. PUBLIC NOTICE AND PUBLIC COMMENTS REGARDING DIVISION RULEMAKING; CALENDARS; ADDITIONAL OPPORTUNITIES TO BE HEARD; AND PETITIONS FOR RULEMAKING

17:20-11.1 Public notice regarding proposed rulemaking

(a) The Division shall provide for the following four types of public notice for all rule proposals in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30:

1. The rule proposal shall be filed with the Office of Administrative Law for publication in the New Jersey Register;

2. The notice of the rule proposal, as filed with the Office of Administrative Law, or a statement of the substance of the proposed rulemaking, shall be posted and made available electronically on the Division's web site and the Department of the Treasury web site;

3. The news media maintaining a press office in the State House Complex shall be provided notice of the rule proposal, as posted and made available electronically on the Division's web site; and the Department of the Treasury website; and

4. The notice of the rule proposal, as filed with the Office of Administrative Law, or a statement of the substance of the proposed rulemaking and its availability on the Division's web site and the Department of Treasury web site, shall be made available to the public through a press release and distributed to the newspapers and radio stations not represented in the State House Press Office to inform those persons most likely to be affected or interested in the proposed rulemaking.

17:20-11.2 Public comments regarding existing rules and proposed rulemaking

(a) The Division conducts an ongoing regulatory review and invites public comments regarding all its' rules (N.J.A.C. 17:20). The Division's rulemaking includes all rules adopted after the official public comment period and emergency rules in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30 and all rules adopted immediately upon filing with the Office of Administrative Law in accord with specific legislative authority.

(b) Public comments are specifically sought regarding existing Division rules which may be perceived as being not necessary, adequate, reasonable, efficient, understandable, or responsive to the purposes for which they were promulgated.

(c) Public comments regarding existing rules should be submitted in writing and addressed to:

Division of State Lottery
Office of the Executive Director
P.O. Box 041
Trenton, NJ 08625-0041

(d) The Division invites the public to utilize the opportunity to be heard during the official public comment period following the publication of a notice of pre-proposal or proposal in the New Jersey Register. This can be accomplished by submitting in writing, data, views, or arguments to the name and unit specified in the notice.

17:20-11.3 Division rulemaking calendar

(a) In compliance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30, the Division may publish a quarterly rulemaking calendar in the New Jersey Register setting forth a schedule of the Division's anticipated rulemaking proposal activities for the next six months. The calendars shall be published, as needed, the first New Jersey Register for the months of January, April, July and October.

(b) The rulemaking calendar shall include:

1. The name of the Division;

2. The name of the Executive Director, as agency head;
3. Specific citation to the rules to be affected;
4. Citation to the legal authority authorizing the rulemaking action;
5. A synopsis of the rulemaking and its objective or purpose; and
6. The month and year in which publication of the notice of proposal in the New Jersey Register is anticipated.

(c) Calendar amendments and exceptions shall be handled by the Division in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B- 1 et seq. and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30.

(d) The Division's rulemaking calendar, as filed with the Office of Administrative Law, as with notices of rule proposals in accordance with N.J.A.C. 10:1-2.1(a)3, shall be posted and made available electronically on the Division's web site.

(e) The additional method of publicity with regard to availability of the Division's rulemaking calendar shall be by providing notice of the rulemaking calendar, as posted and made available electronically on the Division's website, to the major news media maintaining a press office in the State House Complex.

(f) Proposed rules introduced which are not referenced in the calendar will provide for 60-day comment period in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B- 1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30.

17:20-11.4 Copies of documents; fees

Any person may obtain copies of documents filed with the Office of Administrative Law from the Division, in accordance with the provisions of Open Public Records Law, N.J.S.A. 47:1A- 1 through 13, as amended, upon payment of the then current fee schedule for the documents produced pursuant to Open Public Records Law, N.J.S.A. 17:1A-1 through 13.

17:20-11.5 Extension of the public comment period

(a) The Division, in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30, may extend the time for submission of public comments on a proposed rulemaking, at its discretion, without the need for a specific request or the demonstration of sufficient public interest.

(b) The Division, in accordance with the New Jersey Administrative Procedure Act N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30, shall extend the time for submission of public comments for an additional 30-day period, if, within 30 days of the publication of a notice of proposal, sufficient public interest is demonstrated in an extension of time to submit comments.

(c) Sufficient public interest is demonstrated in an extension of the comment period when 10 or more individuals have expressed the need for the extension of the comment period.

17:20-11.6 Conducting of a public hearing

(a) The Division, in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30, may conduct a public hearing on a proposed rulemaking, at its discretion, without the need for a specific request or the demonstration of sufficient public interest.

(b) The Division, in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30, shall conduct a public hearing on a proposed rulemaking at the request of a Legislative Committee, a State agency, or a county, local or municipal governmental entity, if such request is made to the Division within 30 days following publication of the proposed rulemaking, or if sufficient public interest is demonstrated.

(c) Sufficient public interest is demonstrated with regard to the conducting of a public hearing when the 10 or more individuals have either expressed the need for a public hearing on the rule proposal or disagreement with one or more substantive provisions of the rule proposal.

(d) The Division shall not consider, in the calculation of the number of comments received, those comments that relate to specific recommended changes in the rule that the Division has agreed to make or does not have the legal authority to make.

17:20-11.7 Petitions for rulemaking

The Division shall take appropriate action with regard to petitions for rulemaking to ensure compliance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30.

17:20-11.8 Public petitions process and requirements

(a) An interested person may petition the Division to adopt a new rule or amend or repeal an existing rule.

(b) All petitions shall be clearly and concisely worded and include the following:

1. The substance or nature of the rulemaking that is requested and proposed text material may be provided;

2. The reasons for the request and the petitioner's interest in the request; and

3. References to the authority of the Division to take the requested action.

(c) Petitions shall be addressed to:

Division of State Lottery
Office of the Executive Director
P.O. Box 041
Trenton, NJ 08625-0041

17:20-11.9 Division actions upon receipt of petition

(a) Any material submitted to the Division that is not in substantial compliance with N.J.A.C. 17: 20 –11.8 shall not be deemed to be a petition for rulemaking requiring further Division action pursuant to this subchapter, the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30.

(b) The Division shall take appropriate, timely action upon receipt of a petition for rulemaking in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Office of Administrative Law Rules for Agency Rulemaking, N.J.A.C. 1:30. This action shall include the following:

1. The petition shall be date stamped and logged:

2. Within 15 days of initial receipt, notice of the receipt of the petition shall be filed with the Office of Administrative Law for publication in the New Jersey Register. The notice of receipt shall include:

i. The name of the petitioner:

ii. The substance or nature of the rulemaking action that is requested;

iii. The problem or purpose which is the subject of the request; and

iv. The date the petition was received.

3. The Division action on a petition shall be either to:

i. Deny the petition;

ii. Grant the petition and initiate a rulemaking proceeding within 90 days of the granting of the petition; or

iii. Refer the matter for further deliberations that shall conclude within 90 days of such referral. Upon conclusion of such further deliberations, the Division shall either deny the petition or grant the petition and initiate a rulemaking proceeding within 90 days. The Division shall mail the results

of these further deliberations to the petitioner and submit the results to the Office of Administrative Law for publication in the New Jersey Register.

4. The Division shall mail to the petitioner, and file with the Office of Administrative Law for publication in the New Jersey Register, a notice of action on the petition within 60 days of initial receipt of the petition. The notice of action shall include:

i. The name of the petitioner;

ii. The New Jersey Register citation for the notice of petition;

iii. The signature of the Executive Director, as agency head, signifying that the petition was duly considered pursuant to law;

iv. The nature or substance of the Division action upon the petition; and

v. A brief statement of reasons for the Division action.

SUBCHAPTER 12. COURIER SERVICES

17:20-12.1 General Courier Service Act requirements

(a) Nothing in this subchapter prohibits the Division from engaging in the sale of tickets through a network the Division operates or that is operated on the Division's behalf

(b) Pursuant to the Courier Service Act, the operation of a courier service shall consist of the purchase of tickets on behalf of courier customers who are located within the State of New Jersey at the time the courier customer authorizes the courier service to purchase a ticket for the courier customer and/or the delivery of such tickets to those individuals, and any activities related to such purchase and/or delivery to attract and maintain courier customers.

(c) The operation of a courier service pursuant to the Courier Service Act and this subchapter does not violate N.J.S.A. 2C:37-2 or 2C:37-3.

(d) The operation of a courier service pursuant to the Courier Service Act and this subchapter shall allow for the purchase and delivery of tickets, which may include a fee for such services and does not violate N.J.S.A. 5:9-14.

(e) No individual listed on a courier service application, and no person who shall be considered key personnel of a courier service, may be licensed as an agent.

(f) A courier service may not charge as a fee, accept as a gift, or otherwise collect as a direct or indirect result of its operation as a courier service any portion or percentage of any Lottery winnings.

(g) A courier customer utilizing the courier service shall have the option at all times to obtain the ticket for purpose of redemption.

(h) A courier service storing a ticket on behalf of a customer shall maintain a secure database of all stored tickets linked to the respective customers.

(i) In lieu of delivery of a purchased ticket to a customer utilizing the courier service, a courier service may store such ticket on behalf of that customer, with the customer's consent, if the courier service provides an electronic receipt of the ticket purchased with the numbers of the ticket shown on the receipt.

(j) A courier service shall not be licensed as a lottery sales agent under section 11 of P.L. 1970, c. 13 (N.J.S.A. 5:9-11).

(k) A courier service shall notify the customer of a winning ticket value and maximum prize within 24 hours of a drawing.

17:20-12.2 Registration requirements

(a) No person shall operate a business in which such person acts as an agent for another person in purchasing a ticket, unless such person is duly registered as a courier service pursuant to this subchapter.

(b) A person operating a courier service or offering services permitted under the Courier Services Act without being registered by the Division shall be guilty of a crime in the third degree.

(c) Except for publicly traded companies, no natural person under the age of 21 can hold a controlling ownership interest in a courier service. Further, no natural person under the age of 21 can serve on the board of directors of an applicant for courier services. Additionally, key personnel must be 21 or older.

17:20-12.3 Courier service application

(a) The Director may prescribe forms of application to call for such information as may be deemed necessary or helpful in evaluating the factors for registration as set forth in the Act and this chapter.

1. An applicant shall have an ongoing duty to supplement such application as may be necessary to maintain updated information and accuracy. This includes, but is not limited to, the following: ownership, affiliate agent, control, and address change. See N.J.A.C. 17:20-12.9.

2. The application process shall include such consents to credit checks, criminal record searches, and such other waivers and release provisions as may be required by the Director to assure a full and complete review of the application.

3. An applicant who is denied a courier service registration shall not reapply for a period of one year. However, the Director may, if conditions which were the basis for the denial change, allow the applicant to reapply in less than one year.

(b) All applicants shall provide a copy of a valid Business Registration Certificate issued by the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services.

17:20-12.4 Courier service application review

(a) The Director may request additional information from the applicant after receipt of an application. An applicant for a courier service registration shall cooperate fully with the Division's requests in the course of the application process. Failure to cooperate with the Division shall be a violation of this section and shall be in itself sufficient grounds for denial of such application. In evaluating an application for a courier service registration, the Division shall consider the following factors, including, but not limited to:

1. Financial responsibility and security of the business or activity in which such person or business entity is engaged;

2. The sufficiency of the audit and financial controls, technical standards, and internal controls for the proposed courier service system, including the safeguarding of courier customer personal information, including credit cards, banking information, and other personal financial information, and the safeguarding of the system as a whole;

3. Business experience operating a courier service system;

4. Whether the application submitted contains a business plan demonstrating that compliance with all conditions of a courier service registration is achievable;

5. Criminal history background. All key personnel of courier service shall consent to disclosure of such information and to undergo such investigations as needed to substantiate their moral character and integrity. The criminal history background check of all key employees must be performed by the New Jersey Division of Gaming Enforcement and will be at the expense of the courier service applicant;

6. Credit reporting;

7. Sufficiency of existing lottery sales agents and courier service registrations to serve the public convenience;

8. Volume of expected sales;

9. Disclosure of any previous application for agent licensure or courier service registration with the New Jersey Lottery and/or any other state or international lottery. Disclosure of any courier service business or similar business conducted by the courier service applicant, or any entity controlling, controlled by, or under common control with the applicant, and any license, permit, or other authorization related thereto;

10. Veracity and completeness of information supplied on the application form or any supplement thereto;

11. Reputation of the applicant and verification of references including review of licensure/registration by other lotteries worldwide;

12. All officers, shareholders, and/or partners, including limited partners, holding a 10 percent or more ownership interest shall be disclosed and listed with the percentage of shares owned by each. In addition, any shareholder under the age of 21 that holds a 10 percent or more ownership interest shall also be disclosed and listed with the percentage of shares owned by each such owner. The corporate identification number and Federal identification number including all New Jersey Division of Taxation assigned suffixes shall also be noted. Failure to disclose the above information shall be cause for denial of a New Jersey Lottery registration under N.J.A.C. 17:20-5.1(a);

13. A courier service applicant shall submit a disengagement plan in the event that a courier service ceases operations in New Jersey for any reason, including bankruptcy. A disengagement plan should discuss, in sufficient detail, the following: full reimbursement of courier customers, including all winnings, delivery of winning tickets, protection of courier customer's personal information, disposition of tickets in storage, and all other related termination activities;

14. A courier service applicant shall describe, in sufficient detail, its process to securely deliver tickets to courier customers and the time frame for delivering tickets to courier customers. See N.J.A.C. 17:20-12.17(b);

15. A courier service applicant shall provide the name, address, and copy of written contractual relationship for each of its prospective affiliate agents. See N.J.A.C. 17:20-12.10(a)1;

16. A courier service applicant shall describe, in sufficient detail, how it will facilitate the requirement of the Courier Service Act that courier customers have the option at all times to obtain their ticket(s). See N.J.A.C. 17:20-12.15(d);

17. A courier service applicant shall describe, in sufficient detail, its internal controls. See N.J.A.C. 17:20-12.13;

18. A courier service applicant that is a business entity shall provide copies of all incorporation charters or other formation documents and copies of its bylaws or other procedures concerning its business entity governance; and

19. A courier service applicant shall describe, in sufficient detail, its responsible gambling/responsible play plan, including a description of related experience.

(b) The Director shall not register a courier service unless the courier service demonstrates it can comply with the requirements of the Courier Service Act and this subchapter, and demonstrates that the courier service website and/or courier service mobile application can operate in accordance with such requirements, including, but not limited to:

1. Displaying the disclosures required by the Courier Service Act and this subchapter;

2. Establishing successful geolocation and age verification of courier customers by presenting to the Division a live demonstration of the website and mobile application;

3. Securing the personal and financial information of all courier customers, including those on the self-exclusion list;

4. Meeting all of the required features and technical standards for a courier service in this subchapter;

5. If a courier service intends to employ courier service-produced play slips in its business plan, the courier service produced play slips must be at least as accurate as the play slips supplied by the Lottery. A courier service applicant must supply a sufficient number of courier service produced sample play slips to the Division for testing and written approval prior to use. Any changes to play slips will require re- testing and approval, in writing, prior to use. See N.J.A.C. 17:20-12.11(n).

(c) The courier service shall have independent third-party testing performed per the requirements of N.J.A.C. 17:20-12.14.

(d) After the Director makes a determination on an application, the Director shall notify the applicant, in writing, if the Director will permit it to become a registered courier service. Such notice shall list all requirements under this chapter that must be in place and verified prior to the courier service commencing operations. Additionally, such written notification will address the parts of the application where the prospective courier service is to propose solutions for the Director’s review and approval, such as ticket delivery method(s). The notification will document which solutions are approved, disapproved, whether additional information is needed, or any other requirement that needs addressing.

When the Director provides such a notice but the prospective courier service has not promptly taken steps to satisfy such requirements, or the Division has not been able to verify that the requirements are in place within 90 days after the notice was issued, the Director may issue another notice, either setting forth a date by which such requirements must be met or the notice permitting registration will be rescinded.

(e) In making a determination on an application the Director may:

1. Relax one or more requirements of this chapter to the extent that fulfilment of same is deemed unnecessary for the satisfactory completion of a particular application review. Relaxation will only be granted when the Director otherwise determines, in his or her discretion, that the applicant will operate a courier service in compliance with the Courier Services Act and this chapter, and in a manner necessary to ensure the integrity and reputation of the New Jersey Lottery is maintained;

2. Grant a registration subject to conditions as may reasonably assure the Director, in her or his discretion, that the prospective courier service will, at the time the prospective courier service begins operations, meet the registration criteria set forth in the Courier Service Act and this chapter. In the event that a courier service is ready to begin operations and the Director determines that one or more of the conditions listed in the notice pursuant to (e)3 below have not been satisfied, the conditional registration will be revoked until such time that the Director determines that the courier service is in conformance with the notice;

3. Any such relaxation of the requirements of this chapter or conditions upon the registration shall be set forth in detail in the notice provided pursuant to this section; and

4. Upon successful registration, the Division will issue the following:

i. A courier service registration approval letter. This letter will serve as the notification that a courier service is officially approved as a registered courier service in New Jersey and that the courier service can commence courier service sales in the State of New Jersey. This letter will also detail any restrictions or limitations that the lottery may impose on a courier service, based on the courier service approved application. Additionally, the letter will document any waiver granted pursuant to N.J.A.C. 17:20-12.14(c);

ii. An official courier service certificate of registration will be issued for each location at which the courier service proposes to process tickets. These certificates must be displayed in a prominent area within the courier service’s processing facilities; and

iii. An electronic logo signifying that the courier service is an officially registered courier service in New Jersey. This logo must be prominently displayed on the courier service's website and/or mobile application.

17:20-12.5 Insurance, indemnification, and bonding of courier service

(a) As a requirement to the issuance of a courier service registration, such courier service agrees to the following:

1. The courier service shall indemnify and defend, at registrant's own expense, and release the State, the Division, and any of the officials and employees of the State or the Division from any and all claims, damages, claims for damages, causes of action or suits, and related expenses, including court, attorney, or other fees, that may arise out of or occur directly or indirectly as a result of any act or omission of such courier service, its officers, employees, and anyone determined to be the courier service's agent pursuant to the common law tenets of agency law, or operation carried on pursuant to or in accordance with such registration, including, but not limited to, the purchase of courier services through the courier service's system, placement of requests for courier services through such courier service's system or the generation of, or failure to generate, tickets to complete ticket purchases related to such requests for courier services. This obligation to indemnify shall survive the expiration, revocation, or suspension of the courier service's registration;

2. The courier service shall obtain and maintain during the term of its registration sufficient insurance, which shall include cyber liability insurance, errors and omissions insurance, directors and officers insurance, and such other insurance coverage, with limits and coverage requirements and minimum carrier ratings as the courier services application form states. Proof of same, in the form of declaration pages, shall be provided to the Division prior to the courier service's commencement of operations. Lapse of any insurance coverage specified on the application form may result in revocation of courier service registration;

3. The courier service shall post a bond or its equivalent in an amount as determined by the Director in consultation with the Director of the Division of Risk Management and as set forth in the courier service application to be no less than $40 million for the protection of its courier customers. Proof of same shall be provided to Division;

4. The courier service shall post a bond or its equivalent in an amount as determined by the Director in consultation with the Director of the Division of Risk Management and as set forth in the courier service application to cover general business liability;

5. The courier service shall bond all courier service employees. Proof of same shall be provided to Division;

6. The courier service shall comply with all other bond requirements or their equivalent in the courier service application as determined by the Director in consultation with the Director of the Division of Risk Management;

7. Each bond or its equivalent shall be conditioned on the premise that the applicant, its agents, or its employees will not be guilty of fraud or extortion, will comply with the rules and regulations promulgated by the Director, and will pay all damages occasioned to any person by reason of misstatement, misrepresentation, fraud or deceit, or any unlawful act or omission in connection with the provisions in this section and related business conduct;

8. The courier service shall state in its contracts and agreements with its affiliates, vendors, and customers that nothing in the contracts or agreements shall give rise to liability of the State or of the Division, its officials, or employees. The courier service shall state on its website and mobile application, along with any other disclaimers, legally-required notices, or other notices concerning liability of the courier service, that nothing appearing on the courier service website and no transactions conducted on or through the courier service website or systems shall give rise to liability of the State or of the Division, its officials, or employees; and

9. The courier service shall disclose its insurance coverages and amounts in its website and/or mobile application.

17:20-12.6 On-going requirements to maintain courier service registration

(a) In addition to other requirements of this subchapter, subsequent to a courier service registration being awarded, a courier service must adhere to the following requirements to maintain registration:

1. The courier service shall report any change in status, such as ownership, control, governing board, address, business purpose, bankruptcy filing, or other data relevant to registration, in writing, within 10 days of occurrence in accordance with N.J.A.C. 17:20-12.9;

2. The courier service shall not use trademarks or other marks owned or controlled by the Division or any multi-state lottery consortium except with written expressed approval of the Director. Any unauthorized use of such trademarks or other marks is a violation of this subchapter;

3. The courier service shall provide courier customer support, for purposes of responding to courier customer inquiries and disputes, in a manner approved by the Director;

4. The courier service shall maintain a courier customer self-exclusion list and provide a mechanism for courier customers to register through the system to

exclude themselves from using such system. The courier service shall ensure to the satisfaction of the Director that any courier customer placed on the self-exclusion list is prevented from requesting tickets through the courier service's system. Additionally, the self-exclusion list shall never be published or made public;

5. The courier service activities such as ticket purchasing, internal accounting, problem gambling detection, fraud prevention, or other similar functions requiring access to confidential courier customer account or courier service system information shall be performed by employees and/or owners physically present in New Jersey. Third- party technology vendors, such as geolocation, anti-money laundering, age verification, courier customer identification and verification, accounting, and payment processing services may be located outside the borders of New Jersey, provided that an employee or owner is physically present in New Jersey while utilizing the third-party software. Professional services, such as legal and CPA audit and accounting services may be performed outside the borders of New Jersey, but must be performed within the borders of the United States. While performing such activities, a courier service shall maintain such internal policies and procedures so as to notify employees of this requirement. The courier service shall be responsible to track and log all such owner and employee actions to document the owner or employee's physical location when performing the same;

6. For all courier service employees who have direct contact with customers by phone, e-mail, text message, electronic chat, or any other means, a courier service shall implement training for those employees, at the start of their employment and regular intervals thereafter, addressing:

i. The training requirements with standards set forth by the Council on Compulsive Gambling of New Jersey as to:

(1) Recognizing the nature and symptoms of problem gambling behavior and how to assist players in obtaining information regarding help for a gambling problem and self-exclusion programs;

(2) Responding to courier customers who may disclose that they have a gambling problem; and

(3) Responding to reports from third parties, such as family members, about courier customers who may have a gambling problem;

ii. Training regarding cyber security, including security of customer personal information;

7. The courier service shall be required to display certain warnings on the courier service website and mobile application, including, but not limited to:

i. Warning of the risk of being defrauded if purchasing tickets through a courier service not registered with the Division;

ii. Display prominently on its website and mobile application, a warning of the risk of being defrauded by lottery scams and information on playing responsibly, which information shall be substantially similar to the information displayed on the New Jersey Lottery website or such other information approved by the Division;

iii. Gambling addiction warnings;

iv. Information on how to seek help for a gambling problem through education, by telephone, from the Internet, or any other available means. See N.J.A.C. 17:20- 12.11(m);

v. Notice that the courier service is not a part of the Lottery and that the Lottery does not guarantee, nor have any liability, for courier customer activities; and

vi. Statement that the ticket held in trust by the courier service is a bearer instrument within the meaning of all applicable law and notice of the ramifications of such status for the player;

8. The courier service must stay current of authorized game changes and offer only authorized games for purchase. A courier service is responsible for understanding and implementing all authorized game changes including, but not limited to, addition and deletion of bet types, addition or deletion of available authorized games, matrix changes, and drawing changes. The Lottery bears no liability if the courier service does not properly or timely implement authorized game changes;

9. The courier service's website and mobile applications shall provide information including links to game rules available at the Lottery's official website for all authorized games;

10. The courier service must have the written approval from the Director for each proposed promotion, prior to the launch of any promotion. Courier services must submit a description of each promotion with sufficient detail for the Director to make an informed decision. The Director will issue a written decision within five business days of receipt of each promotion request. The Division will monitor all registered courier services' websites and mobile applications for conformance to the promotion provisions of this subchapter, including the marketing and advertising provisions pursuant to N.J.A.C. 17:20-12.23. Failure to comply with

this section shall be grounds for suspension, revocation, or non-renewal of the courier service's registration;

11. The courier service's website and mobile applications shall offer for sale only New Jersey authorized game tickets produced by the affiliated agent's dedicated terminal. The courier website and mobile applications shall be prohibited from the sale of all other products;

12. The courier service's website and/or mobile applications shall have restrictions on advertisements on their website and/or mobile application, as determined by the Director in her or his discretion, to ensure the integrity and reputation of the New Jersey lottery is maintained. Advertisements not permitted to be placed on a courier service website and/or mobile applications shall include advertisements for alcoholic beverages, tobacco products, pornographic material, advertising that is targeted toward or otherwise appeals to minors, and advertising that entices problem or disordered gamblers into an increased level of play, and any goods or services that are not legal in the State of New Jersey;

13. A courier service shall display on the courier service website and mobile applications a statement, containing the Division's customer service hotline telephone number 1-800-222-0996, and explaining that courier customer complaints can be made to the Division;

14. At the sole expense of the courier service, the courier service system shall be audited and certified to be compliant with this section at least annually by an independent party approved by the Director;

15. If during the term of a courier service registration a courier service requests a modification to their application, the courier service shall submit a written request to the Director for approval. The Director is authorized to allow or deny any requested modification during the term of a courier service registration. Following review, a written decision from the Director will be sent to the courier service and this decision will serve as an addendum to the original notification approving a registration for a courier service. See N.J.A.C. 17:20-12.4 (e);

16. A courier service shall be responsible for complying with all provisions of the New Jersey Unclaimed Property Laws, specifically N.J.S.A. 46:30B1-109, and any amendments thereto; and

17. A courier service shall not offer ticket subscriptions to its customers, unless the game rules for an authorized game permits it.

17:20-12.7 Registration renewal

(a) The Director shall require registration renewal applications on an triennial basis, to ensure continuing compliance with the Courier Service Act and with this subchapter. The

courier service shall provide such other information as the Director may deem necessary for the proper administration of the Division's activities. Information required by the Division shall include updating all information from previously approved applications, including updated business plan. The Division may procure and exchange information with other agencies regarding information required of courier services as provided by law.

1. Staggered renewal schedule: For existing registered courier services, the renewal schedule will be staggered based on the order of initial licensing. The first licensed courier service will renew on July 1, 2029 (three years from July 1, 2026), the second licensed courier service will renew on July 1, 2028 (two years from July 1, 2026), and the third and subsequent licensed courier service will renew on July 1, 2027 (one year from July 1, 2026). Thereafter, each courier service will renew every three years following their previous renewal date.

(b) A courier service's registration shall remain in full force and effect until the registration is expired (three years after the date it was issued), suspended, or revoked by the Director or until the Director receives a written resignation from the courier service.

(c) If the Director determines that review of a renewal application will continue past the date the courier service's registration will expire, the Director may, in her or his discretion, issue a temporary extension in order to allow for appropriate review of the renewal application.

17:20-12.8 Display of registration

(a) The Lottery will provide each registered courier service a symbol or logo signifying that the courier service is officially registered with the Division. This symbol or logo shall be prominently displayed on the courier service website and mobile applications. The Lottery will provide this symbol or logo to the courier service upon successful registration pursuant to N.J.A.C. 17:20-12.6(a)16.

(b) The Lottery website may maintain a list of registered courier service providers. Such list will not be an endorsement of the services of any of the courier services.

(c) Display of a symbol or logo signifying that the courier services is officially registered with the Division by any person who is not so registered, shall be considered unauthorized conduct of a courier service pursuant to the Courier Services Act. See N.J.A.C. 17:20-12.2(b).

17:20-12.9 Courier service changes to ownership and other application information

(a) The following shall apply in the case of changes to courier service ownership for courier services that are non-publicly traded companies:

1. A courier service registration issued pursuant to this subchapter is issued only to the person or business entity that applied for the registration. To the extent that any complete change is made in the composition of the person or business entity, the registration is no longer valid, and the Director may take retroactive action pursuant to N.J.A.C. 17:20-5 and 9 against the prior courier service; and

2. To the extent that a partial change in the composition of the person or business entity is made, the registration may be revoked by the Director.

(b) The Director shall be notified, in writing, prior to any proposed change in ownership.

1. If a courier service anticipates any change in ownership or configuration of the person or business entity, and wants to maintain its courier service registration after the change, it must notify the Director:

i. At least 30 days prior to any change in an ownership interest, in a sole proprietorship, corporate stock transfer of five percent or more, or change in the ownership interest of a limited liability company or partnership of five percent or more;

ii. At least 10 days prior to any corporate stock transfer of less than five percent or change in ownership interest of a limited liability company of less than five percent; and

iii. A courier service that is a publicly traded company shall report to the Director, within 10 days of occurrence, any changes in ownership of record of its equity securities that indicate that any person has become the owner of record of more than 10 percent of its outstanding equity securities.

2. Upon timely notification to the Director, a new application may be submitted on behalf of the intended new person or business entity. The new application shall be accompanied by a letter detailing all of the changes from the prior application and the proposed closing date on which the current courier service shall cease to operate and the applicant shall exercise the rights and incur the obligations under the Courier Service Act, the State Lottery Law, and this chapter; and

3. The Director shall review the new application pursuant to this subchapter. In the event that the Director approves the new application, with or without conditions, the Director shall set the closing date. Such date may be the closing date submitted to the Division by the current courier service and the applicant, or a date that the Director deems appropriate under the circumstances. The Director may also establish other procedures to facilitate such events.

(c) The following shall apply in the case of a change to critical application information other than ownership:

1. A courier service shall notify the Director in writing of any change in ownership control, address, business purpose, or other data relevant to registration 10 days prior to the change. All such changes in status will be subject to the review and approval of the Director, consistent with the standards used in the initial registration approval;

2. A courier service shall notify the Director in writing at least 10 days prior to when the courier service's affiliate agent lists, advertises, or offers for sale the primary business. This notification shall be in addition to any required notifications that the affiliated agent may be responsible to make under this chapter;

3. A courier service shall notify the Director in writing of any change of ownership of an affiliate agent(s) pursuant to N.J.A.C. 17:20-4.11 at least 10 days prior to any change that would impact the courier service. This notification shall be in addition to any required notifications that the affiliated agent may be responsible to make under this chapter.

(d) Failure to comply with the requirements of this subsection may be cause for discipline under N.J.A.C. 17:20-5, including immediate suspension or revocation of the courier service registration and civil penalties under N.J.A.C. 17:20-9.

17:20-12.10 Courier service and affiliate agent

(a) A courier service shall have a contractual relationship with one or more affiliate agents. The affiliate agent shall maintain a dedicated terminal(s) at the affiliate agent's licensed place of business. The dedicated terminal(s) shall be solely for the purchase of tickets by the courier service on behalf of that courier service's courier customers.

1. A courier service shall be required to form and maintain a written contractual relationship with an affiliate agent(s) and provide proof of same to the Division prior to registration approval.

2. The affiliate agent(s) shall have installed at the affiliate agent's licensed place of business a dedicated terminal(s) for the production of tickets for the courier service prior to when that courier service begins sales.

i. Such dedicated terminal(s) will be programed to produce only authorized games and shall not be eligible for any Lottery approved promotions.

ii. A courier service shall use only the affiliated agent's dedicated terminal(s) for producing tickets for courier service customers. No other terminal(s) used by the affiliated agent, or by any other agent, shall be utilized by the courier service for any reason.

iii. The dedicated terminal(s) shall not be utilized by the affiliate agent or courier service to produce tickets for the affiliate agent's customers.

iv. For security purposes, the courier service shall use only the ticket stock supplied by the Lottery for the affiliated agent's dedicated terminal(s).

v. In the event of a technological failure, weather-related issue, Lottery gaming system-related issue, or any issue that shall otherwise cause the dedicated terminal(s) not to turn on/be functional, the affiliated agent shall not issue any tickets to the courier service from any of its other terminals. In such circumstances, the Lottery will be under no liability to the courier service or the affiliated agent when tickets cannot be produced from the dedicated terminal(s). The affiliate agent of a courier service shall not receive preferential treatment regarding restoration of a dedicated terminal(s) for a courier service.

(b) A courier service and its affiliated agent(s) may agree as part of the written contract that a courier service employee will operate the dedicated terminal(s) of its affiliate agent(s). Any such affiliated agent and courier service employee operating the affiliated agent's terminal(s) must be in compliance with N.J.A.C. 17:20-4.2(b).

(c) The affiliate agent shall remain liable to the Lottery, regardless of the affiliated agent's contractual relationship with the courier service, for deposit of lottery monies as set forth in N.J.A.C. 17:20-6. Any licensing actions the Division takes against an affiliate agent, including actions that removes or disable terminal(s), will also affect all dedicated terminal(s) of the courier service, and the State and the Division shall not be liable to the courier service for any such actions.

(d) The Division shall pay all commissions and/or bonuses of any type only to the affiliate agent. Nothing herein shall prohibit an affiliate agent from sharing commissions and/or bonuses with a courier service pursuant to the written contractual agreement in accordance with (a)1 above.

17:20-12.11 General requirements for courier service website, mobile application, and system

(a) Technologies related to courier service customer accounts and ticket sales, including data warehouse, redundant/failover system, or backup systems relating to the courier service website or mobile application shall be physically located in the United States. Any redundant/failover system, or backup systems shall be located on an alternative power grid within the United States. Other supporting or ancillary technologies are not subject to the requirements of this section.

(b) The courier service system, including website and mobile application, shall adhere to cyber security best practices for the security of its systems, including the data, servers,

and network(s) contained within, and shall have sufficient audit logs for purposes of tracking activity within the courier service system by both courier service employees and courier customers.

(c) The courier service system shall at all times deploy a geolocation software system that will permit courier customer orders for ticket purchases be made only from within the borders of the State of New Jersey. Once logged on, the geolocation software shall detect the physical location of the courier customer every 10 minutes. If the system detects that the physical location of the courier customer is in an area unauthorized for ordering tickets, the system shall not accept orders for ticket purchases until such time that the courier customer is within the borders of New Jersey. Geolocation is not required for creating an account, logging into an account, funding an account, or any other action that does not involve ordering tickets. The geolocation software that the courier deploys must be tested and approved pursuant to N.J.A.C. 17:20-12.14. Such testing and approval shall be obtained at the courier's expense. In the event that the courier service system is not deploying the geolocation software, the courier service system shall suspend all orders for ticket purchases until such time the geolocation software is functioning properly.

(d) The courier service shall at all times deploy age verification software that will permit logon and purchases to be made only by those 18 years of age and older. In the event that the courier service system is not deploying the age verification software, the courier service system shall suspend all courier services to courier customers until such time the age verification software is functioning properly. Any sale of a ticket or share to any person under 18 is a disorderly person offense, pursuant to the State Lottery Law, and in addition to the consequences for the disorderly persons offense, such sale shall also be grounds for suspension, revocation, or termination of the courier service. Additionally, the Director may impose fines, penalties, and/or a corrective action plan pursuant to N.J.A.C. 17:20-5.1(e), 5.3 and 9 in addition to other actions permitted under the law.

(e) A courier service system shall, at a minimum, include the following features consistent with its application as approved by the Director:

1. The courier service applicant must propose a daily courier customer request spend limitation of an amount approved by the Director, which may provide that prize amounts under $600.00 awarded to a courier customer and credited to the courier customer's account may be excluded from the daily spend limit. See N.J.A.C. 17:20-12.12(k);

2. The ability for a courier customer to set a lower personal daily spend limit;

3. The ability for a courier customer to suspend his or her account or to self-exclude use of his or her account for the purchase of tickets;

4. A waiting period, as proposed by the courier service and accepted by the Director, before a courier customer can raise a previously set personal daily spend limit;

5. A courier customer and ticket management system that includes a secure database of all tickets requested through the courier service system; and

6. At a separate physical location, a secured system or backup system capable of continuing business operations/functionality within a reasonable restore time in the event of a failure of the courier service's primary system(s) at the courier service's primary location in accordance with (a) above.

(f) The courier service system used for taking orders from courier customers to purchase tickets shall not contain unauthorized data collection, file extraction, malware, or any other feature that compromises the integrity of the courier customer electronic devices or the data contained therein.

(g) The courier service system shall allow a courier customer to order tickets only after the courier customer has established a courier service customer account in accordance with N.J.A.C. 17:20-12.15.

(h) If a courier customer has suspended or self-excluded his or her account, a courier service shall not send any form of gaming-related correspondence, whether by electronic mail, postal mail, delivery service, or by any other means to such courier customer while the account is suspended or self-excluded.

(i) If a courier service system allows a courier quick pick process, the courier service shall propose its quick pick process during the application process. The courier service quick pick process can be accomplished either through a random number generator (RNG) that is resident on a courier service's system or the RNG that is resident in the dedicated terminal. Should a courier service propose to utilize the RNG resident on its system, the courier service shall have the RNG independently certified. A certification report from a qualified company or the New Jersey Division of Gaming Enforcement shall be provided to the Division as part of the initial application and renewal process. Any changes to or malfunction of the RNG shall be reported immediately to the Division and the Division may, at the discretion of the Director, require the courier service to obtain a re-certification from a qualified company or the New Jersey Division of Gaming Enforcement. Initial certification and re-certification shall be at the expense of the courier service. Certification is not necessary if the courier service is utilizing the RNG resident in the dedicated terminal.

(j) As technology and industry best practices advances, at the discretion of the Director, the Division may impose additional technological requirements for the courier service system upon reasonable written notice provided to the courier service to insure the security and integrity of the courier service system.

(k) The courier service system shall be subject to random and scheduled audits by the Lottery or independent auditors representing the Division. Random audits shall be conducted without advance notice.

(l) The courier customer shall be provided with a prominent notice if he or she navigates away from the official courier service website or mobile application and the website and mobile application shall require that the courier customer acknowledge he or she is leaving the courier service website or mobile application and the risk associated with same, prior to the courier customer leaving the courier service's website or mobile application.

(m) The message "If you or someone you know has a gambling problem and wants help, call 1-800-Gambler" shall be displayed prominently within the website and/or mobile log on screen and a command to display this message on the log off screen shall be transmitted whenever the system detects a log off. The courier service is also encouraged to also employ technology to include in-app text messaging to 1-800- Gambler.

(n) A courier service may employ a method or means to print play slips or facsimiles thereof, after approval by the Director. No approval shall be granted by the Director until the courier-produced play slip or facsimile performs at least as accurately as the Division's official play slips.

(o) All courier service system communications that contain courier customer account numbers, user identification, or passwords and PINs shall utilize a secure method of transfer per current security best practices (for example, as of August 6, 2018, 128-bit key encryption) and approved by the Division. This requirement is subject to subsection (j) above. The method of transfer will be reviewed during the initial registration application process and each registration renewal to assure that security best practices are followed.

(p) The courier service system shall electronically log the date and time any website or mobile courier customer account is created, suspended, terminated, deleted, or any other material status changes, including changes indicative of anomalous activity.

(q) A courier service system shall maintain all information necessary to recreate courier customer orders for tickets and account activity during each courier customer session, including any identity or location verifications, for a period of no less than seven years.

(r) The courier service system shall provide a courier customer with the following:

1. Immediately following a request for a courier service to purchase a ticket on the courier customer's behalf, an electronic confirmation of the purchase request; and

2. Immediately following ticket purchase, an electronic confirmation to the courier customer that includes the following: the serial number of the issued ticket, the relevant game, courier customer's name, an image of the front and back

of an issued ticket in its entirety, which image shall contain a courier service digital watermark. The image shall be available only to the courier customer who requested the ticket be purchased and within the time frame required for ticket processing as set forth in N.J.A.C. 17:20-12.16(a). The courier service system shall not make the ticket information and image accessible by any other of the courier service's customers or courier service system's users, except for manual ticket matching, which shall be subject to internal controls.

(s) A courier service shall provide to the Division, in an electronic format acceptable to the Division, the following data in regard to each drawing for which such courier service provides a ticket. The Division shall receive the data outlined below no later than 15 minutes before the drawing to which such data relates. The submission of such data to the Division does not constitute ticket processing and shall not be sufficient evidence of a purchased ticket. Ticket processing must occur pursuant to the requirements of N.J.A.C. 17:20-12.16 in order to generate a ticket that may be submitted for a prize claim. Method of preferred submission will be provided by the Lottery in the courier service registration approval letter. See N.J.A.C. 17:20- 12.16.

1. Lottery game;

2. Drawing date and time;

3. Full name of the courier customer as set forth in such customer's account;

4. Customer account number;

5. Electronic mail address of the courier customer;

6. Date the ticket was ordered by the courier customer and the date the ticket was purchased;

7. Lottery transaction identification number for the purchase transaction;

8. Location of the courier customer at the time the courier customer places an order to purchase ticket(s); and

9. The time of day when the courier customer places an order to purchase ticket(s).

(t) A courier service shall report immediately all significant incidents related to the operation of such courier service's system, either personally or by telephone, within one hour of the discovery of the incident, followed by a letter addressed to the Director within 24 hours of the incident. At a minimum, the courier service shall provide a written report for each of the following types of events:

1. Courier service system outages;

2. Major communications failures;

3. Significant operator errors;

4. Out of balance conditions;

5. Emergency software or hardware changes;

6. Security violations, including any cybersecurity violation or any other unauthorized intrusions into the courier service system or any equivalent or illegal activity;

7. Requests where purchase occurred as prescribed in this subchapter but either Lottery or courier customer purchase notification did not occur prior to a drawing;

8. Any situation that may cause the general public to become alarmed and/or that may damage the integrity or public image of the Division; and

9. Any other indicator or event specified in the courier service approved registration.

17:20-12.12 Website and/or mobile courier service system standards and operational controls

(a) A courier service system shall utilize sufficient security to ensure courier customer access to the courier service system through the courier system's website and mobile application is appropriately limited to the courier customer account holder. Unless otherwise authorized by the Division, security measures shall include at a minimum:

1. A username;

2. Password of sufficient length and complexity to ensure its effectiveness;

3. At a minimum, the option for users to choose "strong authentication" login protection; and

4. Electronic notification to the courier customer's registered e-mail address, cellular phone, or other device each time a website or mobile courier customer account is accessed provided, however, that a courier customer may opt out of such notification.

(b) A courier service system shall be designed with a methodology approved by the Division to ensure there shall be no communications directly between a lottery terminal and the website or mobile courier service.

(c) The courier service system shall be designed to detect and report suspicious behavior by courier customers and courier service employees, such as cheating, theft, embezzlement, collusion, money laundering, or any other illegal activities.

(d) The courier service system shall immediately terminate a courier customer session whenever:

1. Required by the Division;

2. The courier customer ends a session;

3. The courier customer fails any authentication during a courier customer session; or

4. A system error impacts purchasing/transactions.

(e) The courier service system shall employ a mechanism that can detect and prevent any courier customer initiated ticket orders or withdrawal activity that would result in a negative balance of a courier customer account.

(f) The courier service system shall disable a courier customer’s account after three failed login attempts and require strong authentication to recover or reset a password or username.

(g) The courier service system shall employ a mechanism that places the courier service customer in a suspended mode:

1. When requested by the courier customer for a specified period of time, which shall not be less than 72 hours;

2. When required by the Division; or

3. When a courier service has evidence that indicates:

i. Illegal activity;

ii. A negative courier customer account balance; or

iii. A courier customer has violated the terms of service of the courier customer's account.

(h) When the courier customer account is in a suspended mode the courier service system shall:

1. Prevent the courier customer from placing order for tickets;

2. Prevent the courier customer from depositing funds;

3. Prevent the courier customer from withdrawing funds from his or her courier customer account, unless the suspended mode was initiated by the courier customer;

4. Prevent the courier customer from making changes to his or her courier customer account;

5. Prevent the removal of the courier customer account from the courier service system; and

6. Prominently display to the courier customer that the courier customer account is in a suspended mode, the restrictions placed on the account, and any further action that the courier customer may take to remove the suspended mode.

(i) A courier service shall notify the courier customer account holder via electronic mail, regular mail, or other method approved by the Division, whenever his or her account has been closed or placed in a suspended mode. Such notification shall include the restrictions placed on the account and any further course of action needed to remove the restriction.

(j) A suspended account may be restored:

1. Upon expiration of the time period established by the courier customer;

2. When permission is granted by the Division; or

3. When the courier service has lifted the suspended status. A courier service may lift the suspended status only when the suspended status is initially imposed by the courier service. See (g)3 above.

(k) The courier website and mobile application system shall be capable of allowing a courier customer to establish the following responsible gaming limits. Any decrease to these limits shall be effective no later than the courier customer's next login. Any increase to these limits shall become effective only after the time period of the previous limit has expired and the courier customer reaffirms the requested increase.

1. A deposit limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum amount of money a courier customer may deposit into his or her courier customer account during a particular period of time. Once a courier customer sets his or her daily deposit limit that amount is locked for seven days at that dollar amount.

2. A spend limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum amount of money a courier customer may spend from the

courier customer's account during a particular period of time. Once a courier customer sets his or her daily spend limit that amount is locked for seven days at that dollar amount.

17:20-12.13 Courier service internal controls

A courier service shall submit, as part of its application, to the Division for the Division's written approval, a written description of the courier service's system of internal controls. Such system of internal controls shall demonstrate to the satisfaction of the Division that such courier service has adequate controls in place to address data security, responsiveness to cybersecurity events to mitigate any negative events, recovery from cybersecurity events and restoration of normal operations and services, risk assessment and mitigation, training, access controls and identity management, systems operations and availability concerns, courier customer data privacy, incident response, disaster recovery, security of physical tickets, ticket and document retention, self-exclusion process, responsible gaming limits, manual ticket matching, services that must be performed in New Jersey in accordance with N.J.A.C. 17:20-12.6(a)5, and any other control issue the Division may identify. The Director may approve, conditionally approve, or disapprove the courier service's system of internal controls. In the event that the Director disapproves, the courier service shall have a reasonable amount of time, but no more than 30 days, to submit a description of a satisfactory system of internal controls. A courier service shall notify the Director, in writing, of any change to internal controls, 30 days prior to the change.
All such changes will be subject to the review and approval of the Director, consistent with the standards used in the initial registration approval.

17:20-12.14 Independent third-party testing

(a) As a condition to the issuance of a courier registration, the courier service system must undergo independent third-party testing. A courier service may choose a laboratory approved by the Director or the laboratory operated by the NJDGE, except where indicated, testing must be performed by the NJDGE. All third-party testing shall be at the prospective courier service's expense. At the conclusion of third-party testing, the laboratory performing the test must submit a written report to the Division detailing the testing performed and the findings. If the testing is performed by the NJDGE, a letter from NJDGE showing NJDGE's findings shall be sent to the Division. The Division may require any conditions to be satisfied prior to the prospective courier service beginning operations.

(b) An independent testing laboratory shall be used for the testing, certification, and/or verification of the following topics:

1. Courier customer account registration;

2. Courier customer account controls;

3. Control program;

4. Client software;

5. Courier service disable/enable;

6. Shutdown and recovery;

7. Malfunction;

8. Geolocation (must be performed by NJDGE);

9. Courier customer loyalty programs;

10. Reporting;

11. Courier customer interface;

12. Authorized game recall;

13. Information security policy;

14. Administrative controls;

15. Technical controls;

16. Random number generator;

17. Game changes;

18. Physical and environmental controls; and

19. Any other function or feature of the courier service system as may be required by the Director.

(c) A courier service may submit a written request to the Director for a waiver of one or more of the requirements in this section. Any such request shall:

1. Include supporting documentation demonstrating how the courier service system, equipment, or associated equipment for which the waiver has been requested will still meet operational integrity requirements; and

2. Be deemed denied unless approved in writing by the Director.

17:20-12.15 Courier customer accounts

(a) A courier customer shall establish a courier customer account prior to placing orders for tickets. Each courier customer account may be registered to only one natural person,

who must be geographically located within the State of New Jersey at the time the courier customer places an order for tickets.

(b) A courier service shall not permit a courier customer to establish more than one courier customer account with the courier service. A courier service shall implement measures designed to ensure that no courier customer is able to establish more than one courier customer account with the courier service. Further, the courier service shall ensure that a courier customer account is non-transferable.

(c) A courier customer shall not act as an agent for another person for the purpose of purchasing tickets through a courier service; any such ticket(s) purchased by the courier customer in violation of this provision shall be considered void.

(d) A courier customer shall have the option, at all times, to obtain the ticket(s) purchased by the courier service on the courier customer's behalf for any purpose. The courier service, as part of its application shall describe, in detail, the process by which it will effectuate this courier customer option.

(e) In lieu of delivery of a purchased ticket to a courier customer, a courier service may store such ticket on behalf of that customer, with the customer's affirmative consent to do so, if the courier service provides the courier customer an electronic receipt that meets the requirements set forth at N.J.A.C. 17:20-12.11. The courier service, as part of its application, shall describe, in detail, the process by which it will effectuate this courier customer option.

(f) A courier service shall sell only full share ticket(s) to courier customers. Additionally, the courier service shall not sell shares or wagers on the outcome of a lottery game.

(g) In order to establish a website or mobile account, a courier service shall create and encrypt an electronic courier customer file, which shall include, at a minimum, personal information.

(h) Any information collected for the establishment of a courier customer account or information that is personally identifiable shall be considered confidential information and shall not be available for sale to any party by the courier service. Violation of this provision may result in immediate suspension or revocation of the courier service registration.

(i) A courier customer account may be funded through the use of a courier customer's credit or debit card, bank account, promotional, or other credit issued by the courier service, or by such other method as the Director may approve in writing upon request of the courier service. See N.J.A.C. 17:20-12.6(a)16.

(j) A courier service shall not permit a courier customer to transfer funds to another courier customer.

(k) A courier service shall establish and maintain a trust account for the benefit of the courier customers in a national or State chartered banking institution located in New Jersey. This account shall be separate from all other courier service operating or other bank accounts to ensure the security of funds held. The balances in the courier customer trust account shall at all times be sufficient to pay all monies deposited by courier customers for the purchase of tickets, including all courier customer prizes won under $600.00 and redeemed by a courier service on behalf of courier customers. All prizes redeemed on behalf of courier customers shall be placed promptly in such trust account, unless a courier service paid the prize in advance by crediting the courier customer's account prior to redeeming the winning ticket. When a courier service pays a prize in advance of redemption, the monies collected from redemption of the winning ticket reimburses the courier service since the prize payment was previously placed in the trust account. Monies may not be withdrawn from such trust account for any purpose other than to disburse a courier customer's funds to such courier customer or purchase courier services as requested by such courier customer. A courier service shall have unfettered access to all courier customer account and transaction data to ensure that the amount held in its trust account is sufficient.

(l) On a monthly basis, a courier service shall transmit to the Division a report of all courier service customer accounts containing a list of each account, the balance in each account, the total of all account balances, the status of each account, that is, suspended, dormant, and any deposit and/or play limits. A courier service may also be subject to random audit of same. Method of preferred transmission will be provided by the Lottery in the courier service registration approval letter. See N.J.A.C. 17:20-12.6.

(m) A courier service shall make available, within two business days, funds a courier customer requests to withdraw from such courier customer's account.

(n) Upon reasonable suspicion that a courier customer's identification has been compromised, the courier service shall re-verify a courier customer's identification.

(o) Courier service customer accounts that do not have any activity for a period of 13 months, shall be considered a dormant courier customer account. For any dormant courier customer account, the courier service must make all reasonable attempts to contact the courier customer to determine whether the courier customer wishes to keep the account active or cancel. No fees may be charged during the period of dormancy.

(p) The courier service system shall have a process for a courier customer to voluntarily close his or her courier customer account. This process shall be proposed by a courier service applicant, but at a minimum, it shall address, full reimbursement of all funds and/or tickets in the customer's account, the permanent deletion of all courier customer personal information from the courier service's database, and the time frame to complete such activities.

(q) The courier service shall safeguard all personal information associated with courier customer accounts.

(r) Courier customer information collected to create or maintain an account with a courier service and courier customer account information, to the extent it is the possession of the Division of Lottery, shall remain confidential for all other purposes.

17:20-12.16 Ticket fulfillment, notification, and redemption by courier service

(a) Ticket fulfillment shall be as follows:

1. The courier system shall promptly process all courier customer requests to purchase tickets. Ticket processing shall consist of completing all of the following in accordance with the requirements of this chapter:

i. An order is placed by a courier customer to the courier service to purchase tickets;

ii. Courier service accesses the courier customer's account to confirm sufficient funds exist for the ticket purchase request, if sufficient funds exist;

iii. Courier service sends a notice to the courier customer acknowledging the purchase request;

iv. Print and purchase ticket(s) from a dedicated terminal;

v. Deduct from the courier customer's account the charge for the purchased ticket(s);

vi. Send a notice to the courier customer verifying the purchase, including scans of both the front and back of the tickets purchased and other requirements pursuant to N.J.A.C. 17:20-12.11(r)2;

vii. Storing the purchased ticket(s);

viii. If the purchased ticket is a winning ticket, notify the courier customer of such pursuant to (b)1 below; and

ix. If the winning ticket prize is under $600.00 and the courier customer pre- authorized the courier service to redeem the ticket, redemption shall be completed pursuant to (c)2 below. If the winning ticket prize is under $600.00 and the courier customer did not authorize the courier service to redeem the ticket, redemption shall be completed pursuant (c)1 below. If the winning ticket prize is over $600.00, redemption shall be pursuant to (c)3 below.

2. Courier service shall keep records of all steps in the ticket fulfillment process and upon request, provide the records of ticket fulfillment to the courier customer or the Division;

3.Tickets shall become unavailable for courier customer requests to purchase at least 60 minutes prior to the conducting of each drawing. If the courier service has not processed any purchase requests 30 minutes prior to the drawing cut- off, the purchase request shall be canceled by the courier service and the courier customer shall be notified prior to the relevant drawing that his or her purchase request could not be processed in the time provided for pursuant to this provision and was canceled. If a fee was charged for the purchase request it shall be promptly refunded;

4. A courier service may offer to purchase on behalf of a courier customer multi-draw tickets only to the extent that such tickets would be permitted to be purchased by a lottery customer directly from an agent;

5. A courier service shall accomplish all ticket processing requirements for each ticket issued on behalf of a courier customer; and

6. The courier service shall promptly provide confirmation of ticket purchase, including scanned images of the front and back of the ticket(s), to the courier customer prior to the game drawing.

(b) Notification shall be as follows:

1. A courier service shall notify a courier customer on whose behalf such courier service has purchased a winning ticket and the amount of the prize within 24 hours of the applicable drawing. Such notification shall be made electronically through the courier service system, electronic mail, or other method proposed by a courier service and approved by the Director during the registration process. If the prize is more than $600.00, the courier service shall also notify the Division within 24 hours of the identity of the prize winner, the prize amount, game name, the date of the drawing and, for a draw game conducted more than once per day, the time of the drawing;

i. A courier service may electronically provide a courier customer who is a prizewinner with a digitally completed claim form and any other documentation required to redeem such prize. Such form must be approved by the Director; and

2. After notifying a courier customer that they have a prizewinning ticket with a prize of $600.00 or more, a courier service shall print the courier customer’s full name, as set forth in such courier customer’s account, on the back of the ticket, validate the ticket, attach the validation receipt, and provide physical delivery per approved method(s). See N.J.A.C. 17:20-12.17(b).

(c) Redemption shall be as follows:

1. In accordance with N.J.A.C. 17:20-12.1(f), a courier customer shall have the option, at all times, to obtain a winning ticket for purpose of redemption. If a courier customer chooses not to have winning tickets under $600.00 redeemed by the courier service, it shall print the courier customer's full name, as set forth in such courier customer's account, on the back of the ticket(s), and deliver the original ticket(s) to the courier customer by approved method(s). See N.J.A.C. 17:20-12.17(b);

2. If a courier customer chooses to have winning tickets under $600.00 redeemed by the courier service, it shall print the courier customer's full name, as set forth in such courier customer's account, on the back of the ticket(s), validate the winning ticket(s), and redeem the prize on behalf of the courier customer. Such prize amount(s) shall be disbursed to the courier customer by crediting the courier customer's account. The full value of the winning ticket(s) shall be credited to the courier customer account within two business days of the applicable drawing;

3. A courier service shall be prohibited from redemption of tickets valued at $600.00 or more. For any prize of $600.00 or more, a courier customer must make the claim directly to the Division. For prizes of $600.00 or more, a courier service shall print the courier customer's full name, as set forth in such courier customer's account, on the back of the ticket, validate the winning ticket, attach the validation receipt, and deliver the original winning ticket to the courier customer by approved method(s). See N.J.A.C. 17:20-12.17(b); and

4. No prize shall be paid to a courier service with respect to stolen tickets or winning tickets where the courier customer who purchased the ticket cannot be found, unless the Director so determines. See N.J.A.C. 17:20-12.17(g).

17:20-12.17 Delivery, retention, and storage of tickets by courier service

(a) Tickets are bearer instruments and ownership is not established until the back of the ticket is physically signed by the courier customer. A printed name shall not be considered to be the courier customer's signature, as required for prize redemption by this subsection. If a winning ticket prize is under $600.00, the printed courier customer name on the back of the ticket shall suffice as a signed ticket as long as the courier customer who purchased the ticket authorizes it in writing according to the courier customer terms and conditions.

(b) A courier service shall employ method(s) for secure delivery of winning tickets to the correct courier customer. A courier service shall propose secure methods(s) and timeframe(s) for delivering tickets to courier customers during the application process. Any such methods shall be verifiable; that is, proof that the correct ticket(s) are delivered

to the correct courier customer. See N.J.A.C. 17:20-12.4(a)14. Approved methods of delivery cannot be changed except as specifically approved, in writing, by the Director.

(c) A courier service shall store each physical ticket purchased and retained on behalf of a courier customer in New Jersey, in a secure safe or vault with a minimum fire rating of Class 150-1 Hour issued by Underwriter Laboratories Inc., or such equivalent rating approved by the Director. The premises housing such safe or vault shall be protected by a burglar and fire alarm system with 24-hour central station monitoring. Additionally, the safe or vault shall be subject to access control rules implemented by the courier service and be continuously monitored and recorded by security cameras 24 hours a day, seven days per week. All recordings must be securely stored for a minimum of 30 days. The courier service shall fully describe its access control rules in its application.

(d) A courier service shall maintain a secure database of all stored tickets, linking each ticket to the courier customer who purchased it.

(e) A courier service is wholly responsible to its customers for lost, damaged, destroyed, stolen, or missing tickets, notwithstanding the degree of care that they may have exercised with regard to the tickets.

(f) A courier service is responsible to its customers for the foreseeable consequences of the loss of tickets, or for other breaches of these rules or game rules.

(g) In the event that a courier service is unable deliver a winning ticket to a courier customer using the information provided during the account sign-up, the courier service shall make all reasonable attempts to locate the courier customer prior to the expiration of the prize. If after all reasonable attempts fail, and the ticket expires, the courier service shall retain all evidence of its attempts to make contact with the courier customer. Should the courier customer contact the courier service after the ticket is expired, it is the responsibility of the courier service to explain what steps were taken to find the customer prior to the expiration of the ticket.

(h) As tickets are held in trust, and not owned by the courier service, under no circumstance shall a winning ticket for a prize of $600.00 or more that is about to expire be redeemed by anyone except the courier customer who purchased the ticket.

(i) The Division shall bear no responsibility or liability for locating courier customers having winning ticket(s) who have not been found by the courier service.

(j) The Division shall bear no responsibility or liability to a courier customer when a winning ticket expires.

(k) A courier service shall retain all non-winning tickets and winning tickets redeemed by the courier service until at least 90 days have passed from the expiration of the applicable period in which a prize claim may be made validly to the Division in regard to such ticket.

(l) A courier service shall report to the Division within two hours of discovery regarding any theft from, or unauthorized entry upon, its premises, including whether any tickets or property appear to be missing at the time, and shall supplement such report regarding any missing tickets or property immediately upon obtaining additional information thereon.

17:20-12.18 Courier service ticket sale occurrence and ownership

(a) Courier service ticket sale occurrence:

1. No courier customer request or payment for courier service and no receipt or acknowledgment of any such request constitutes evidence of a validly issued ticket. A ticket, in order to be deemed validly issued, shall be physically generated by a lottery terminal authorized by the Division for sale to a customer (including sale through a courier service). A courier service shall not charge a courier customer's account until such time as the physical ticket is printed from a dedicated terminal. See N.J.A.C. 17:20-12.16(a);

2. Required disclosures to courier customers:

i. A courier service shall disclose prominently on its courier service system the text of paragraph (a)1 above; and

ii. A courier service shall disclose prominently on its courier service system a warning to customers to take care to ensure the safekeeping of tickets and not to risk claim complications by disseminating images of purchased tickets.

(b) Ticket ownership:

1. A courier service that purchases a ticket on request from a courier customer holds such ticket in trust for such courier customer and acquires no ownership interest in such ticket. Notwithstanding such lack of ownership, a courier service may destroy a ticket in compliance with the retention requirements set forth in N.J.A.C. 17:20-12.17. Tickets in the possession of the courier service are the sole responsibility of the courier service and it is the courier service's duty as a fiduciary of the courier customer to handle such tickets as set forth in this subchapter. This shall be an express trust relationship between the courier service and the courier customer with respect to the tickets and any winning related to such tickets. Any failure to deliver tickets purchased by the courier customer, pursuant to this subchapter, or to deliver winnings related to such tickets to the courier customer in accordance with the provisions of this subchapter will be considered a fraud or defalcation by a fiduciary.

17:20-12.19 Persons prohibited to use courier service

(a) A courier service shall prevent the following persons from opening an account or placing a request for courier services through its system:

1. Persons under the age of 18;

2. Employees, officers, directors, or direct or indirect owners of such courier service;

3. Any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of any employee, officer, director, or direct or indirect owner of such courier service; and

4. Persons on the self-exclusion list. See N.J.A.C. 17:20-12.6(a)4.

(b) A courier service shall submit as part of its application for registration, procedures to prevent prohibited players from placing a request for courier services through its system. A courier service shall implement any changes to such procedures as the Division may direct at any time. Such procedures are subject to Division approval.

1. Such plan shall include the following, in regard to prevention of play by a minor:

i. Specification of parental controls procedures to allow parents and guardians to exclude persons under the age of 18 from placing a request for courier services through such courier service's system. The courier service shall explain what information is made available to parents and guardians about the specific steps they may take to implement parental controls, including use of the toll-free number that a courier service shall provide for individuals seeking help in establishing such parental controls;

ii. Detailed explanation of the steps taken to prevent persons under the age of 18 from placing a request for courier services through such courier service's system. The courier service shall explain what types of native or third-party age verification procedures are implemented to verify that each person registering for an account is not under the age of 18. The courier service shall explain the mechanism or mechanisms used to identify and deactivate accounts created or used by minors, age verification, and identification procedures to exclude persons under the age of 18 from registering on a courier service system;

iii. Procedures used to identify and deactivate accounts created or used by persons under the age of 18 and to exclude such persons from all activity offered through such courier service's system;

iv. Verification that any account balance attributable to a person under the age of 18 shall be refunded, less any prizes already awarded, within no more than two business days of discovery that such account is attributable to such person. The courier service also shall explain how deposits will be refunded; and

v. Procedures to ensure that persons under the age of 18 do not receive promotional materials that relate to a courier service's system.

2. Such plan shall include, in regard to verification of geolocation capabilities, procedures to ensure the courier service system's ability to prevent orders for tickets by players not physically present in the State of New Jersey at the time of such request.

3. The plan shall include procedures to ensure that self-excluded persons are prevented from ordering tickets.

(c) A courier service shall specify in the courier service system terms of use that each category of individuals identified in this section is prohibited from placing requests for courier services through such courier service's system.

(d) A courier service shall be strictly liable for a civil penalty assessed by the Director, for permitting any prohibited courier customer, as set forth in subsection (a) above, to use such courier service's system. The Division shall consider, however, before imposing any penalty or sanction upon a courier service for a violation of this section, any circumstances that such courier service presents in writing to the Division as mitigating factors for the Division's consideration, including, without limitation, good-faith reliance on false or misleading information provided by the prohibited person and good-faith compliance with appropriate internal controls and courier service system processes designed to prevent play by a prohibited person.

17:20-12.20 Courier service fees

(a) A courier service may charge a fee for the purchase and delivery of tickets. The fee structure shall be determined by the courier service, but must be in conformance with State Lottery Law and the Courier Services Act, N.J.S.A. 5:9-1 et seq.

(b) For each courier services request made by a courier customer, the fee for the transaction must be clearly displayed and the courier customer must affirmatively accept and consent to the fee.

(c) The courier service shall not be permitted to charge any fee other than the fee described in subsection (a) above. Prohibited fees include: any fee relating to account sign-up, validation of a winning ticket, redemption of a winning ticket under $600.00, deposit of a prize to a courier customer's account, a withdrawal from a courier customer's account, delivery of tickets, or any other aspect of ticket processing.

(d) No fee charged in accordance with this section shall be deemed to be part of the ticket price.

(e) No portion or percentage of lottery winnings shall be charged, accepted, given, or payable to the courier service as a fee for any service that may be provided by the courier service.

(f) Any fee charged for a transaction shall be paid out of the courier customer account.

(g) Any fee charged for a transaction in which requested tickets were never generated, for whatever reason, shall be refunded to the courier customer's account.

17:20-12.21 Courier service audit and financial reporting and controls

(a) A courier service shall provide annually to the Division, no later than 120 days following the end of such courier service's fiscal year, financial statements audited in accordance with generally accepted auditing standards, unless the Director in writing waives such requirement. The Director may require, in addition, other financial information, in a format the Director prescribes. The preparation of annual or other financial statements shall be at the sole expense of the courier service.

(b) In addition to the courier service's audited financial statements, each courier service shall submit an SSAE 18 report annually no later than 120 days following the end of such courier service's fiscal year.

(c) Further, each courier service shall submit a copy of the management letter prepared by an independent certified public accountant that lists any internal control or operational weaknesses noted during the financial statement audit and recommendations for improvement. The courier service shall prepare a response to the issues outlined in the management letter that describes any corrective actions taken or planned to be taken and include a copy of this response with its submission to the Division.

(d) If a courier service or any of its affiliates is publicly held, such courier service or affiliate shall make available and provide written notice to the Division of any report, including, without limitation, forms S-1, 8-K, 10-Q, 10-K, proxy or information statements, and all registration statements required to be filed by such courier service or affiliates with the United States Securities and Exchange Division or other domestic or foreign securities regulatory agency, at the time of filing with such agency.

(e) The Division has the authority to conduct, or to have conducted at a courier service's expense, an audit or review of any of such courier service's financial controls and records.

(f) The courier service, including, but not limited to, courier trust accounts, courier customer accounts, courier service system, ticket processing records, shall be subject to

both random and scheduled financial and/or operational audits by the Division and/or the Lottery's independent auditing firm, as well as any other authorized State or Federal entity. The courier service shall cooperate with any such audit. The Director may immediately suspend or revoke a courier service's registration for failure to cooperate with any such audit.

(g) The courier service software system shall be designed to generate reports as specified by the Division that shall include at a minimum:

1. The report title;

2. The version number of the current system software and report definition;

3. The date or time period of activity, or description "as of" a point in time;

4. The date and time the report was generated;

5. Page numbering, indicating the current page and total number of pages;

6. Subtotals and grand totals as required by the Division;

7. A description of any filters applied to the data presented in the document;

8. Column and row titles, if applicable; and

9. The name of the courier service.

(h) All required reports shall be generated by the system, even if the period specified contains no data to be presented. The report generated shall indicate all required information and contain an indication of "No Activity" or similar message if no data appears for the period specified.

(i) Systems shall provide a mechanism to export the data generated for any report to a format approved by the Division.

(j) A courier service system shall generate, on a monthly basis commencing 13 months after the creation of the first website or mobile account, a dormant account report, which shall list all courier customer accounts that have had no activity for a period of 13 months. The report shall include:

1. The courier customer name and account number;

2. The date of the last transaction; and

3. The account balance.

(k) A software system shall generate a Courier Customer Account Adjustments Report, which shall be reviewed on a monthly basis to evaluate the legitimacy of courier customer account adjustments. Unless otherwise authorized by the Division, the report shall at a minimum include:

1. The courier customer's name;

2. An account number;

3. The date and time of the adjustment;

4. The person who performed the adjustment;

5. The reason for the adjustment; and

6. The amount of the adjustment.

(l) All courier service lottery operations, reports, and records shall be subject, upon demand, to inspection and audit by representatives of the Lottery, but such reports and records shall remain confidential for all other purposes except income tax reporting required by law.

17:20-12.22 Courier service customer complaints

(a) Each courier service shall maintain for a period of two years, a record of each courier customer complaint, the inquiry or investigation undertaken by the courier service, action taken by the courier service to resolve the complaint, and the final disposition of the complaint. Such records shall contain the original or copies of the customer complaint, all written communications between the courier service and the complainant, all documents or telephone or in-person recordings created in connection with a complaint, and any documentation provided to the courier customer by the courier service. Such courier customer complaint records shall include:

1. The name and address of the complainant;

2. The nature or purpose of the complaint;

3. The date the complaint was received by the courier service;

4. The complaint denial, including the notice to the courier customer of the complaint denial, whenever a complaint is denied; and

5. Any additional information used by the courier service in determining how to resolve the complaint.

(b) The courier service shall maintain a permanent record summarizing the number and nature of consumer complaints and the resolution or outcome of such complaints. These records shall be made available to the Lottery upon request.

(c) A courier service shall display on the courier service website and mobile applications the Lottery's customer service hotline telephone number 1-800-222-0996 for courier service customer complaints.

(d) If a courier service is unable to resolve a complaint after a period of 10 days, the complaint shall be sent to the Division for the Division's review.

17:20-12.23 Advertising and marketing by courier service

(a) A courier service may offer to courier customers, at such courier service's own expense, any promotion, discount, or other marketing feature not inconsistent with this subchapter. The Director may order a courier service to cease any promotion, discount, or other marketing feature that the Director deems to be not in the best interests of the Lottery program, in the discretion of the Director. Each courier service shall provide to each courier customer each promotion, discount, or other marketing feature to which such courier customer is entitled and shall in no case retain for such courier service's benefit or the benefit of any of courier service's owners, officers, or employees, any promotion, discount, or other marketing benefit intended for a courier customer.

(b) A courier service shall provide links to Lottery web pages as the Director may direct from time to time.

(c) No courier service may make any announcement of a winner or prospective winner, whether live or through any media, without the prior written approval of the Director.

(d) A courier service shall not divulge, publish, or announce winner or prospective winner information known solely because of the courier service/courier customer relationship without the written approval of the Director.

(e) No advertising or messaging shall be sent to courier service customers who have suspended or self-excluded his or her account.

(f) Any electronic advertising and/or messaging to courier customers shall comply with responsible play guidelines of the Council on Compulsive Gambling of New Jersey.

(g) Advertisements not permitted to be placed on a courier service website and/or mobile applications shall include advertisements for alcoholic beverages, tobacco products, pornographic material, and any goods or services that are not legal in the State of New Jersey, advertising that is targeted toward or otherwise appeals to minors, and advertising that entices problem or disordered gamblers into increased level of play.

(h) The Division will monitor all registered courier services' websites and mobile applications, on a periodic basis, for adherence to all promotional and advertising requirements of this chapter.