

(c) The agent shall maintain and display all Lottery flyers, betting cards and other circulating material in an area open to the public.

Amended by R.1988 d.94, effective March 7, 1988.  
 See: 19 N.J.R. 1969(a), 20 N.J.R. 545(a).  
 Recodified from 17:20-4.5 and amended by R.1996 d.201, effective May 6, 1996.  
 See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).  
 In (a)2 substituted "materials" for "signs".

**Case Notes**

Retailer's failure to comply with regulation requiring that it display poster indicating earlier drawing was not substantial contributing factor in causing player to be uninformed of change. *Driscoll v. State, Dept. of Treasury, Div. of Lottery, 265 N.J.Super. 503, 627 A.2d 1167 (L.1993).*

**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.

Amended by R.1988 d.94, effective March 7, 1988.  
 See: 19 N.J.R. 1969(a), 20 N.J.R. 545(a).  
 Recodified from 17:20-4.6 and amended by R.1996 d.201, effective May 6, 1996.  
 See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).  
 Substituted "location" for "agent".

**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.

Amended by R.1988 d.94, effective March 7, 1988.  
 See: 19 N.J.R. 1969(a), 20 N.J.R. 545(a).  
 Recodified from 17:20-4.7 and amended by R.1996 d.201, effective May 6, 1996.  
 See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).  
 Substituted instant-only agent for manual agent.

**17:20-4.9 Sale of lottery tickets at specific locations licensed**

(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 which are handmarked and manually completed. Facsimiles and laser printed bet slips shall not be accepted.

Amended by R.1988 d.94, effective March 7, 1988.  
 See: 19 N.J.R. 1969(a), 20 N.J.R. 545(a).

Amended by R.1992 d.377, effective October 5, 1992.  
 See: 24 N.J.R. 2239(a), 24 N.J.R. 3534(b).  
 Revised text.  
 Recodified from 17:20-4.8 and amended by R.1996 d.201, effective May 6, 1996.  
 See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).  
 Added (b) and (c).

**17:20-4.10 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 lottery tickets; or
5. Specific sporting, charitable, social or other special events where lottery 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.

Amended by R.1988 d.94, effective March 7, 1988.  
 See: 19 N.J.R. 1969(a), 20 N.J.R. 545(a).  
 Recodified from 17:20-4.9 by R.1996 d.201, effective May 6, 1996.  
 See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

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

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

(b) The Lottery Commission 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 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 Lottery Commission 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 Lottery Commission of any intention or attempt to evict or foreclose on the agent immediately upon commencing such action for eviction or foreclosure.

Amended by R.1984 d.586, effective January 7, 1985.

See: 16 N.J.R. 2758(a), 17 N.J.R. 115(a).

Section substantially amended.

Recodified from 17:20-4.10 and amended by R.1996 d.201, effective May 6, 1996.

See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

Rewrote section.

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 engages in conduct detrimental to a sound business relationship between the agent and the Lottery;

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

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

7. Whenever ownership has been changed without the Director's approval;

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

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

10. Whenever the agent fails to make prompt and timely payment of a civil penalty imposed under N.J.A.C. 17:20-9.1, et seq.

11. Whenever it is determined that an agent 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 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 has violated the Federal or State antitrust statutes or of the Federal Anti-Kickback Act (18 U.S.C. §874, 40 U.S.C. §276b, c);

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

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

## SUBCHAPTER 5. DENIAL, REVOCATION, OR SUSPENSION OF LICENSE

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

(a) An application may be denied, or a license suspended, revoked or its renewal rejected by the Director for any one or more of the following reasons:

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

2. Whenever the agent violates 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 or as an incident to obtaining or attempting to obtain a Lottery license; or

17. Whenever an agent has failed to perform in accordance with the rules and operating procedures associated with the Lottery license;

18. Whenever an agent 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 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 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 N.J.S.A. 52:13D-13g;

19. Whenever any agent 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 which might tend to impair the objectivity or independence of judgment of said officer or employee; or

20. Whenever any agent 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.

(b) The Director may summarily suspend a license 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 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 suspension, including the reasons therefor, shall be given to agents as promptly as possible and by means deemed most effective by the Director.

(d) The following conditions shall apply concerning the suspension or revocation of a Lottery agent license:

1. Suspension of a license shall be imposed with the approval of the Executive Director, Division of State Lottery;
2. The existence of any of the causes set forth in N.J.A.C. 17:20-5.1(a) shall not necessarily require that a license be suspended or revoked. In each instance, the

decision to suspend or revoke shall be made within the discretion of the Executive Director, unless required by law, and shall be made in the best interest of the State;

3. All mitigating factors shall be considered in determining the seriousness of the offense, failure or inadequacy of performance in deciding whether suspension or revocation is warranted;

4. Any suspension or revocation shall be imposed 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.

(e) The Director may impose civil penalties pursuant to N.J.A.C. 17:20-9.1, et seq., in addition to any other action, for violations of this section.

Amended by R.1985 d.308, effective June 17, 1985.  
See: 17 N.J.R. 272(b), 17 N.J.R. 1586(b).

Substantially amended.  
Amended by R.1987 d.77, effective February 2, 1987.  
See: 18 N.J.R. 1927(a), 19 N.J.R. 304(d).

Added violation of ordinance or administrative regulation.  
Amended by R.1996 d.201, effective May 6, 1996.  
See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).  
Rewrote section.

**Case Notes**

Denial of application to be lottery agent based in part on the nature of applicant's businesses and/or the sufficiency of existing licensees, without first promulgating rules establishing standards for such denial, held an abuse of the Division's discretion. 613 Corp. v. State, Div. of State Lottery, 210 N.J.Super. 485, 510 A.2d 103 (App.Div.1986).

**17:20-5.2 Termination procedures**

Upon termination of an agent's license by revocation, resignation or cessation of operations, 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.

Amended by R.1985 d.308, effective June 17, 1985.  
See: 17 N.J.R. 272(b), 17 N.J.R. 1586(b).  
Substantially amended.  
Amended by R.1996 d.201, effective May 6, 1996.  
See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).  
Rewrote section.

**17:20-5.3 Disciplinary procedures**

(a) Disciplinary procedures shall follow a progression, depending on the frequency and/or severity of the infraction and the history of the agent. Disciplinary action will usually start with a reprimand, and/or an informational conference and/or imposition of a civil penalty.

(b) In the case of a decision to suspend a license, the agent shall be notified of the reason for suspension. In addition, the agent shall be afforded an opportunity for an informational conference and/or hearing.

New Rule, R.1996 d.201, effective May 6, 1996.  
See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

**17:20-5.4 Hearings**

(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 Rules of Practice, N.J.A.C. 1:1-1.1 et seq. Where the suspension has been instituted summarily, the agent 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 in the Main Lottery Office unless otherwise specified by the Director or unless referred to the Office of Administrative Law.

(f) All proceedings before the Director shall be audio-taped. Upon receipt of a request for a transcript of a hearing held before the Director and recorded on audio tape, the Director shall send the appropriate tape or tapes 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 which may be required by the transcriber or by administrative rule.

Amended by R.1985 d.308, effective June 17, 1985.

See: 17 N.J.R. 272(b), 17 N.J.R. 1586(b).

Substantially amended.

Correction: Substituted "indicate" for "indicated" in (b)2.

See: 21 N.J.R. 347(a).

Recodified from 17:20-5.3 and amended by R.1996 d.201, effective May 6, 1996.

See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

In (f) provided proceedings shall be audiotaped.

**17:20-5.5 Reapplication for lottery license after revocation**

Any agent whose license has been revoked shall not reapply for one year from the date of the written revocation except where the Director in his or her discretion determines that the conditions underlying the revocation have been remedied.

New Rule, R.1996 d.201, effective May 6, 1996.

See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

**17:20-5.6 Permanent revocation**

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

New Rule, R.1996 d.201, effective May 6, 1996.

See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

**17:20-5.7 (Reserved)**

Repealed by R.1985 d.308, effective June 17, 1985.

See: 17 N.J.R. 272(b), 17 N.J.R. 1586(b).

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

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

(a) An agent may delegate authority to an employee regarding transactions with the Lottery. However, the agent shall remain liable to the Lottery regardless of what the delegee 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 agency 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.

Amended by R.1984 d.585, effective January 7, 1985.

See: 16 N.J.R. 2758(b), 17 N.J.R. 115(b).

Section substantially amended.

Correction: deleted "either to return the tickets" which was duplicated in (d).

See: 21 N.J.R. 347(a).

Amended by R.1996 d.201, effective May 6, 1996.

See: 28 N.J.R. 801(a), 28 N.J.R. 1375(a), 28 N.J.R. 2399(a).

Rewrote section.

**Case Notes**

New Jersey Rules of the Lottery Commission created "express trust" relationship between Commission and lottery ticket agents with respect to tickets and sale proceeds, for purposes of discharge exception based on fraud or defalcation by fiduciary. In re Kaczynski, Bkrcty.D.N.J. 1995, 188 B.R. 770.