

1 **Title 36 STATE LOTTERY AND GAMING CONTROL AGENCY**

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3 **Subtitle 02 LOTTERY PROVISIONS**

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5 **Chapter 03 Retailer Requirements**

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7 Authority: State Government Article, §§ 9-110, 9-112, 9-115, 9-117, 9-119, and 9-124
8 Annotated Code of Maryland

9 **.01 General Responsibilities.**

10 A. Lottery laws and regulations.

11 A retailer shall:

12 (1) Comply with all lottery laws and regulations of the Agency;

13 (2) Be aware of all lottery laws and regulations pertaining to the duties and
14 responsibilities of a retailer; and

15
16 (3) Inform the Director of an act or omission that the retailer knows or should know
17 constitutes a violation of lottery laws and regulations.

18 B. Services.

19 A retailer shall:

20 (1) Provide specified services for the Agency, including the sale, cashing, and issuance
21 of lottery tickets as directed by the Agency;

22 (2) Sell a lottery ticket for cash only;

23 (3) Exercise courteous and fair treatment to lottery ticket purchasers;

24 (4) Sell all games as directed by the Agency;

25 (5) Except for those requiring submission of a claim form to the Agency, pay every
26 winning ticket upon validation under COMAR 36.02.06;

27 (6) Report, as required by the Internal Revenue Service or the Agency, income tax
28 information relating to holders of winning lottery tickets;

29 (7) Charge no fee for the issuance or cashing of checks for lottery winnings;

30 (8) Display the retailer's license in a prominent location;

1 (9) Obtain prior Agency approval for any advertising of a permanent or semi-
2 permanent nature such as signs and billboards, other than advertising located on the licensed
3 premises; and

4 (10) Prominently post point-of-sale and other promotional/consumer materials
5 supplied by the Agency.

6 C. Care of Terminals.

7 A retailer shall:

8 (1) Place terminals within the retailer's premises only on a site approved by the
9 Agency;

10 (2) Provide sufficient space for the proper operation of the terminal;

11 (3) Provide all electrical requirements as prescribed in the vendor pre-site form, before
12 the installation of the terminal;

13 (4) Attend such training sessions as the Agency shall determine to ensure that the
14 retailer and employees are properly trained in the operation, maintenance, care and security of
15 the terminal;

16 (5) Replace printing equipment and supplies and ticket stock when necessary;

17 (6) Provide reasonable care and security for printing materials;

18 (7) Exercise due diligence in the operation, security and care of the terminal as specified
19 in the retailer's operating manual;

20 (8) Perform no mechanical or electrical maintenance on the terminal and, as directed by
21 the Agency, immediately notify the technical support operations center in the event of any
22 terminal malfunction;

23 (9) Make the terminal available for the sale and cashing of lottery tickets as directed by
24 the Agency;

25 (10) Except for materials provided by the Agency and are specifically authorized to be
26 placed on a terminal, keep all surfaces of the terminal free and clear;

27 (11) Pay all electrical utility charges in connection with the operation of the terminal;
28 and

29 (12) Assume the cost of any repairs to the terminal arising out of or related to:

30 (a) Unauthorized attempts to modify or repair the terminal;

1 (b) Unauthorized attempts to move or relocate the terminal; and

2 (c) Intentional damage to the terminal or defacement of the terminal surface or
3 repeated or continuing negligence which results in damage to the terminal.

4 D. A retailer shall hold the Agency and the State of Maryland and their officials and
5 employees harmless from any liability arising in connection with operating and conducting
6 lottery ticket sales.

7 E. A retailer shall notify the Agency at least 14 days before the retailer temporarily ceases
8 the operation of the retailer's business.

9 F. If a person ceases to be a retailer, the person shall:

10 (1) Surrender, or allow an Agency vendor to remove, any materials or equipment that
11 were provided by the Agency or a vendor of the Agency; and

12 (2) Assume the cost of any repairs to the retailer's location arising from the removal of
13 the Agency's equipment.

14 **.02 Sale of Lottery Tickets.**

15 A. Specific Locations.

16 (1) The sale of lottery tickets shall be made only at the location specified in the license.

17 (2) Except as provided in the lottery laws or these regulations, no other sale of lottery
18 tickets may be permitted.

19 B. Activation and sale.

20 Instant tickets that a retailer activates before a ticket's announced end of game may be
21 sold by the retailer after the ticket's announced end of game and until the last date to claim a
22 prize for that game.

23 C. Playslip Purchase Procedure.

24 (1) If a player wishes to purchase a ticket using a playslip, the retailer shall:

25 (a) Process the playslip through the ticket terminal; and

26 (b) Issue to the player the specified on-line game ticket for the game being played.

27 D. Computer Generated Ticket Procedure.
28

1 A. Randomly Selected Numbers.

2
3 (1) If a player wishes to have playable numbers generated as an on-line ticket, a retailer
4 authorized to sell on-line games shall enter the game type and the dollar amount the player wants
5 to wager; and

6 (2) The retailer shall deliver to the player the ticket issued by the terminal with the
7 randomly-generated numbers for the game printed on the ticket.

8 B. Player Selected Numbers.

9 (1) If the player wishes to provide playable numbers, a retailer may allow a player to
10 vocalize the numbers.

11 (2) The retailer shall enter the information provided by the player, including:

12 (a) The game type;

13 (b) The dollar amount the player wants to wager;

14 (c) The numbers the player selects;

15 (d) The number of games the player wishes to play; and

16 (e) Any other information required by the Agency.

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20 **.03 Lost, Stolen, or Missing Tickets.**

21 A. If a ticket is lost, stolen, or missing from a retailer, the Director may reimburse the
22 retailer for the ticket.

23 B. The Director may require the party responsible for a lost, stolen, or missing ticket to
24 reimburse the Agency.

25 C. The Agency is not liable to a retailer or consumer for a lost or stolen ticket.

26 D. A ticket is void if it:

27 (1) Is mutilated;

28 (2) Is altered;

29 (3) Is irregular;

30 (4) Is expired;

1 (5) Fails to meet validation standards; or

2
3 (6) Fails to meet security requirements.

4
5 E. If a retailer is reimbursed for a lost, stolen, or missing ticket, the retailer shall:

6
7 (1) Hold the Agency harmless; and

8 (2) Provide the Director with as much information considered necessary to process the
9 claim.

10 F. A retailer may not seek indemnification from another source if reimbursed by the Director
11 for a lost, stolen, or missing ticket.

12 **.04 Posting of Winning Prize Numbers.**

13 A. As soon as practical after each drawing, a retailer shall:

14 (1) Post in a prominent and conspicuous location within the retailer's business location
15 the winning number; and

16 (2) Keep the winning number posted until the next drawing.

17 B. A retailer shall display active winning numbers as requested by the Director.

18 C. The Agency shall not be responsible for a retailer's failure to post or properly post current
19 official winning numbers.

20 **.05 Payment of Prizes.**

21 A. A retailer shall pay the holder of a winning lottery ticket up to \$600 upon submission and
22 validation of the ticket.

23 B. A retailer shall pay the holder of a valid winning ticket regardless of whether the retailer
24 sold the ticket.

25 C. Unless the retailer is a participant in the Expanded Cashing Authority Program under
26 Regulation .06 of this chapter, if the winning ticket entitles the holder to a prize that is more than
27 \$600, the retailer shall instruct the ticket holder to seek payment from the Agency or a retailer
28 participating in the Expanded Cashing Authority Program.

29 D. A retailer shall:

30 (1) Except in those cases of multiple claims totaling over \$600 by the same person, pay all
31 claims in cash; and

(2) For multiple claims totaling over \$600, pay a minimum of \$500 in cash toward the claims, and issue checks or money orders for the balance.

E. Once a ticket is validated and paid, the retailer:

(1) May not return the ticket to the winner; and

(2) Shall secure the ticket.

F. A retailer may not cash or otherwise process a winning ticket more than 182 days after the announced end of the game.

.06 Expanded Cashing Authority Program.

A. Establishment.

(1) The Director may establish an Expanded Cashing Authority Program.

(2) Retailers selected by the Director may pay cash prizes up to \$5,000.

B. Participation.

Before authorizing a retailer to participate in the Expanded Cashing Authority Program, the Director shall consider:

(1) The length of time the retailer has been licensed;

(2) The financial record and responsibility of the retailer;

(3) The retailer's compliance with the requirements of this subtitle;

(4) The need for expanded cashing authority within a specific geographical location;

(5) The number of existing retailers with expanded cashing authority;

(6) The overall performance of the retailer since the license was issued; and

(7) Any other factor deemed relevant by the Director.

C. Retailer Requirements.

A retailer in the Expanded Cashing Authority Program shall:

(1) Maintain a separate bank account solely for lottery monies to the credit of the State Lottery Fund;

1 (2) Ensure the confidential handling of personal information from players and winners by
2 not disclosing any personal information to anyone other than the Agency or as required by law;

3 (3) Report income tax information relating to holders of winning lottery tickets as required
4 by the Internal Revenue Service or the Agency;

5 (4) For prizes over \$600, determine, through the Agency and before paying the prize,
6 whether a holder of a winning lottery ticket has been certified under:

7 (a) Criminal Procedure Article, §11-616(b), Annotated Code of Maryland; or

8 (b) Family Law Article, §10-113.1(a), Annotated Code of Maryland; or

9 (c) State Finance and Procurement Article, §3-307(g), Annotated Code of Maryland;
10 and

11 (5) Deny payment of a prize to the holder of a winning lottery ticket if the Agency has
12 notified the retailer that the holder may not be paid.

13 D. Removal from the Program.

14 (1) A retailer participating in the Expanded Cashing Authority Program may be removed
15 from the Program at any time by the Director.

16 (2) Removal from the program does not automatically otherwise terminate a retailer's
17 license.

18 (3) The Director's decision to remove a retailer from the program is final and not subject to
19 appeal.

20 **.07 Payments to Agency.**

21 A. A retailer shall:

22 (1) Be financially responsible to the Agency for all:

23 (a) Revenues derived from the sale of lottery tickets;

24 (b) Lottery tickets in the possession of the retailer; and

25 (c) Tickets that the retailer cashed or cancelled which are later submitted to the Agency
26 for payment.

1 (2) Make regular weekly settlement and payment remittance in the manner, place and day
2 of the week specified by the Agency;

3 (3) Make more frequent settlement and payment remittances when required by the
4 Director;

5 (4) Pay a service charge to the Agency for any dishonored check or electronic transfer;

6 (5) Promptly pay a bonding fee in such amount as the Director determines, when required;
7 and

8 (6) Promptly pay any fees under this subtitle.

9 B. Any payment due to the Agency not made within 10 days after the due date shall be
10 charged interest until paid.

11 C. The Agency may refer delinquent accounts to the Central Collection Unit of the
12 Department of Budget and Management.

13 D. Delinquent accounts shall be increased by any additional fees authorized by §3-304(a)(2)
14 of the State Finance and Procurement Article, Annotated Code of Maryland.

15 **.08 Americans with Disabilities Act.**

16 A. Definitions.

17 In this regulation, the following terms have the meanings indicated.

18 B. Terms Defined.

19 (1) "ADA" means the certain law commonly known as the Americans with Disabilities Act
20 of 1990, as amended.

21 (2) "ADA retailer compliance form" means a form prepared by the Agency and used to
22 inspect a retailer's location in connection with this regulation.

23 (3) "Disability" means the term as defined in the ADA.
24

25 C. Compliance.

26 (1) A retailer shall, at its expense:

27 (a) Comply with federal, state and local laws prohibiting discrimination against individuals
28 with disabilities.

29 (b) Maintain a business location that is accessible to individuals with a disability; and

1 (c) Make available at the retailer's location all lottery-related goods, services, facilities,
2 privileges, advantages, and accommodations to any individual with a disability.

3 (2) The Agency shall:

4 (a) Inspect the site of a new retailer for compliance with this regulation; and

5 (b) Inspect the site of a change of ownership retailer for compliance with this regulation;
6 and

7 (c) Provide the retailer with a corrective action plan on the ADA retailer compliance form.

8 **.09 Changes in Ownership.**

9 A. General.

10 (1) A change in ownership of a retailer's business:

11 (a) Automatically voids the existing retailer license; and

12 (b) Requires an application for a new license.

13 (2) If a retailer is a corporation, partnership, or LLC, a transfer of ownership includes a:

14 (a) Merger;

15 (b) Consolidation;

16 (c) Share exchange of a majority of stock;

17 (d) Transfer of a majority of assets or transfer of stock of the majority shareholder;
18 and

19 (e) Transfer of a majority partner's interest, or transfer of member's or principal's
20 interest.

21 (3) A transfer of interest to a spouse or child by gift or through operation of law is not a
22 transfer of ownership.

23 (4) A retailer who transfers ownership remains responsible for all tickets and lottery
24 sales up to the date of final accounting.

25 (5) A retailer shall pay all outstanding funds due to the Agency upon change of
26 ownership.

(6) The purchaser of a business where a lottery terminal is installed shall apply for continuation of the existing license at least 30 days before the transfer of ownership.

B. Approval Process for Change of Ownership.

(1) The Director shall:

(a) Require that a new application for a lottery retailer license be completed when a retailer notifies the Agency of a change in ownership; and

(b) Review the existing location and the applications on file for that trading area.

(2) If the application of the proposed new owner meets all lottery requirements to become a licensed retailer, preference will be given to retaining the license at the existing location.

(3) The Director may reasonably determine that circumstances and conditions exist that do not warrant the approval of a license at that location.

(4) The Director's decision to approve or deny the application of the proposed new owner at the existing location shall be in writing and state the reasons for the decision.

(5) The decision to deny the application of the proposed new owner shall:

(a) Be treated in the same manner as a denial of an application for a retailer license; and

(b) Create the same rights of review and appeal as the denial of an application for a retailer license.

.10 Prohibited Acts.

A. This regulation does not:

(1) Prevent a person from giving a lottery ticket to another as a gift; or

(2) Prohibit the purchase of a ticket for the purpose of making a gift to a person younger than 18 years old.

B. No person other than a licensed lottery retailer or the retailer's employee may sell a lottery ticket.

C. A retailer shall require all lottery tickets to be paid for by the purchaser at the time of buying and before the time of the drawing.

D. A retailer may not:

- 1 (1) Sell a ticket at any price other than that established by the Director;
- 2 (2) Sell to or cash a lottery ticket for a person younger than 18 years old; or
- 3 (3) Allow an employee younger than 18 years old to sell or cash a lottery ticket or operate
- 4 lottery equipment.
- 5 E. Except as otherwise provided in these regulations or with the approval of the Director, a
- 6 retailer may not cancel or accept ticket returns for on-line games.
- 7 F. All instant ticket sales are final and may not be cancelled once sold.
- 8 G. All sales of tickets for a particular drawing are void after the drawing.
- 9 H. A retailer may not extend credit in any manner for the sale of lottery tickets.
- 10 I. A retailer may not offer customers alcoholic beverages to induce them into purchasing or
- 11 redeeming a lottery ticket.
- 12