

# TITLE 65 STATE LOTTERY COMMISSION

## ARTICLE 1. THE COMMISSION

### Rule 1. General Provisions

#### 65 IAC 1-1-1 Definitions

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 1. (a) The definitions in IC 4-30-2 and in this section apply throughout this title.

(b) "Applicant" means a person who has submitted an application to receive a certificate of authority to contract with the commission as a retailer.

(c) "Central system" means a system of computers, servers, and databases that is designed to provide comprehensive technology capabilities, including, without limitation, controlling, monitoring, and communicating with the terminals and recording the plays and transactions processed by the terminals.

(d) "Chair" means the chairperson of the commission selected pursuant to IC 4-30-4-3.

(e) "Draw game" means a lottery game in which winners are determined by a random selection conducted by the commission at a designated selection event.

(f) "Game rules" means written rules governing the procedures and manner in which a lottery game is to be played, and identifying the necessary criteria or conditions for winning a prize.

(g) "Game play data area" means an area on a scratch-off ticket covered with a latex or other covering which, when uncovered, reveals play or prize symbols, bar codes, verification codes, or other means for determining the outcome of game play on that ticket.

(h) "Lottery game" means any game that the commission authorizes under IC 4-30, but shall not include promotional drawings under 65 IAC 1-7-4.

(i) "Lottery product" means any ticket or other offering authorized by the commission to be sold or distributed to consumers by retailers or by the commission.

(j) "Member" means a member of the commission, as described in IC 4-30-3-1.

(k) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by member commissions, state agencies, and other political subdivisions, which are authorized to conduct a lottery.

(l) "Nth transaction award" means a free wager that the central system automatically generates either randomly or at a predetermined transaction interval.

(m) "On-line game" means a lottery game where participation is recorded on a computer-generated ticket distributed through terminals connected to the central system by a communications network.

(n) "Pari-mutuel prize" means a prize equal to the total amount of the winnings pool available for prizes of that type divided by the total number of winning tickets for that prize.

(o) "Play slip" means a form prescribed by the commission on which a player may hand mark the player's desired numbers, symbols, or other characters and which is input into a terminal to generate a ticket for a lottery game.

(p) "Play symbol" means an alphabetic, numeric, or graphic character or symbol appearing in the game play data area of a ticket which is used to determine whether the player won a prize.

(q) "Prize symbol" means numeric symbol expressed in terms of United States currency appearing in the game play data area of a ticket and used to determine the value of a possible prize.

(r) "Prize winner" means any individual or other person ultimately entitled to receive full or partial payment of a lottery prize either directly or by means of a pass through entity, including, but not limited to, the:

- (1) beneficiaries of a trust;
- (2) partners, members, or shareholders of a business entity;
- (3) individual members of a group, club, or association; or
- (4) assigned guardian or adult member of a minor's family functioning as a custodian for a person who is less than eighteen (18) years of age and claiming a prize on a lawfully purchased ticket.

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(s) "Scratch-off game" means a lottery game that offers preprinted lottery tickets that, after a covering is removed, immediately reveals numbers, play symbols, or other insignia of whether the player has won a prize.

(t) "Selection event" means a drawing or other random generation and selection of numbers, play symbols or other objective indicators for the purpose of identifying the winner or winners of a lottery game.

(u) "Terminal" means a device which is authorized by the commission to function in an interactive mode with the central system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions.

(v) "Ticket" means a ticket, receipt, voucher, token, or other acknowledgement of purchase or participation in a lottery game that is capable of being validated by the commission or an authorized agent or contractor. (*State Lottery Commission; 65 IAC 1-1-1; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2290; emergency rule filed Sep 5, 1989, 3:20 p.m.: 13 IR 90; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA; emergency rule filed Dec 18, 2009, 10:05 a.m.: 20091230-IR-065090989ERA; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-2 Organization (Repealed)**

Sec. 2. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-3 Office of the commission (Repealed)**

Sec. 3. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-4 Seal (Expired)**

Sec. 4. (*Expired under IC 4-22-2.5, effective January 1, 2015. See Notice posted at 20150311-IR-065130493ONA.*)

**65 IAC 1-1-5 Meetings (Repealed)**

Sec. 5. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-6 Quorum and action (Repealed)**

Sec. 6. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-6.5 Participation in meetings by communication (Repealed)**

Sec. 6.5. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA*)

**65 IAC 1-1-7 Committees (Repealed)**

Sec. 7. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-8 The chair**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-4

Sec. 8. The chair shall preside at meetings of the commission. The chair shall discharge all the duties inherent to a presiding officer and perform such other duties as from time to time may be assigned to the chair by the commission or as prescribed by law

or this rule. (*State Lottery Commission; 65 IAC 1-1-8; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-9 The director**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30-3-14; IC 4-30-6

Sec. 9. The director is the chief executive and operating officer of the lottery and has the full and complete authority to act in the name of the commission. The director shall have such powers and authority and perform such duties as are expressed or implied by law, by resolution of the commission, or by this title. Without limiting the generality of the foregoing, the director is specifically authorized to perform the following duties on behalf of the commission:

- (1) To negotiate and, upon prior approval or subject to subsequent ratification of the commission, to enter into on behalf of the commission, contracts for the purchase, lease, or lease-purchase of goods and services necessary for the operation and promotion of the lottery, including assistance provided by a governmental agency.
- (2) To execute contracts and agreements entered into by the commission and other instruments and documents for and on behalf of the commission.
- (3) To manage and control the commission's administrative offices and exercise all powers and authority necessary to manage and control such offices or customary for such an administrative officer.
- (4) To create divisions within the commission and allocate the various functions of the commission among these divisions, except that all security matters shall be assigned to the division of security created by IC 4-30-6.
- (5) To transact such business of the commission as may require attention between meetings of the commission and to report all such business transacted, other than of a routine nature, to the commission at its next meeting.
- (6) To exercise such other authority and powers as are customarily exercised under Indiana law by the chief executive and operational officer of an entrepreneurial business enterprise, except as otherwise required by law.

(*State Lottery Commission; 65 IAC 1-1-9; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-10 Vice chair**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30-4

Sec. 10. The chair may appoint a vice chair who shall preside at meetings of the commission when the chair is not present. If no vice chair is appointed by the chair, the director shall preside at meetings of the commission when the chair is not present. (*State Lottery Commission; 65 IAC 1-1-10; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-1-11 Selection of other officers**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 11. The director may select a secretary and such other assistants and other officers as the director may decide upon to serve at the pleasure of the director and to perform the functions determined by the director to be in the best interests of the commission, including, but not limited to, attesting to the execution of documents by the commission or the director. The secretary may, but need not, be a commissioner. (*State Lottery Commission; 65 IAC 1-1-11; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2291; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-*

065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)

**65 IAC 1-1-12 The secretary (Repealed)**

Sec. 12. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-1-13 Assistant officers (Repealed)**

Sec. 13. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-1-14 Delegation of authority**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 14. (a) In case of the absence of any officer or employee of the commission, or for any other reason that the commission or the director may deem sufficient, the commission (in the case of the chair or the vice chair) or the director (in the case of any other officer or employee) may delegate the powers or duties of such officer or employee to any other officer or employee, for the time being.

(b) In the case of a delegation of authority by the commission, a majority of the entire commission must concur in the delegation. *(State Lottery Commission; 65 IAC 1-1-14; emergency rule filed Jul 20, 1989, 4:10 p.m.: 12 IR 2292; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-1-15 Amendments (Repealed)**

Sec. 15. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-1-16 Immunity**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30; IC 34-13

Sec. 16. The commission as a separate body politic and corporate is intended to be a separate legal entity and as such the commissioners, the director, their employees, and the state of Indiana shall not be liable to any licensee, vendor, or any other person or entity entering into any contract or agreement with the commission for any damage arising in connection with the operation or conduct of the lottery except as may be provided by IC 4-30 or IC 34-13, such liabilities being solely those of the commission. *(State Lottery Commission; 65 IAC 1-1-16; emergency rule filed Aug 3, 1989, 9:30 a.m.: 12 IR 2298; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:24 p.m.: 20090923-IR-065090771ERA; readopted filed Nov 25, 2015, 1:15 p.m.: 20151223-IR-065150334RFA)*

**65 IAC 1-1-17 Use of certain terms prohibited (Repealed)**

Sec. 17. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-1-18 Fees (Repealed)**

Sec. 18. *(Repealed by State Lottery Commission; emergency rule filed Dec 18, 2009, 10:05 a.m.: 20091230-IR-065090989ERA)*

**65 IAC 1-1-19 Deviation from provisions**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30

Sec. 19. The director or the commission may approve deviations from the provisions of this title if the director or the commission determines that:

- (1) the requirement or procedure is impractical or burdensome; and
- (2) an alternative means of satisfying the requirement or procedure:
  - (A) fulfills the purpose of the rule;
  - (B) is in the best interests of the public and the commission; and
  - (C) does not violate IC 4-30 or any other law.

*(State Lottery Commission; 65 IAC 1-1-19; emergency rule filed Dec 18, 2009, 10:05 a.m.: 20091230-IR-065090989ERA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**Rule 2. Confidentiality and Access to Records**

**65 IAC 1-2-1 Definitions (Repealed)**

Sec. 1. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-2 Treatment of confidential information (Repealed)**

Sec. 2. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-3 Confidential information (Repealed)**

Sec. 3. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-4 Access to public records (Repealed)**

Sec. 4. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-5 Fees for copies (Repealed)**

Sec. 5. *(Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA)*

**65 IAC 1-2-6 Commercial use of public records**

Authority: IC 4-30-3-7; IC 4-30-3-9  
Affected: IC 4-30; IC 5-14-3-3

Sec. 6. If a person receives public records or disclosable data retrieved from an electronic data storage system under IC 5-14-3-3(d), that person may not use the information for commercial purposes, including to sell, advertise, or solicit the purchase of merchandise, goods, or services or sell, loan, give away, or otherwise deliver the information obtained to any other person for these purposes. Use of information received in this manner in connection with the preparation or publication of news, for nonprofit activities, or for academic research is not prohibited. A person who uses information in a manner contrary to this rule may be

prohibited by the commission from obtaining a copy or any further data under IC 5-14-3-3(d). (*State Lottery Commission; 65 IAC 1-2-6; emergency rule filed Jul 30, 2001, 9:40 a.m.: 24 IR 4004; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:25 p.m.: 20090923-IR-065090772ERA; readopted filed Nov 25, 2015, 1:15 p.m.: 20151223-IR-065150334RFA*)

### **Rule 3. Personnel**

#### **65 IAC 1-3-1 Employment status**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30-3-14; IC 4-30-6

Sec. 1. Employees of the commission are not employees of the state of Indiana. Employees of the commission serve at the pleasure of the director and are subject to suspension, dismissal, reduction in pay, demotion, transfer, or other personnel action at the discretion of the director. Except as provided in IC 4-30-6, employees shall not be hired or fired on the basis of political affiliation. (*State Lottery Commission; 65 IAC 1-3-1; emergency rule filed Oct 2, 1989, 2:10 p.m.: 13 IR 299; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

#### **65 IAC 1-3-2 Equal employment opportunity (Expired)**

Sec. 2. (*Expired under IC 4-22-2.5, effective January 1, 2015. See Notice posted at 20150311-IR-065130493ONA.*)

#### **65 IAC 1-3-3 Security investigation (Expired)**

Sec. 3. (*Expired under IC 4-22-2.5, effective January 1, 2015. See Notice posted at 20150311-IR-065130493ONA.*)

#### **65 IAC 1-3-4 Purchase of lottery tickets prohibited (Repealed)**

Sec. 4. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

#### **65 IAC 1-3-5 Care of commission documents and materials (Expired)**

Sec. 5. (*Expired under IC 4-22-2.5, effective January 1, 2015. See Notice posted at 20150311-IR-065130493ONA.*)

### **Rule 4. Ethics**

#### **65 IAC 1-4-1 Definitions (Repealed)**

Sec. 1. (*Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA*)

#### **65 IAC 1-4-2 Policy**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-2-6; IC 4-30

Sec. 2. (a) The commission cannot function effectively without maintaining the integrity of the lottery. Members and employees must encourage confidence in the commission by maintaining high standards of honesty, integrity, and impartiality. Members and employees should conduct themselves in a manner that will enhance public respect for the lottery.

(b) All members and employees shall maintain compliance with all applicable ethics rules, statutes, and standards contained in IC 4-2-6 or adopted by the inspector general of the state of Indiana. (*State Lottery Commission; 65 IAC 1-4-2; emergency rule*

*filed Oct 24, 1989, 2:15 p.m.: 13 IR 404; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA; readopted filed Nov 25, 2015, 1:15 p.m.: 20151223-IR-065150334RFA)*

**65 IAC 1-4-3 Conflict of interest (Repealed)**

*Sec. 3. (Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-4 Financial interest restricted (Repealed)**

*Sec. 4. (Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-5 Gifts and gratuities (Repealed)**

*Sec. 5. (Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-5.5 Contractor ethics restrictions (Repealed)**

*Sec. 5.5. (Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-6 Attempted bribery (Repealed)**

*Sec. 6. (Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-7 Reporting outside employment**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 7. Employees engaged in outside employment involving compensation or any other income-generating venture must report the same to the director, or the director's designee, on such form as may be prescribed by the director. Any such employment or income-generating venture must be in compliance with all applicable ethics rules, statutes, and standards. *(State Lottery Commission; 65 IAC 1-4-7; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA; readopted filed Nov 25, 2015, 1:15 p.m.: 20151223-IR-065150334RFA)*

**65 IAC 1-4-8 Political activity (Repealed)**

*Sec. 8. (Repealed by State Lottery Commission; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA)*

**65 IAC 1-4-9 Consequences of violation**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 9. Violation of this rule may constitute cause for removal of a member from the commission or result in disciplinary action, including termination, for an employee. Violation of this rule does not create a private cause of action in favor of any person. *(State Lottery Commission; 65 IAC 1-4-9; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; emergency rule filed Jan 24, 1990, 4:00 p.m.: 13 IR 1067; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Sep 16, 2009, 2:23 p.m.: 20090923-IR-065090770ERA; readopted filed*

Nov 25, 2015, 1:15 p.m.: 20151223-IR-065150334RFA)

## **Rule 5. Internal Audit**

### **65 IAC 1-5-1 Definitions**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 1. (a) The definitions in this section apply to this rule.

(b) "Audit programs" means detailed lists of audit procedures or questionnaires to be completed or considered in the performance of an audit, inquiry, or examination.

(c) "GAAP" means generally accepted accounting principles. (*State Lottery Commission; 65 IAC 1-5-1; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 406; emergency rule filed Jan 24, 1990, 4:00 p.m.: 13 IR 1068; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

### **65 IAC 1-5-2 Authorization (Repealed)**

Sec. 2. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

### **65 IAC 1-5-3 Responsibilities (Repealed)**

Sec. 3. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

### **65 IAC 1-5-4 Standards of performance**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 4. Audits shall be conducted in compliance with GAAP and generally accepted auditing standards, where appropriate. (*State Lottery Commission; 65 IAC 1-5-4; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 407; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

### **65 IAC 1-5-5 Audit programs**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 5. (a) On an annual basis, the director or the director's designee shall at a minimum:

- (1) review and evaluate relevant internal controls necessary to ensure the fiscal accountability of the commission;
- (2) conduct a risk assessment of operating functions;
- (3) review and evaluate controls necessary to ensure compliance with the operating standards of MUSL or any other similar and applicable multi-jurisdictional lottery association;
- (4) make a risk-weighted recommendation to the commission regarding an audit plan, which shall include:
  - (A) whether to perform an audit;
  - (B) when to perform an audit; and
  - (C) the appropriate scope of any proposed audit; and
- (5) develop audit programs for use during any proposed audit.

(b) The commission shall annually approve an audit plan, which shall minimally identify the general scope and timing of any audit to be conducted.



(c) Upon completion of any audit, the results and any remedial plan shall be presented to the commission. (*State Lottery Commission; 65 IAC 1-5-5; emergency rule filed Oct 24, 1989, 2:15 p.m.: 13 IR 407; errata filed Jun 19, 1990, 4:56 p.m.: 13 IR 2002; readopted filed Nov 30, 2001, 11:02 a.m.: 25 IR 1268; readopted filed Nov 14, 2007, 3:02 p.m.: 20071212-IR-065070656RFA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-5-6 Procedure for internal audits (Repealed)**

Sec. 6. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-5-7 Internal audit reports (Repealed)**

Sec. 7. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**Rule 6. Promotional Activities (Repealed)**

(*Repealed by State Lottery Commission; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA*)

**Rule 7. Promotional Activities**

**65 IAC 1-7-1 General provisions**

Authority: IC 4-30-3-7

Affected: IC 4-30-3-8; IC 4-30-13-1

Sec. 1. (a) The commission may promote and advertise the lottery and individual lottery games.

(b) A commission authorized promotion may include any generally accepted consumer and trade sales promotion, including, but not limited to, the following:

- (1) Permanent and temporary point of purchase materials.
- (2) Drawings, contests, or sweepstakes.
- (3) "Buy X, get Y free" promotions.
- (4) Consumer or trade incentives including without limitation bonus payments and Nth transaction awards.
- (5) Product samples or free tickets.
- (6) Supplemental prizes or "second chance" promotions.
- (7) Product bundles.
- (8) Retailer and sales clerk incentives.
- (9) "Ask for the sale" promotions.
- (10) Retail clerk training.
- (11) Functional discounts.
- (12) Customer reward or loyalty programs.

(c) A commission authorized promotion may be conducted by:

- (1) the commission by its own efforts or through its vendors or agents;
  - (2) one (1) or more authorized retailers with written approval of the commission; or
  - (3) the commission in conjunction with one (1) or more authorized retailers.
- (d) A temporary price reduction, product bundle, or other promotional activity, which:

- (1) is conducted or authorized by the commission under this rule; and
- (2) may alter the normal effective cash price of lottery tickets as established by the commission;

is an adjustment to the commission established price and not a violation of IC 4-30-13-1.

(e) All promotions conducted or authorized by the commission must comply with all applicable federal and state laws. (*State Lottery Commission; 65 IAC 1-7-1; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA*)

**65 IAC 1-7-2 Retailer promotions (Repealed)**

Sec. 2. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-7-3 Retailer grievance (Repealed)**

Sec. 3. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-7-4 Promotional drawings**

Authority: IC 4-30-3-7

Affected: IC 4-30-3-8

Sec. 4. (a) "Promotional drawing" means, for purposes of this section, a drawing or other event involving the random selection of winners that either:

- (1) does not require participants to purchase or hold a lottery ticket in order to win; or
- (2) may be entered into for the chance to win consolation or supplemental prizes by holders of scratch-off game or draw game tickets, whether or not such tickets are otherwise eligible for prizes.

(b) "Authorized vendor" means, for purposes of this section, a commission vendor authorized to conduct promotional activities under 65 IAC 1-7-1(c).

(c) The director or an authorized vendor shall establish written internal controls and procedures consistent with this section for a promotional drawing or drawings conducted under this section. The internal controls and procedures shall include at least the following:

- (1) Eligibility requirements for participation.
- (2) Method and mode of entry.
- (3) Date, time, and location of the promotional drawing.
- (4) Procedure for randomly selecting winners from qualified entries.

(d) The director or an authorized vendor may amend or alter the written internal controls and procedures for any promotional drawing without notice prior to the time that the promotional drawing is conducted.

(e) All promotional drawings involving a prize with a fair market value greater than:

- (1) five hundred ninety-nine dollars (\$599) shall be witnessed by a representative of the commission's security division; and
- (2) five thousand dollars (\$5,000) shall be witnessed by a representative of the commission's security division and an independent certified public accountant.

(f) The liability of the commission, the director, and the commission's employees for failure to enter any person into a promotional drawing, for any improper operation or conduct of any promotional drawing, or for the failure of any person to win a prize in a promotional drawing is limited to entry of the aggrieved person in another promotional drawing with prizes of similar value and each participant in a promotional drawing agrees by the act of participating in the promotional drawing to this limitation of liability.

(g) Disputes regarding dates, times, requirements, or procedures shall be resolved by the director in the exercise of the director's sole discretion. All participants in a promotional drawing shall be deemed to have agreed to all internal controls and procedures by their participation in the promotional drawing or any proceedings in connection with the promotional drawing. *(State Lottery Commission; 65 IAC 1-7-4; filed Aug 19, 2010, 3:33 p.m.: 20100915-IR-065100240FRA; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-7-5 Supplemental prize drawings (Repealed)**

Sec. 5. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:11 p.m.: 20130710-IR-065130296ERA)*

**65 IAC 1-7-6 Promoting ticket donations to a nonprofit corporation**

Authority: IC 4-30-3-7; IC 4-30-3-9

Affected: IC 4-30

Sec. 6. (a) A person promoting the purchase of lottery tickets as donations to a nonprofit corporation must obtain the prior written approval of the director in the manner and form as determined by the director.

(b) The director may place restrictions or conditions on the conduct of promotional activities approved under this section or revoke approval for any reason by giving the promoter written notice of the revocation, restrictions, or conditions. A promoter so notified shall immediately:

(1) incorporate all restrictions and conditions into its promotion in accordance with the directives of the director; or

(2) cease the promotion.

(c) Any promotional activity conducted under this section must be:

(1) consistent with the dignity and integrity of the state of Indiana; and

(2) in compliance with the commission's advertising standards.

(d) Any promotional activity conducted under this section that involves the names, trademarks, or images of lottery games must be reviewed and approved by the director or the director's designee prior to publication.

(e) Promoting the purchase and donation of lottery tickets to a nonprofit corporation in accordance with this section does not violate IC 4-30-14-2. (*State Lottery Commission; 65 IAC 1-7-6; emergency rule filed Sep 22, 2010, 3:36 p.m.: 20100929-IR-065100618ERA; readopted filed Nov 23, 2016, 9:07 a.m.: 20161221-IR-065160450RFA*)

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