

**CHAPTER 20**

**RULES OF THE LOTTERY COMMISSION**

**Authority**

N.J.S.A. 5:9-7.

**Source and Effective Date**

R.2003 d.426, effective October 2, 2003.  
See: 35 N.J.R. 1518(a), 35 N.J.R. 5159(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 20, Rules of the Lottery Commission, expires on March 31, 2009. See: 40 N.J.R. 6418(a).

**Chapter Historical Note**

Chapter 20, Rules of the Lottery Commission, was adopted as R.1971 d.5, effective January 5, 1971. See: 2 N.J.R. 104(a), 3 N.J.R. 31(a).

Chapter 20, Rules of the Lottery Commission, was repealed and a new Chapter 20, Rules of the Lottery Commission, Subchapters 1 through 7, was adopted by R.1983 d.472, effective November 7, 1983. See: 15 N.J.R. 1361(a), 15 N.J.R. 1871(e). Subchapter 8, Lottery Vendors' Code of Ethics, was adopted as R.1984 d.30, effective February 21, 1984. See: 15 N.J.R. 2030(a), 16 N.J.R. 380(a). Subchapter 9, Civil Penalties and Sanctions, was adopted as R.1984 d.456, effective October 15, 1984. See: 16 N.J.R. 2074(a), 16 N.J.R. 2826(a).

Pursuant to Executive Order No. 66(1978), Chapter 20, Rules of the Lottery Commission, was readopted as R.1988 d.501, effective September 26, 1988. See: 20 N.J.R. 2048(a), 20 N.J.R. 2795(a).

Pursuant to Executive Order No. 66(1978), Chapter 20, Rules of the Lottery Commission, was readopted as R.1993 d.310, effective June 1, 1993. See: 25 N.J.R. 1347(b), 25 N.J.R. 2701(b).

Pursuant to Executive Order No. 66(1978), Chapter 20, Rules of the Lottery Commission, was readopted as R.1998 d.237, effective April 21, 1998. See: 35 N.J.R. 1518(a), 35 N.J.R. 5159(a).

Chapter 20, Rules of the Lottery Commission, was readopted as R.2003 d.426, effective October 2, 2003. As part of d.426, Subchapter 10, Division of State Lottery Mission, Organization and Public access and Subchapter 11, Public Notice and Public Comments Regarding Division Rulemaking, were adopted as new rules. See: Source and Effective Date. See, also, section annotations.

**CHAPTER TABLE OF CONTENTS**

**SUBCHAPTER 1. GENERAL PROVISIONS**

- 17:20-1.1 Scope
- 17:20-1.2 Erroneous or mutilated tickets
- 17:20-1.3 Persons prohibited from purchasing tickets or shares
- 17:20-1.4 Background investigations as a condition of employment or access

**SUBCHAPTER 2. DEFINITIONS**

- 17:20-2.1 Definitions

**SUBCHAPTER 3. DIRECTOR**

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

**SUBCHAPTER 4. LOTTERY AGENT'S APPLICATION AND LICENSE**

- 17:20-4.1 Application; form
- 17:20-4.2 Ineligibility of minors
- 17:20-4.3 Review
- 17:20-4.4 Issuance of license; conditions
- 17:20-4.5 License renewal
- 17:20-4.6 Display of license
- 17:20-4.7 Bonding of agents
- 17:20-4.8 Conversion of agents
- 17:20-4.9 Sale of lottery tickets at specific locations licensed
- 17:20-4.10 Special or seasonal lottery agents
- 17:20-4.11 Changes and transfers of ownership (of licensed premises)

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

- 17:20-5.1 Reasons for denial, revocation, suspension, renewal rejection or imposition of civil penalties
- 17:20-5.2 Termination procedures
- 17:20-5.3 Disciplinary procedures
- 17:20-5.4 Hearings
- 17:20-5.5 Reapplication for lottery license after revocation
- 17:20-5.6 Permanent revocation
- 17:20-5.7 (Reserved)

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

- 17:20-6.1 Distribution of lottery tickets; conduct of business
- 17:20-6.2 Sale and redemption of lottery tickets
- 17:20-6.3 Deposit of lottery monies
- 17:20-6.4 Lost, stolen or cancelled tickets
- 17:20-6.5 Distribution of promotional items
- 17:20-6.6 Acquisition or distribution of counterfeit items prohibited
- 17:20-6.7 Compliance

**SUBCHAPTER 7. PAYMENT OF PRIZES**

- 17:20-7.1 Information to be furnished by prize claimant
- 17:20-7.2 Requirement of additional information
- 17:20-7.3 Time of award of prizes
- 17:20-7.4 Manner of payment of prizes
- 17:20-7.5 Discharge of State liability upon award
- 17:20-7.6 Unallocated prize money; breakage
- 17:20-7.7 Disclosure
- 17:20-7.8 Voluntary assignments pursuant to agreements approved prior to May 15, 1998
- 17:20-7.9 Voluntary assignment of prize pursuant to an appropriate judicial order
- 17:20-7.10 Pledges or security interests made or granted pursuant to judicial order
- 17:20-7.11 Delegation of authority to develop forms

**SUBCHAPTER 8. LOTTERY VENDORS' CODE OF ETHICS**

- 17:20-8.1 Lottery vendors' code of ethics

**SUBCHAPTER 9. CIVIL PENALTIES AND SANCTIONS**

- 17:20-9.1 Penalties not exceeding \$10,000
- 17:20-9.2 Restitution; cease and desist orders
- 17:20-9.3 Hearings; procedures
- 17:20-9.4 through 17:20-9.5 (Reserved)

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

- 17:20-10.1 Division's mission
- 17:20-10.2 Division of State Lottery organization
- 17:20-10.3 Public information, requests and submissions

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

- 17:20-11.1 Public notice regarding proposed rulemaking
- 17:20-11.2 Public comments regarding existing rules and proposed rulemaking
- 17:20-11.3 Division rulemaking calendar
- 17:20-11.4 Copies of documents; fees
- 17:20-11.5 Extension of the public comment period
- 17:20-11.6 Conducting of a public hearing
- 17:20-11.7 Petitions for rulemaking
- 17:20-11.8 Public petitions process and requirements
- 17:20-11.9 Division actions upon receipt of petition

**SUBCHAPTER 1. GENERAL PROVISIONS**

**17:20-1.1 Scope**

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

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

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

Amended by R.1998 d.237, effective May 18, 1998.  
See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

**17:20-1.2 Erroneous or mutilated tickets**

(a) Lottery tickets made out in error or mutilated in any way prior to purchase shall be voided by the agent.

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

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

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

1. Any Lottery commissioner;

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

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

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

In (a)1, deleted a reference to officers and employees of the Lottery.

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

(a) The Division may conduct background inquiries on applicants for Division positions, and on other individuals seeking access to secure areas of the Division's offices, to ensure that only qualified individuals of good character are appointed, or given access to secure areas of the Division's offices, and to ensure that information contained on Division employment applications is accurate and complete. The inquiry shall be conducted and the acquired information shall be kept confidential in accordance with any applicable laws (and, in the case of applicants for employment, in accordance with the Civil Service Act (N.J.S.A. 11A:1-1 et seq.), and may include the following:

1. Appropriate checks of records of criminal convictions and pending criminal charges;
2. Confirmation of employment and background checks on the reasons for the separation;
3. Contacting references, as required;
4. In the case of applicants for employment, confirmation of any education listed on a candidate's application; and
5. In the case of applicants for employment, other inquiries, including interviews, which stem from the above inquiries and which directly relate to criminal convictions or pending charges, employment history, references, education, or other qualifications for the position sought.

New Rule, R.1998 d.509, effective October 19, 1998.

See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

**SUBCHAPTER 2. DEFINITIONS**

**17:20-2.1 Definitions**

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

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

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

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

“Applicant” means any person who shall apply to the Division for an application to become a lottery agent.

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

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

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

“Authorized promotional items” refers to promotional items whose manufacture and distribution have been authorized by the Division.

“Bank” means any financial institution where agents keep their required accounts.

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

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

“Commission” means the State Lottery Commission.

“Director” means the Executive Director of the Division of the State Lottery.

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

“Division” means the Division of the State Lottery.

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

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

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

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

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

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

“Person” shall be construed to mean and include an individual, association, corporation, limited liability company, club, trust, estate, society, company, joint stock company, limited partnership, partnership, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any other combination of individuals. “Person” shall also be construed to mean and include all departments, commissions, agencies and instrumentalities of the State, including counties and municipalities and agencies and instrumentalities thereof.

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

“Ticket” means lottery ticket issued by the State Lottery for sale to the general public.

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

Amended by R.1992 d.376, effective October 5, 1992.  
See: 24 N.J.R. 2238(a), 24 N.J.R. 3533(a).

Added definition “key personnel”.  
Amended by R.1993 d.310, effective June 21, 1993.  
See: 25 N.J.R. 1347(b), 25 N.J.R. 2701(b).

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 “agent”, “applicant”, “claimant”, “instant-only agent” and “winner”; deleted “manual agent”; and amended “key personnel”, “machine agent” and “person”.

Amended by R.1998 d.237, effective May 18, 1998.  
See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

In “Act” or “law”, inserted “and supplemented” following “amended”; in “Applicant”, substituted a reference to applications for a

reference to a licensed applications; rewrote "Bank"; in "Director", substituted a reference to the Executive Director for a reference to the Director; inserted "Distributor network"; and deleted "Main bank". Amended by R.1998 d.509, effective October 19, 1998.

See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

Added "Authorized promotional items" and "Promotional items".

Amended by R.2001 d.291, effective August 20, 2001.

See: 33 N.J.R. 2019(a), 33 N.J.R. 2822(a).

Added "Annuity", "Assignee", "Assignment", "Assignor", "Installment" and "Partial assignment".

Amended by R.2003 d.426, effective November 3, 2003.

See: 35 N.J.R. 1518(a), 35 N.J.R. 5159(a).

In "Agent", inserted "retailer or" following "means".

## SUBCHAPTER 3. DIRECTOR

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

In the event that a dispute arises involving the ownership of a winning lottery ticket or the validity of such a ticket, the Director shall treat the matter as a contested case within the meaning of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. and N.J.A.C. 17:20-5.1. Such treatment shall also be afforded with respect to the denial of a claim of entitlement to a lottery prize, in the Director's discretion.

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

Rewrote the section.

#### Case Notes

Lottery Commission regulation requiring Director of Division of State Lottery to hold hearing on dispute as to ownership of winning lottery ticket or validity of ticket did not grant Director authority to resolve issues raised by holders of alleged winning state lottery tickets who contended that language on lottery tickets was misleading. *Triano v. Division of State Lottery*, 306 N.J.Super. 114, 703 A.2d 333 (A.D. 1997).

## SUBCHAPTER 4. LOTTERY AGENT'S APPLICATION AND LICENSE

### 17:20-4.1 Application; form

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

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

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

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

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

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

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

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.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) substituted "Request for Evaluation" for "Application for Lottery Agent's License", rewrote (d), and added (e) and (f).

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

In (f), substituted a reference to the Director for a reference to the Executive Director; and added (g).

### 17:20-4.2 Ineligibility of minors

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

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

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.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).

Amended by R.1998 d.509, effective October 19, 1998.

See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

In (a), substituted "21" for "legal majority" and inserted "to become" following "application"; and in (b), substituted "18" for "legal majority".

**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).

**17:20-4.3 Review**

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

1. Verification of references;
2. A check of credit reporting sources, other State departments and agencies and criminal justice agencies;
3. A separate marketing study which may include (but need not be limited to) the following factors:
  - i. The applicant's hours of operation;
  - ii. The types of businesses in which the applicant engages;
  - iii. The presence or absence of similar types of businesses among nearby licensed agents;
  - iv. The distance from the applicant's location to nearby licensed agents;
  - v. Traffic patterns, parking access, store type and other factors which affect public access;
  - vi. The potential for increased ticket sales, which may be arrived at by comparing 13-week average sales for agents in the applicant's municipality with the State-wide per-agent average for the same time period or by analyzing the public cross-section frequenting establishments of the applicant's type, or by analysis of the other geodemographic data; and
  - vii. The applicant's business experience and marketing attitude; and
4. Such other procedures as may be needed to substantiate the moral character of the applicant and key personnel and the ability of the applicant to satisfy the other licensing criteria as set forth in the Act and in this chapter.

(b) The Director may schedule and hold a public information gathering hearing to facilitate the review of a license application, in addition to any hearing which may be requested pursuant to N.J.A.C. 17:20-5.3.

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

New Rule, 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.376, effective October 5, 1992.

See: 24 N.J.R. 2238(a), 24 N.J.R. 3533(c).

Revised (a)4.

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 added "other state agencies", in (a)3vi added "analysis of other geodemographic data", and deleted former (a)3vii relating to the relative saturation of the involved municipality.

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

In (a)3vi, substituted a reference to 13-week average sales for a reference to 10-week average sales.

**17:20-4.4 Issuance of license; conditions**

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

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

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

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

1. The sale, rental or display of sexually explicit material; or
2. The sale of literature or equipment dealing with the cultivation or use of controlled dangerous substances.

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

(f) All agents shall report any change in status, such as ownership, control, address or other data relevant to licensure, within 10 days of occurrence. Failure to do so shall be cause for discipline under N.J.A.C. 17:20-5.1.

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.376, effective October 5, 1992.

See: 24 N.J.R. 2238(a), 24 N.J.R. 3533(c).

Revised (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).

In (a) substituted "instant-only agent" for "manual agent" and deleted former (f) providing for annual certification.

**17:20-4.5 License renewal**

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

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).

**17:20-4.6 Display of license**

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

1. The license; and
2. Lottery promotional materials.

(b) In addition, the "Authorized Lottery Agent" decal shall be mounted on a prominent public window of the agent's premises.

(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.  
Amended by R.1998 d.237, effective May 18, 1998.  
See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

#### 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 or fails to perform in accordance with any of the provisions of the Act or these rules and regulations or the general operational procedures of the Lottery;
3. Whenever a person:
  - i. Has been indicted, arrested for or convicted of a crime, disorderly persons offense or violation of ordinance or administrative regulation relating adversely to the duties of a lottery agent or as an incident to obtaining or attempting to obtain a Lottery license; or
  - ii. Has been the subject of a verified complaint or accusation for such offense; or
  - iii. Has failed to notify the Director in writing within five days of any of the above actions.
4. Whenever an agent 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 this chapter 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 fiscal responsibility or moral integrity;

17. 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 under circumstances from which it might reasonably be inferred that such offer, agreement or payment was made for the purpose of influencing the recipient as to the discharge of official duties regarding the agent by the recipient or by any person affiliated with the recipient within the meaning of N.J.S.A. 52:13D-13b, 13c or 13d;

18. 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;

19. 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; or

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

(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 Director;
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 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.

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

In (a), inserted "or fails to perform in accordance with" following "violates" in 2, substituted a reference to this chapter for a reference to these regulations in 6, substituted a reference to fiscal responsibility for a reference to responsibility in 16, deleted former 17, recodified former 18 as 17 and added provisions relating to circumstances at the end, recodified former 19 and 20 as 18 and 19, and added a new 20; and in (d)1 and 2, substituted references to the Director for references to the Executive Director.

#### Case Notes

Refusal to license party previously convicted of gambling, bookmaking and other related criminal misconduct on premises for which license was sought was not arbitrary, capricious, or unreasonable, despite gubernatorial pardon for convictions. *Storcella v. State, Dept. of Treasury, Div. of State Lottery*, 296 N.J.Super. 238, 686 A.2d 789 (A.D.1997).

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

(a) 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, including, but not limited to:

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

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.

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

Rewrote the section.

Amended by R.2003 d.426, effective November 3, 2003.

See: 35 N.J.R. 1518(a), 35 N.J.R. 5159(a).

In (a), added new 5 and 6, recodified former 5 and 6 as 7 and 8.

#### 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 Administrative Procedure Rules, N.J.A.C. 1:1. 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.  
 Amended by R.1998 d.237, effective May 18, 1998.  
 See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

**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 the exercise of 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).  
 Amended by R.1998 d.237, effective May 18, 1998.  
 See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

**17:20-5.6 Permanent revocation**

Notwithstanding the provisions of N.J.A.C. 17:20-1 through 9, the Director is empowered to revoke any agent's license for acts impairing 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).  
 Amended by R.1998 d.237, effective May 18, 1998.  
 See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).  
 Rewrote the section.

**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).

**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 or distribution network. However, the agent shall remain liable to the Lottery regardless of what the delegate may do or fail to do.

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

(c) The 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.  
 Amended by R.1998 d.237, effective May 18, 1998.  
 See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).  
 In (a), added a reference to distribution networks at the end of the first sentence.

**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.

**17:20-6.2 Sale and redemption of lottery tickets**

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

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

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

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

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

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

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

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

(f) added.

Amended by R.1992 d.378, effective October 5, 1992.  
See: 24 N.J.R. 2239(h), 24 N.J.R. 3534(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).

In (b) excluded other lottery tickets, and added (g).

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

Rewrote (c).

Amended by R.1998 d.509, effective October 19, 1998.

See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

In (d), substituted "18" for "majority" and deleted "legal" preceding "age".

Amended by R.2003 d.426, effective November 3, 2003.

See: 35 N.J.R. 1518(a), 35 N.J.R. 5159(a).

In (c), substituted "hours of operation approved for licensure" for "normal business hours".

#### Case Notes

Second party agreement to share lottery prize in return for payment was unenforceable. *Della Croce v. Ports*, 228 N.J.Super. 581, 550 A.2d 533 (L.1988).

Participant who sells shares in possible recovery for sum greater than permitted violates law. *Della Croce v. Ports*, 228 N.J.Super. 581, 550 A.2d 533 (L.1988).

Participant in lottery bonus drawing who sells share in possible recovery does not qualify as player excepted from criminal liability. *Della Croce v. Ports*, 228 N.J.Super. 581, 550 A.2d 533 (L.1988).

#### 17:20-6.3 Deposit of lottery monies

(a) Agents shall remit net lottery receipts to the bank on the dates specified by the lottery game in question. Notwithstanding the rules of any specific game to the contrary, the Director may, in the exercise of discretion, require the agent to account fully for any and all lottery tickets issued to that agent and to remit immediately all sums due the Lottery.

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

(c) Agents shall file with the Director or the Director's designee reports of their receipts and transactions concerning the sale and redemption of lottery tickets in a form as prescribed by the respective game instructions.

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

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

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

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

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

As amended, R.1984 d.445, effective October 15, 1984.

See: 16 N.J.R. 2074(a), 16 N.J.R. 2826(a).

(h) added.

Amended by R.1988 d.198, effective May 2, 1988.

See: 20 N.J.R. 48(a), 20 N.J.R. 998(b).

Added text to (f) "but such reports . . .".

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

#### 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.

Lottery Commission held to have absolute right to file complaint objecting to discharge of certain debt arising out of defalcation of trust funds; claim filed well beyond claim deadline permitted where Commission received no notice of bankruptcy and was unaware of same until indirectly informed, and then took prompt and diligent action (citing former N.J.A.C. 17:20-6.1 and 10.1). *Decker v. Roes*, 32 B.R. 385 (D.N.J.1983).

#### 17:20-6.4 Lost, stolen or cancelled tickets

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

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

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

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

Amended by R.1987 d.77, effective February 2, 1987.  
See: 18 N.J.R. 1927(a), 19 N.J.R. 304(d).  
Substantially amended.  
Amended by R.1993 d.310, effective June 21, 1993.  
See: 25 N.J.R. 1347(b), 25 N.J.R. 2701(b).

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) and (b) added improperly cancelled tickets, and in (b) deleted  
reference to loss of claim forms.  
Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

In (c), added "and shall supplement such report regarding any lottery monies and property (including full and partial pack numbers and ticket sequence numbers) that are missing" at the end.

**17:20-6.5 Distribution of promotional items**

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

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

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

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

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

New Rule, R.1998 d.509, effective October 19, 1998.  
See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

**17:20-6.6 Acquisition or distribution of counterfeit items prohibited**

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

New Rule, R.1998 d.509, effective October 19, 1998.  
See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

**17:20-6.7 Compliance**

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

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).

Recodified from N.J.A.C. 17:20-6.5 by R.1998 d.509, effective October 19, 1998.

See: 30 N.J.R. 2607(a), 30 N.J.R. 3856(a).

**SUBCHAPTER 7. PAYMENT OF PRIZES**

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

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

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

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

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

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

Amended by R.1988 d.93, effective March 7, 1988.

See: 19 N.J.R. 1889(b), 20 N.J.R. 546(a).

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).

Added (e), formerly section 17:20-7.2.

**Case Notes**

Claim for lottery prize denied without production of winning ticket; held that a winning lottery ticket, by virtue of legislative fiat limiting payment to holders, is itself the obligation and debt (citing former N.J.A.C. 17:21-4 and 7.1). *Karafa v. New Jersey State Lottery Commission*, 129 N.J.Super. 499, 324 A.2d 97 (Ch.Div.1974).

**17:20-7.2 Requirement of additional information**

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

Recodified from 17:20-7.3 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).

Former section, "Waiver of conditions", recodified to 17:20-7.1(e).

**17:20-7.3 Time of award of prizes**

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

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

(c) Upon the death of a prize winner, all monies or any portion thereof that remain payable to the winner's estate shall be paid either to an executor (executrix) or administrator (administratrix) of the decedent's estate, in accordance with the provisions of N.J.S.A. 54:35-19 and individual game rules.

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

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

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

(e) Claims may be amended prior to the delivery of the initial check(s), with the approval of the Director. Thereafter, no change shall be made except in conformity with N.J.S.A. 5:9-13.

Amended by R.1988 d.93, effective March 7, 1988.

See: 19 N.J.R. 1889(b), 20 N.J.R. 546(a).

Substantially amended.

Recodified from 17:20-7.4 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 (e) substituted delivery of the initial check for issuance of checks.

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

**Case Notes**

"Pick-6" game rule regarding payment option, which permits ticket purchaser to play for cash prize instead of annuity prize, does not accelerate payment of any prize already won, and thus is not inconsistent with the rule prohibiting acceleration of prize awards. *Singer Asset Finance Co., L.L.C. v. State, Department of Treasury*, 314 N.J.Super. 106, 714 A.2d 317 (N.J.Super.A.D. 1998).

Administrative rules governing state lotteries must be strictly construed. *Driscoll v. State, Dept. of Treasury, Div. of Lottery*, 265 N.J.Super. 503, 627 A.2d 1167 (L.1993).

Rules printed on back of lottery ticket precluded player whose winning ticket was bought minutes after drawing. *Driscoll v. State, Dept. of Treasury, Div. of Lottery*, 265 N.J.Super. 503, 627 A.2d 1167 (L.1993).

**17:20-7.4 Manner of payment of prizes**

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

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

1. Single payment (non-installment) prize winners shall be issued one check to the group representative designated on the claim form. The individual designated to represent the group shall be responsible for filing the appropriate Internal Revenue Service forms with the Lottery and distributing the monies to the co-winners.

2. Installment prize winners may request the issuance of separate checks. The gross (pre-tax) value of each separate check, however, must be \$5,000 or greater.

(c) Non-cash prizes such as tickets to theatres or other places of amusement, meals or tangible property shall be awarded by the Director in such manner as is consistent with the dignity and integrity of the Lottery, the convenience of the winner and of the provider of the prize. The Director may establish time limits for the filing of claims for prizes where the event is one of limited duration.

Amended by R.1988 d.93, effective March 7, 1988.

See: 19 N.J.R. 1889(b), 20 N.J.R. 546(a).

Substantially amended.

Recodified from 17:20-7.5 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).

Rewrote (b).

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

Rewrote (b).

**17:20-7.5 Discharge of State liability upon award**

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

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

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

Amended by R.1988 d.93, effective March 7, 1988.  
 See: 19 N.J.R. 1889(b), 20 N.J.R. 546(a).  
 Substantially amended.  
 Recodified from 17:20-7.6 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).

**17:20-7.6 Unallocated prize money; breakage**

(a) Upon the conclusion of any specific game, when the prize allocation is in excess of the allocation necessary to sustain the payment of prizes within the prize pool, such excess shall be allocated as unclaimed prize money pursuant to N.J.S.A. 5:9-17.

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

Amended by R.1988 d.93, effective March 7, 1988.  
 See: 19 N.J.R. 1889(b), 20 N.J.R. 546(a).  
 Substantially amended.  
 Recodified from 17:20-7.7 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).

**17:20-7.7 Disclosure**

The Lottery may use the names, addresses, prize amounts and photographs of winners. The address used shall not contain the street or house number of the winner.

Amended by R.1988 d.93, effective March 7, 1988.  
 See: 19 N.J.R. 1889(b), 20 N.J.R. 546(a).  
 Substantially amended.  
 Recodified from 17:20-7.8 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).

**17:20-7.8 Voluntary assignments pursuant to agreements approved prior to May 15, 1998**

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

Recodified to 17:20-7.7 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).  
 New Rule, R.2001 d.291, effective August 20, 2001.  
 See: 33 N.J.R. 2019(a), 33 N.J.R. 2822(a).

**17:20-7.9 Voluntary assignment of prize pursuant to an appropriate judicial order**

(a) In the case of a voluntary assignment of all or part of the right to receive a prize pursuant to N.J.S.A. 5:9-13d, the Lottery shall make payment to the person or entity designated by the court order provided that a certified copy of the

court order is filed with the Lottery by personal delivery or mail pursuant to the timeline set forth in (b) below, and provided the court order contains the requisite statutory findings under N.J.S.A. 5:9-13d.

(b) Sufficient notice shall be provided to the Lottery prior to the payment date to allow for a change in the payee. The Lottery shall not be responsible for failure to make a payment to an assignee if adequate time is not allowed for processing the change. As used in this section, "sufficient notice" means: receipt by the Lottery of a certified copy of a court order in compliance with (a) above at least 45 days prior to the applicable payment date.

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

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

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

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

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

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

(i) Prior to the assignment of any prize pursuant to an appropriate judicial order pursuant to this section, the appropriate agency shall determine whether the assignor owes any obligation that is subject to offset under N.J.S.A. 5:9-13.1 to 13.6 and shall provide notification of such determination to the Lottery, the parties and the court.

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

New Rule, R.2001 d.291, effective August 20, 2001.  
See: 33 N.J.R. 2019(a), 33 N.J.R. 2822(a).

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

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

1. That the pledge has been satisfied or the security interest discharged; or
2. That the creditor wishes to enforce the pledge or foreclose on the security interest.

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

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

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

New Rule, R.2001 d.291, effective August 20, 2001.  
See: 33 N.J.R. 2019(a), 33 N.J.R. 2822(a).

#### **17:20-7.11 Delegation of authority to develop forms**

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

New Rule, R.2001 d.291, effective August 20, 2001.  
See: 33 N.J.R. 2019(a), 33 N.J.R. 2822(a).

### **SUBCHAPTER 8. LOTTERY VENDORS' CODE OF ETHICS**

#### **17:20-8.1 Lottery vendors' code of ethics**

(a) No Lottery vendor shall employ any person or maintain any business relationship with any person who is a Lottery Commissioner, officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to the Lottery or with his or her immediate family or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of N.J.S.A. 52:13D-13g. As used in this section, Lottery vendor means any person, firm or corporation engaging or seeking to engage in business with the Division of the State Lottery.

(b) The maintenance of a business relationship shall be deemed to include, but not be limited to, any interest, financial or otherwise, direct or indirect, any business transaction or professional activity involving a Commissioner, officer or employee, including the sale of any interest in the vendor. However, it shall not be a violation of this paragraph for a Lottery Commissioner, officer or employee to seek future outside employment or to correspond with a Lottery vendor with respect thereto, provided that:

1. The Director is promptly informed of such activities; and

2. They are not violative of State law or such other ethical standards as may apply. (Lottery Commissioners and Division officers and employees are covered by a separate Code of Ethics. See (i) below.)

(c) Any relationships subject to (b) above shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.

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

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

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

(g) This Code of Ethics shall also apply to any licensed agent of the New Jersey State Lottery.

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

(i) This code is intended to augment and not replace existing administrative orders and pertinent codes of ethics. It shall not be construed to prohibit a State officer or employee or special State officer or employee from receiving

gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate. If any part of this Code shall be found ineffective or inoperative, such finding shall not affect the other parts of the Code.

Correction: Added "not" in (b)2; substituted "officer" for "office" in (e).

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

Amended by R.1989 d.381, effective July 17, 1989.

See: 21 N.J.R. 631(a), 21 N.J.R. 2055(c).

Definitions amended to conform to State vendor's Code of Ethics and Executive Order No. 189 (1988).

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

**SUBCHAPTER 9. CIVIL PENALTIES AND SANCTIONS**

**17:20-9.1 Penalties not exceeding \$10,000**

(a) The Director may, after notice and hearing, impose civil penalties on licensed agents in an amount up to \$10,000 per incident for violations of the Act or this chapter.

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

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

1. The nature of the conduct or offense;
2. The impact of the offense upon the operations of the Division;
3. The prior history of the agent and any mitigating factors which may be proven;
4. The need to preserve the dignity of the State and the integrity of the Lottery;
5. The need for deterrence of future violations by the party charged or by others; and
6. The amount of the penalty in relation to the severity of the offense and the financial means of the agent.

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).

Increased maximum penalty.

Amended by R.1998 d.237, effective May 18, 1998.

See: 30 N.J.R. 1030(a), 30 N.J.R. 1848(a).

**17:20-9.2 Restitution; cease and desist orders**

(a) The Director shall exercise the power to order restitution and/or enter cease and desist orders pursuant to P.L. 1983, c.429.

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

Recodified from 17:20-9.4 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. Former 17:20-9.2, "Civil penalties between \$2,500 and \$5,000", repealed.

### 17:20-9.3 Hearings; procedures

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

Recodified from 17:20-9.5 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).

Deleted provision on costs of review. Former section. "Civil penalties in excess of \$5,000", repealed.

### 17:20-9.4 (Reserved)

Recodified as 17:20-9.2 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).

### 17:20-9.5 (Reserved)

Recodified as 17:20-9.3 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).

---

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

### 17:20-10.1 Division's mission

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

### 17:20-10.2 Division of State Lottery organization

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

(b) The Division of State Lottery consists of the Executive Director, Deputy Executive Director, Legislative Liaison, Public Information Officer and the operating units consisting of Administration, Security and Licensing, Marketing, Sales, Finance, Information Systems, Operations, and Game Research and Development.

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

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

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

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

5. Administration directs the planning, implementation and delivery of services and programs of the Lottery, including the administration of policies and procedures, and long-term contracts with major vendors.

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

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

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

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

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

11. Operations ensures the validation and timely processing of winners' claims, oversees the games drawing processes; maintains all warehouse activities and records retention; and supports promotional events and activities.

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

**17:20–10.3 Public information, requests and submissions**

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

Office of Administrative Law in accord with specific legislative authority.

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

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

Division of State Lottery  
Office of the Executive Director  
PO Box 041  
Trenton, NJ 08625–0041

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

**17:20–11.1 Public notice regarding proposed rulemaking**

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

1. The rule proposal shall be filed with the Office of Administrative Law for publication in the New Jersey Register;
2. The notice of the rule proposal, as filed with the Office of Administrative Law, or a statement of the substance of the proposed rulemaking, shall be posted and made available electronically on the Division’s website;
3. The news media maintaining a press office in the State House Complex shall be provided notice of the rule proposal, as posted and made available electronically on the Division’s website; and
4. The notice of the rule proposal, as filed with the Office of Administrative Law, or a statement of the substance of the proposed rulemaking and its availability on the Lottery website, shall be made available to the public through a press release and distributed to the newspapers and radio stations not represented in the State House Press Office to inform those persons most likely to be affected or interested in the proposed rulemaking.

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

**17:20–11.3 Division rulemaking calendar**

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

(b) The rulemaking calendar shall include:

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

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

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

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

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

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

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

#### 17:20-11.4 Copies of documents; fees

(a) Any person may obtain copies of documents filed with the Office of Administrative Law from the Division, in accordance with the provisions of N.J.S.A. 47:1A-2 et seq., as amended, upon payment of a fee as follows:

1. First page to 10th page: \$.75 per page;
2. Eleventh page to 20th page: \$.50 per page; and
3. All pages over 20: \$.25 per page.

#### 17:20-11.5 Extension of the public comment period

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

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

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

#### 17:20-11.6 Conducting of a public hearing

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

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

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

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

#### 17:20-11.7 Petitions for rulemaking

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

#### 17:20-11.8 Public petitions process and requirements

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

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

1. The substance or nature of the rulemaking that is requested and proposed text material may be provided;
2. The reasons for the request and the petitioner's interest in the request; and
3. References to the authority of the Division to take the requested action.

(c) Petitions shall be addressed to:

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

#### 17:20-11.9 Division actions upon receipt of petition

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

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

1. The petition shall be date stamped and logged;
2. Within 15 days of initial receipt, notice of the receipt of the petition shall be filed with the Office of Administrative Law for publication in the New Jersey Register. The notice of receipt shall include:
  - i. The name of the petitioner;
  - ii. The substance or nature of the rulemaking action that is requested;
  - iii. The problem or purpose which is the subject of the request; and
  - iv. The date the petition was received.
3. The Division action on a petition shall be either to:
  - i. Deny the petition;
  - ii. Grant the petition and initiate a rulemaking proceeding within 90 days of the granting of the petition; or

- iii. Refer the matter for further deliberations that shall conclude within 90 days of such referral. Upon conclusion of such further deliberations, the Division shall either deny the petition or grant the petition and initiate a rulemaking proceeding within 90 days. The Division shall mail the results of these further deliberations to the petitioner and submit the results to the Office of Administrative Law for publication in the New Jersey Register.

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

- i. The name of the petitioner;
  - ii. The New Jersey Register citation for the notice of petition;
  - iii. The signature of the Executive Director, as agency head, signifying that the petition was duly considered pursuant to law;
  - iv. The nature or substance of the Division action upon the petition; and
  - v. A brief statement of reasons for the Division action.