

# ARTICLE 8. PRIZE CLAIMS, VALIDATION, AND PAYMENT

## Rule 1. General Provisions

### 65 IAC 8-1-1 Applicability

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

Affected: IC 4-30

Sec. 1. This article applies to all lottery games unless the game rules applicable to a specific lottery game are in conflict with this article, in which case the game rules applicable to the specific lottery game shall control for that game. (*State Lottery Commission; 65 IAC 8-1-1; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

### 65 IAC 8-1-2 Classification of certain payments or items as prizes

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

Affected: IC 4-30-18-2

Sec. 2. (a) The commission is authorized to make supplemental payments of money or awards of other items to retailers in connection with the sale of winning tickets or the sale of lottery games. Any such payment or award is deemed to be a "prize" within the meaning of IC 4-30-18-2, but will not be used in calculating the overall odds of winning the game as reported to the public.

(b) Ticket redemption bonuses and commission payments to retailers are not "prizes" encompassed by IC 4-30-18-2. (*State Lottery Commission; 65 IAC 8-1-2; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA*)

### 65 IAC 8-1-3 Use of prize claimant information and photographs

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

Affected: IC 4-30

Sec. 3. (a) The commission shall have the right to use and publicize the identity and image of any prize claimant in a lottery game. The commission shall not pay any additional consideration to any prize claimant for use of this information or images.

(b) No member of the commission, the director, or any employee of the commission shall be personally liable for the use or release of information or images of a prize claimant in compliance with this section. (*State Lottery Commission; 65 IAC 8-1-3; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

### 65 IAC 8-1-4 Discharge of liability

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

Affected: IC 4-30-11

Sec. 4. (a) All liability for any prize is discharged upon payment, fulfillment, or expiration of the prize.

(b) No member of the commission, the director, employees of the commission, the state, or officials, officers, and employees of the state shall be personally liable for payment of any prize. (*State Lottery Commission; 65 IAC 8-1-4; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA*)

## Rule 2. Ticket Validation; Disputes

### 65 IAC 8-2-1 Conditions precedent to receiving a prize

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

Affected: IC 4-30-11-11

Sec. 1. In order to receive payment of a prize on a winning lottery ticket, the prize claimant bears the burden of establishing

the following:

- (1) The ticket was properly purchased by an eligible purchaser in accordance with IC 4-30 and this title.
- (2) The ticket is a valid ticket, as described in IC 4-30 and section 2(b) of this rule, which was issued by the commission in an active game in accordance with IC 4-30 and this title.
- (3) The ticket entitles the holder to a prize in accordance with the approved game rules, working papers, or other specifications applicable to the play of that particular lottery game.
- (4) The ticket and claim for a prize meets the other applicable requirements contained in this title.

*(State Lottery Commission; 65 IAC 8-2-1; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA)*

#### **65 IAC 8-2-2 Validation of tickets**

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

Affected: IC 4-30-11-4

Sec. 2. (a) Any lottery ticket not passing all of the validation requirements found in IC 4-30-11-4 is void and ineligible for any prize, and no prize shall be paid thereon.

(b) For a ticket to be a valid ticket under section 1(2) of this rule, all of the following must be met:

- (1) The ticket is a ticket sold directly by the commission or issued to a retailer in an authorized manner.
- (2) The ticket must not be altered, torn, misprinted, illegible, defaced, or damaged in such a manner that validation is impossible.
- (3) The ticket must not be reconstituted or tampered with in any manner.
- (4) The ticket must not be counterfeit in whole or in part.
- (5) The ticket must not be stolen nor appear on any list of omitted or cancelled tickets on file with the commission.
- (6) The quantity, typeface, and artwork of play symbols, captions, or characters used as play selections must correspond with the quantity, typeface, and artwork of play symbols, captions, or characters established by the commission in approved game rules, working papers, or other specifications applicable to the play of that particular lottery game.
- (7) Each play symbol or character must be present in its entirety and be fully legible.
- (8) Each play symbol or character with a corresponding caption must agree with its caption in accordance with the game rules, working papers, and other specifications approved by the director or the commission for that game.
- (9) The game, pack, and ticket number, if applicable, must be present in its entirety and be fully legible.
- (10) The validation numbers, agent verification codes, and the game/pack/ticket numbers, if applicable, must be right-side-up, not reversed in any manner, and correspond exactly to the typeface and artwork on file with the commission for the applicable game.
- (11) The display printing must be regular in every respect and correspond exactly to the artwork on file with the commission for the applicable game.
- (12) The ticket must pass any additional validation test prescribed by the commission, which for security reasons may be confidential in nature.
- (13) The validation number of an apparent winning scratch-off ticket must appear on the commission's official list of validation numbers of winning tickets, and the ticket with that validation number must not have been paid previously according to the records of the commission.

(c) In addition to the requirements in subsection (b), a ticket in a draw game must meet the following requirements:

- (1) The ticket must have been issued by a terminal in an authorized transaction.
- (2) The ticket must be printed on paper stock which was validly issued to and used by the terminal from whom the ticket was purchased at the time it was purchased.
- (3) The information printed on the ticket must have been communicated to, accepted by, and recorded by the central system, and the information on the ticket must correspond exactly with the commission's computer record.
- (4) The information on the ticket must have been recorded in the central system prior to the play cutoff time for the selection event entered into the central system as determined by the director or the director's designee, even if it appears that a play is accepted by virtue of the fact that the ticket was printed.

(5) The ticket serial number must be present in its entirety and be fully legible and must correspond in the records of the central system to the game play information on the ticket.

(6) The ticket serial number of an apparent winning ticket must appear on the commission's official list of ticket serial numbers of winning tickets, and the ticket with that ticket serial number must not have been paid previously according to the records of the commission.

(7) Any display printing on the ticket stock must be regular in every respect and correspond exactly to the artwork on file with the commission for that game.

*(State Lottery Commission; 65 IAC 8-2-2; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA)*

**65 IAC 8-2-3 Ticket defects**

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

Affected: IC 4-30-11

Sec. 3. (a) If it is determined that a lottery ticket contains a production defect which makes validation of the ticket impossible, the ticket is void and the commission shall not be liable or responsible for the award of any prize thereon.

(b) When presented with a defective ticket, the commission shall reimburse the purchase price of such ticket, in one (1) of the following manners:

(1) cash or a cash equivalent;

(2) replacement tickets from the same or a different game with the same price; or

(3) coupons good toward the purchase of replacement tickets that are equivalent to the purchase price.

*(State Lottery Commission; 65 IAC 8-2-3; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA)*

**65 IAC 8-2-4 Disputes**

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

Affected: IC 4-30-11

Sec. 4. (a) If a person claiming a prize in a draw or scratch-off game is unable to produce the alleged winning ticket, the commission shall not pay the claimed prize unless the person presents terminal-generated proof or other evidence sufficient to establish the validity of a claim in a draw or scratch-off game.

(b) Any person making a claim under subsection (a) may submit an affidavit to the director setting forth all facts, witnesses, and supporting information surrounding the person's claim. The director may authorize that the prize be paid to the claimant if satisfied that the validity of the claim has been established. If any prize claimed under this section exceeds five thousand dollars (\$5,000), a determination by the director to pay the prize must be reviewed and authorized by the commission. *(State Lottery Commission; 65 IAC 8-2-4; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA)*

**65 IAC 8-2-5 Complaints and grievances**

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

Affected: IC 4-21.5-3; IC 4-30-7

Sec. 5. (a) Except as provided otherwise in sections 3 and 4 of this rule, an individual complaint or grievance regarding a denial of a claim for payment of a lottery game prize or a claim for a refund for the price of a lottery ticket shall:

(1) be in writing;

(2) be delivered to the director within seventy-two (72) hours after the complaint, grievance, or claim arose;

(3) provide a brief description of the claim;

(4) provide the factual basis for alleging that the person is aggrieved or adversely affected by the denial of the claim; and

(5) demonstrate that the person is entitled to review of the denial of the claim under applicable law.

(b) The director or the director's designee shall respond in writing to a complaint or grievance submitted in accordance with this section within a reasonable time.

(c) In the case of a claim for refund of the price of a lottery ticket, the only remedies available to an aggrieved person are:

(1) cash or a cash equivalent of the value of the ticket;

(2) replacement tickets from the same or a different game with the same price; or

(3) coupons good toward the purchase of replacement tickets that are equivalent to the purchase price.

*(State Lottery Commission; 65 IAC 8-2-5; emergency rule filed Mar 29, 2011, 3:15 p.m.: 20110406-IR-065110182ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA)*

### **Rule 3. Prize Claims**

#### **65 IAC 8-3-1 Location for filing claims**

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

Affected: IC 4-30-11

Sec. 1. (a) Any prize may be redeemed at commission headquarters in Indianapolis, Indiana.

(b) The director may designate additional ticket redemption locations within the state of Indiana or accept redemptions by mail.

(c) The redemption of prizes by mail or at locations designated under subsection (b) may be limited based on prize level, product type, available security personnel, or any other reasonable consideration as determined by the director.

(d) A person who mails a winning ticket shall bear the risk that the U.S. Postal Service or other carrier may fail to timely postmark or deliver the ticket to the commission. *(State Lottery Commission; 65 IAC 8-3-1; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA)*

#### **65 IAC 8-3-2 Time for filing claim (Repealed)**

Sec. 2. *(Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA)*

#### **65 IAC 8-3-3 Prize claimants**

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

Affected: IC 4-30-11

Sec. 3. A prize claimant may include:

(1) an individual;

(2) a legal business association;

(3) a trust;

(4) a representative of an informal group, such as a family, club, or other organization which is not a legal entity; or

(5) a nonprofit corporation.

*(State Lottery Commission; 65 IAC 8-3-3; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Sep 22, 2010, 3:36 p.m.: 20100929-IR-065100618ERA)*

#### **65 IAC 8-3-4 Form of claim**

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

Affected: IC 4-30-11

Sec. 4. (a) A prize claim shall be made on such form or forms as are prescribed by the director.

(b) A prize claimant shall provide the commission with the following:

(1) The ticket upon which the claim is being made.

(2) The name, address, telephone number (if any), and a copy of a government issued photo identification, such as a driver's

license or passport, for the following:

- (A) the prize claimant;
- (B) the ticket purchaser, if known; and
- (C) any prize winner.

(3) For prize claims that exceed five hundred ninety-nine dollars (\$599), the Social Security number or other tax identification number of:

- (A) the prize claimant; and
- (B) any prize winner.

(c) Upon request, a prize claimant shall disclose to the commission, to the best of claimant's knowledge, where the ticket was purchased, the date purchased, and any other information necessary to establish the validity of the claim.

(d) If prize claimant is a representative of a group under section 3(4) of this rule, then the prize claimant must file with its claim an Internal Revenue Service Form 5754, "Statement by Person(s) Receiving Gambling Winnings", or a successor form, with the commission designating to whom the prize is to be paid and the individual or individuals to whom the prize is taxable.

(e) If prize claimant is a nonprofit corporation, the prize claimant must file with its claim the following:

- (1) the nonprofit corporation's articles of incorporation;
- (2) the names and addresses of its officers, members, delegates, and directors;
- (3) evidence of the nonprofit's tax exempt status with the United States Internal Revenue Service;
- (4) a disclosure of the amount and type of any compensation paid to officers, members, delegates, and directors;
- (5) the nonprofit corporation's Internal Revenue Service Form 990 or comparable return for each of the past three (3) years; and
- (6) a statement describing the charitable purpose of the nonprofit corporation.

(f) If a nonprofit corporation filed the information required under subsection (e) with a previous claim and affirms in writing that the information is unchanged since the previous claim, the director or the director's designee may waive a requirement in subsection (e). (*State Lottery Commission; 65 IAC 8-3-4; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Sep 22, 2010, 3:36 p.m.: 20100929-IR-065100618ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

#### **65 IAC 8-3-4.5 Nonprofit prize claims (Repealed)**

Sec. 4.5. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

#### **65 IAC 8-3-5 Outstanding debts for certain obligations (Repealed)**

Sec. 5. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

### **Rule 4. Prize Payment**

#### **65 IAC 8-4-1 Type of payment**

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

Affected: IC 4-30-11

Sec. 1. (a) Prize payment shall be made to the prize winners identified on the claim form and associated documents, and the claim shall be final and binding on the claimant, prize winners, and any other persons for whom the prize is claimed.

(b) The commission may pay prizes with:

- (1) a check;
- (2) cash;
- (3) an electronic transfer; or

(4) lottery tickets, if the prize claimant agrees.

(c) A person who submits by mail a lottery ticket that entitles the claimant to a prize of a "ticket" or "free ticket" and whose mailing address is outside the state of Indiana will receive a check in the amount of the retail sales price of the ticket in lieu of an actual ticket. (*State Lottery Commission; 65 IAC 8-4-1; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA*)

**65 IAC 8-4-2 Annuity prizes; time of payment**

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

Affected: IC 4-30-11

Sec. 2. (a) Any prize of five hundred thousand dollars (\$500,000) or more may be paid as an annuity over a period of time. If a prize is to be paid as an annuity prize, the applicable game rules shall:

- (1) designate the prize as an annuity prize; and
- (2) establish the period of time over which payments will be made.

(b) When a prize or share of a prize is to be paid over time, the director or the director's designee may round the actual amount of the prize or share to the nearest one thousand dollars (\$1,000) to facilitate purchase of an appropriate funding mechanism.

(c) Unless the game rules for a specific game provide otherwise, the prize claimant of an annuity prize may elect to receive the prize in a single lump sum payment, which will be equal to the amount required to fund the annuity prize payments. The prize claimant must select the payment option for distribution of the prize amount within sixty (60) days from the day the prize claimant becomes entitled to receive the prize. The election of the prize claimant shall apply to all prize winners of that prize.

(d) If a prize claimant fails to select a payment option under subsection (b), the prize amount shall be paid out in a single lump sum payment pursuant to subsection (b)(2).

(e) The director may accelerate the payment of a prize when acceleration is determined to be in the best interest of the commission. The valuation of securities involved and the determination of the present value of accelerated payments are solely within the discretion of the director or the director's designee. (*State Lottery Commission; 65 IAC 8-4-2; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

**65 IAC 8-4-3 Delay of payment**

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

Affected: IC 4-30-11-11

Sec. 3. (a) The director or the commission may delay making payment of any prize or installment of a prize pending a final determination by the director, by the commission, or by a court of competent jurisdiction under any of the following circumstances:

- (1) A dispute occurs or it appears that a dispute may occur relative to any prize.
- (2) There is a question regarding the identity of the claimant.
- (3) There is a question regarding the validity of a ticket presented for payment.
- (4) The claim is subject to a set off for debts pursuant to IC 4-30-11-11.
- (5) The commission or the director becomes aware of a change in circumstance relative to a prize awarded, the payee, or the claim which the commission determines requires review.

(b) If a question arises relative to a winning lottery ticket or the payment of a prize, the commission may deposit the prize winnings into an escrow fund until it resolves the controversy and reaches a decision.

(c) No liability or interest for any delay in payment of a prize or installment of a prize shall accrue to the benefit of the claimant or prize winner pending payment of the claim.

(d) All delayed payments for a prize paid in installments shall be brought up to date immediately upon the director's determination that payment of installments of a prize should be resumed, and remaining installment payments shall be paid according to the original payment schedule after payment is resumed unless the director orders otherwise. (*State Lottery Commission; 65 IAC 8-4-3; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

**65 IAC 8-4-4 Assignment of prizes**

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

Affected: IC 4-30-11-2

Sec. 4. (a) The director or the director's designee may pay any prize to the estate of a deceased prize winner upon presentation of sufficient evidence of the death of the prize winner as determined by the director or the director's designee.

(b) A prize or a portion of a prize may be paid to another person under IC 4-30-11-2 pursuant to an appropriate judicial order where payment of the prize or a portion of the prize is ordered as an appropriate remedy in one (1) or more of the following circumstances:

- (1) The order resolves an issue regarding the proper claimant or claimants for a prize.
- (2) The order directs the payment of prize winnings to a former spouse as part of an equitable distribution or spousal support in a marital dissolution case.
- (3) The order satisfies a child support obligation or arrearage.
- (4) The order is for a garnishment allowing a debtor to satisfy a judgment.
- (5) The director or the director's designee determines that the order is reasonably within the same class of orders listed in subdivisions (1) through (4).

(c) An appropriate order does not include an order requested for the convenience of the prize claimant or as part of a factoring transaction or other voluntary debt incurred in exchange for an assignment of future prize payments. (*State Lottery Commission; 65 IAC 8-4-4; emergency rule filed Aug 10, 2010, 10:39 a.m.: 20100901-IR-065100542ERA; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*) NOTE: Agency cited as 65 IAC 8-4-5, which was renumbered by the Publisher as 65 IAC 8-4-4.

**65 IAC 8-4-5 Commission decisions final; escrow (Repealed)**

Sec. 5. (*Repealed by State Lottery Commission; emergency rule filed Jun 28, 2013, 1:16 p.m.: 20130710-IR-065130299ERA*)

**Rule 5. Nonprofit Ticket Donations**

**65 IAC 8-5-1 Ticket donations to nonprofit corporations**

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

Affected: IC 4-30

Sec. 1. (a) A lottery ticket may be donated to a nonprofit corporation by designating the name of the recipient nonprofit corporation in writing on the back of the donated ticket.

(b) If a donation is made to a nonprofit corporation under this section, the nonprofit corporation designated on the ticket becomes the owner of the ticket upon such designation and the ticket is no longer a bearer instrument.

(c) The right to a prize on a ticket donated under this section, if any, accrues to the nonprofit corporation designated on the ticket and any and all previous bearers of the ticket relinquish all claims on the ticket. (*State Lottery Commission; 65 IAC 8-5-1; emergency rule filed Sep 22, 2010, 3:36 p.m.: 20100929-IR-065100618ERA*)

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