

INTEROFFICE MEMO

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

To: J. Winston Krause, Chairman
Carmen Arrieta-Candelaria, Commissioner
Doug Lowe, Commissioner
Robert Rivera, Commissioner

From: Ryan S. Mindell, Assistant General Counsel *RSM*

Date: December 7, 2017

Re: Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §§401.158 (Suspension or Revocation of License), 401.160 (Standard Penalty Chart), 401.301 (General Definitions), 401.302 (Instant Game Rules), 401.304 (Draw Game Rules (General)), 401.307 ("Pick 3" Draw Game Rule), 401.308 ("Cash Five" Draw Game), 401.312 ("Texas Two Step" Draw Game), 401.316 ("Daily 4" Draw Game Rule), 401.320 ("All or Nothing" Draw Game Rule), 401.322 ("Texas Triple Chance" Lottery Game), 401.353 (Retailer Settlements, Financial Obligations, and Commissions), 401.361 (Required Purchases of Lottery Tickets), 401.364 (Training), and 401.370 (Retailer's Financial Responsibility for Lottery Tickets Received and Subsequently Stolen or Lost)

Attached are draft rules prepared for submission to the *Texas Register* to adopt the above-referenced amendments, with changes to the proposed text as published in the October 20, 2017, issue of the *Texas Register* (42 TexReg 5759) (also attached). As a result of written comments received on the proposed amendments during the public comment period from the Kickapoo Traditional Tribe of Texas, the adopted version of §401.301 adds a formal definition for third-party point-of-sale systems. Other comments are addressed in the preamble to the draft of the adopted amendments. In addition, the adopted version corrects a typographical error in Figure 16 TAC §401.307(g)(11).

There are two purposes for the rule amendments. The first purpose is to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems. Specifically, these amendments change the way tickets are issued, including revising the definition of terminals, clarifying language on Quick Pick selection, and updating how tickets are printed on third-party point-of-sale systems. Certain retailer requirements are amended to facilitate these types of sales as well.

Second, these amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology. These amendments include changing the references to lottery games from "on-line" and "instant" to "draw" and "scratch." There are multiple other clarifications of meanings and terms, both to conform usage of those terms throughout the rules and to match current Commission practice. Some of these changes were identified in the most recent Commission rule review and are being implemented with these amendments.

Recommendation: Staff recommends the Commission adopt the above-referenced rule amendments.

1 The Texas Lottery Commission (Commission) adopts amendments to 16 TAC §§401.158
2 (Suspension or Revocation of License), 401.160 (Standard Penalty Chart), 401.301 (General
3 Definitions), 401.302 (Instant Game Rules), 401.304 (On-Line Game Rules (General)), 401.307
4 (“Pick 3” On-Line Game Rule), 401.308 (“Cash Five” On-Line Game), 401.312 (“Texas Two
5 Step” On-Line Game), 401.316 (“Daily 4” On-Line Game Rule), 401.320 (“All or Nothing” On-
6 Line Game Rule), 401.322 (“Texas Triple Chance” Lottery Game), 401.353 (Retailer
7 Settlements, Financial Obligations, and Commissions), 401.361 (Required Purchases of Lottery
8 Tickets), 401.364 (Training), and 401.370 (Retailer’s Financial Responsibility for Lottery
9 Tickets Received and Subsequently Stolen or Lost), with changes to the proposed text as
10 published in the October 20, 2017, issue of the *Texas Register* (42 TexReg 5759). The adopted
11 version of the rule adds a formal definition for third-party point-of-sale systems and corrects a
12 typographical error in Figure 16 TAC §401.307(g)(11).

13 There are two purposes for the rule amendments. The first purpose is to facilitate the
14 potential future sale of lottery tickets using Commission-approved third-party point-of-sale
15 systems. Specifically, these amendments change the way tickets are issued, including revising
16 the definition of terminals, clarifying language on Quick Pick selection, and updating how tickets
17 are printed on third-party point-of-sale systems. Certain retailer requirements are amended to
18 facilitate these types of sales as well.

19 Second, these amendments make conforming changes that match rule language to current
20 Commission (and industry) practice and terminology. These amendments include changing the
21 references to lottery games from “on-line” and “instant” to “draw” and “scratch.” There are
22 multiple other clarifications of meanings and terms, both to conform usage of those terms
23 throughout the rules and to match current Commission practice. Some of these changes were

1 identified in the most recent Commission rule review and are being implemented with these
2 amendments.

3 The Commission received written comments on the proposed amendments during the
4 public comment period from a representative of the Kickapoo Traditional Tribe of Texas.

5 COMMENT SUMMARY: None of the proposed amendments define the phrase
6 “Commission-approved third-party point-of-sale systems.” Nor do they define “third party point
7 of sales system” or “point of sale system” or any other part of this phrase that would tell the
8 reader what the term entails and what exact devices would be captured under it. Third-party
9 point-of-sale systems must be defined so the public understands the implications of the
10 regulations. Furthermore, the phrase “otherwise issued in a manner approved by the
11 commission” (used in reference to tickets issued by “Commission-approved third-party point-of-
12 sale systems”) provides no specificity at all about how a ticket may be issued by a third-party
13 point-of-sale system. The Commission should be precise and specifically set forth the manner in
14 which a third-party point-of-sale system will issue a ticket under these proposed regulations and
15 clarify exactly how that ticket will be used.

16 COMMISSION RESPONSE: As noted in the preamble to the rule proposal, one of the
17 primary purposes of the proposed amendments is facilitate the potential future sale of lottery
18 tickets on Commission-approved third-party point-of-sale systems. These sales would occur in-
19 lane at traditional brick and mortar retail locations, such as grocery stores and chain retail stores,
20 after those retailers obtained a Texas Lottery sales agent license. Third-party point-of-sale
21 systems refers to the industry terminology used by these retailers to describe their self-contained
22 equipment that performs sales-related tasks at the in-lane check-out counter. These third-party

1 point-of-sale systems are basically cash registers at the checkout counter strictly utilized by the
2 retailers' sales clerks, and will not include any gambling device.

3 The proposed amendments differentiate the third-party point-of-sale systems from the
4 Texas Lottery dedicated lottery terminals currently used to sell draw game tickets. However, the
5 third-party point-of-sale systems will only perform lottery-related tasks currently performed on
6 Texas Lottery dedicated lottery terminals; in other words, the third-party systems will never do
7 more than what a dedicated lottery terminal can do. The proposed amendments also differentiate
8 the draw game ticket printing process used by the dedicated lottery terminals from the process
9 that may be used on a third-party system. Each retailer may have its own proprietary point-of-
10 sale system, so the Commission cannot define with specificity the exact hardware or software on
11 which these draw game tickets may be sold or printed. The proposed amendments therefore
12 provide that any third-party system and its method of issuing tickets must have Commission
13 approval before being used to print and sell Texas Lottery draw game tickets to ensure
14 compliance with the Commission's lottery security and integrity requirements.

15 To make the proposed amendments more clear on these points, the Commission will
16 adopt the additional following definition in §401.301(50): Third-party point-of-sale systems--
17 Self-contained computerized equipment (not owned or operated by the commission or lottery
18 operator) that performs sales-related tasks at a licensed lottery ticket retailer's checkout counter.
19 Third-party point-of-sale systems do not include any gambling device.

20 COMMENT SUMMARY: The proposed amendments include certain changes to the
21 existing definition of "On Line Game." Instead of stating that "the random number generator
22 *operated by the computer*" as in the existing regulations, the proposed definition of "Draw

1 Game” states “the random number generator *approved by the commission.*” This change should
2 be explained. Further, the regulations should be specific.

3 COMMISSION RESPONSE: As noted above, the intent of the proposed amendments is
4 to facilitate the potential future sale of lottery tickets at traditional brick and mortar retail
5 locations. Currently, the random number generator used to select Quick Picks is part of the
6 Texas Lottery dedicated lottery terminal. Once lottery tickets are sold on third-party point-of-
7 sale systems, the Commission must retain control over the random number generator for lottery
8 security and integrity purposes. The proposed amendments allow the Commission the flexibility
9 to approve appropriate random number generator equipment on Commission-approved vendor
10 systems or to require that retailers obtain random numbers for lottery ticket purchases from the
11 Commission’s lottery gaming system remotely. The Commission declines to make changes to
12 the proposed amendments in response to this comment.

13 COMMENT SUMMARY: The proposed definition of “Draw game” adds “or other
14 authorized entity” as an entity that will conduct a drawing. Who is the “other authorized
15 entity”? When and how are they authorized for this purpose? This phrase should be more
16 specific to identify who would fall into this category.

17 COMMISSION RESPONSE: As noted in the preamble to the rule proposal, the other
18 primary purpose of the proposed amendments was to make conforming changes that match rule
19 language to current Commission practice. There are certain instances in which the Commission
20 does not conduct a drawing itself. For example, in multijurisdiction lottery draw games such as
21 Powerball and Mega Millions, a lottery other than the Commission conducts the drawing. Also,
22 in certain promotional or second-chance lottery drawings, a Commission vendor may conduct
23 the drawing. In both situations, the party conducting the drawing is specifically authorized to

1 conduct the drawing on behalf of the Commission. The rule language was updated to reflect this
2 practice. The Commission declines to make changes to the proposed amendments in response to
3 this comment.

4 These amendments are adopted under Texas Government Code §466.015, which
5 authorizes the Commission to adopt rules governing the operation of the lottery; and §467.102,
6 which authorizes the Commission to adopt rules for the enforcement and administration of the
7 laws under the Commission's jurisdiction.

8 This adoption is intended to implement Texas Government Code, Chapter 466.
9 §401.158. Suspension or Revocation of License.

10 (a) The commission may suspend or revoke any license issued under this subchapter if the
11 commission finds that any factor listed as grounds for denial of a license under §401.153(b) of
12 this title (relating to Qualifications for License) or any factor listed in subsection (b) of this
13 section apply to the licensee. The commission shall inform the sales agent in writing of the
14 decision to suspend or revoke a license for any of these reasons. In addition, in the event of a
15 license suspension under this section, the director of the Lottery Operations Division shall also
16 inform the licensee of the terms under which the suspended license may be reissued. (b) Without
17 limiting the commission's ability to consider factors listed in §401.153(b) of this title as grounds
18 for suspension or revocation of a license issued under this subchapter, the commission may also
19 suspend or revoke a license for reasons including, but not limited to, any of the following:

20 (1) licensee engages in telecommunication or printed advertising that the director
21 determines to have been false, deceptive or misleading;

22 (2) licensee conditions redemption of a lottery prize upon the purchase of any other item
23 or service;

1 (3) licensee imposes a restriction upon the redemption of a lottery prize not specifically
2 authorized by the director;

3 (4) licensee fails to follow instructions and procedures for the conduct of any particular
4 lottery game, lottery special event or promotion;

5 (5) licensee and/or its employee(s) exhibit discourteous treatment including, but not
6 limited to, abusive language toward customers, commission employees or commission vendors;

7 (6) licensee fails to establish or maintain reasonable security precautions with regard to
8 the handling of lottery tickets and other materials;

9 (7) licensee endangers the security and/or integrity of the lottery games operated by the
10 commission;

11 (8) licensee violates any directive or instruction issued by the director of the Lottery
12 Operations Division;

13 (9) licensee violates any express term or condition of its license not specifically set forth
14 in this subchapter;

15 (10) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of
16 funds within a 12-month period;

17 (11) licensee sells a scratch ticket from a game that has closed after the date designated
18 for the end of the game;

19 (12) licensee fails to pay a valid prize in the amount specified on the validation slip
20 generated on the licensee's terminal or to pay the authorized amount;

21 (13) licensee fails to pay a valid prize the licensee is required to pay;

22 (14) licensee refuses or fails to sell lottery tickets during all normal business hours of the
23 lottery retailer;

- 1 (15) licensee refuses to and/or fails to properly cancel a Pick 3 or Daily 4 ticket;
- 2 (16) licensee fails to return an exchange ticket to a prize claimant claiming a prize on a
3 multi-draw ticket if an exchange ticket is produced by the licensee's terminal;
- 4 (17) licensee fails to keep accurate and complete records of all tickets from confirmed,
5 active, and settled packs that have not been sold;
- 6 (18) licensee fails or refuses to meet minimum sales criteria;
- 7 (19) licensee fails to meet any requirement under §401.368 of this title (relating to
8 Lottery Ticket Vending Machines), if the licensee has been supplied with a self-service lottery
9 ticket vending machine by the commission;
- 10 (20) licensee fails to take readily achievable measures within the allowed time period to
11 comply with the barrier removal requirements regarding the ADA;
- 12 (21) licensee fails to prominently post license;
- 13 (22) licensee knowingly sells a ticket or pays a lottery prize to another person who is:
- 14 (A) an officer or an employee of the commission;
- 15 (B) an officer, member, or employee of a lottery operator;
- 16 (C) an officer, member, or employee of a contractor or subcontractor that is
17 excluded by the terms of its contract from playing lottery games;
- 18 (D) the spouse, child, brother, sister, or parent of a person described by
19 subparagraph (A), (B), or (C) of this paragraph who resides within the same household as that
20 person;
- 21 (23) licensee intentionally or knowingly sells a ticket at a price the licensee knows is
22 greater than the price set by the executive director;

1 (24) licensee sells tickets issued to a licensed location at another location that is not
2 licensed;

3 (25) licensee intentionally or knowingly sells a ticket by extending credit or lends money
4 to enable a person to buy a ticket;

5 (26) licensee intentionally or knowingly sells a ticket to a person that the licensee knows
6 is younger than 18 years;

7 (27) licensee intentionally or knowingly sells a ticket and accepts anything for payment
8 not specifically allowed under the State Lottery Act;

9 (28) licensee sells tickets over the telephone or via mail order sales, establishes or
10 promotes a group purchase or pooling arrangement under which tickets are purchased on behalf
11 of the group or pool and any prize is divided among the members of the group or pool, and
12 the licensee intentionally or knowingly:

13 (A) uses any part of the funds solicited or accepted for a purpose other than
14 purchasing tickets on behalf of the group or pool; or

15 (B) retains a share of any prize awarded as compensation for establishing or
16 promoting the group purchase or pooling arrangement;

17 (29) licensee intentionally or knowingly alters or forges a ticket;

18 (30) licensee intentionally or knowingly influences or attempts to influence the selection
19 of the winner of a lottery game;

20 (31) licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize
21 by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons
22 to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or
23 misrepresentation;

1 (32) licensee intentionally or knowingly tampers with, damages, defaces, or renders
2 inoperable any vending machine, electronic computer terminal, or other mechanical device used
3 in a lottery game, or fails to exercise due care in the treatment of commission property;

4 (33) licensee:

5 (A) induces another person to assign or transfer a right to claim a prize;

6 (B) initiates or accepts an offer to sell the right to claim a prize;

7 (C) initiates or accepts an offer of compensation from another person to claim a
8 lottery prize; or

9 (D) purchases a lottery ticket from a person who is not a licensed lottery retailer;

10 (34) licensee intentionally or knowingly makes a statement or entry that the person
11 knows to be false or misleading on a required report;

12 (35) licensee fails to maintain or make an entry the licensee knows is required to be
13 maintained or made for a required report;

14 (36) licensee knowingly refuses to permit the director of the Lottery Operations Division,
15 the executive director, commission, or the state auditor to examine the agent's books, records,
16 papers or other objects, or refuses to answer any question authorized under the State Lottery Act;

17 (37) licensee intentionally or knowingly makes a material and false or incorrect, or
18 deceptive statement, written or oral, to a person conducting an investigation under the State
19 Lottery Act or a commission rule;

20 (38) licensee commits an offense of conspiracy as defined in the State Lottery Act;

21 (39) licensee sells or offers for sale any interest in a lottery of another state or state
22 government or an Indian tribe or tribal government, including an interest in an actual lottery
23 ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest; or

1 (40) licensee has violated a provision of the State Lottery Act, Government Code,
2 Chapter 466, or a commission rule adopted under the State Lottery Act.

3 §401.160. Standard Penalty Chart.

4 (a) The commission, through the director of the Lottery Operations Division, may offer
5 settlements to persons charged with violating the provisions of the State Lottery Act or rules of
6 the commission. Settlement of those cases, unless otherwise provided for elsewhere in this rule,
7 shall be in compliance with the following standard penalty chart. A settlement will be in the form
8 of an Agreement and Consent Order of the commission.

9 (b) A repeat violation by a licensee justifies the penalty for a second or third violation if it occurs
10 within 12 months of the first violation. Violations need not be the same or similar in nature to
11 previous violations to be considered repeat violations.

12 (c) A penalty for an alleged repeat violation shall not be assessed unless the alleged violation
13 occurs after the licensee has been notified, in writing, of the first alleged violation.
14 Notwithstanding the preceding sentence, if an alleged violation is discovered during an
15 undercover operation, then no notice of any prior alleged violations may be necessary to assess a
16 penalty for a repeat violation. The requirement that written notice be given to a licensee shall not
17 be interpreted to require that a notice of hearing for the violation be delivered to the licensee.

18 (d) The list of violations in the standard penalty chart is not an exclusive list of violations of the
19 commission or rules of the commission. The commission is authorized to assess penalties for any
20 violation of any of the foregoing statutes or rules for which a penalty is not provided on the
21 chart. Any penalty assessed for a violation not provided for on the standard penalty chart shall be
22 approved by the director of the Lottery Operations Division or his/her designee prior to its
23 assessment.

1 (e) Any person responsible for assessing a penalty for a violation may deviate from the standard
2 penalty chart if mitigating circumstances are involved and consideration will be given to all the
3 factors listed in subsection (g) of this section. If a recommendation deviating from the standard
4 penalty chart is made, it must be made in writing and be filed with the case report. Final approval
5 shall be made by the director of the Lottery Operations Division or his/her designee.

6 (f) The standard penalty chart does not bind an administrative law or the commission as to
7 penalties for any violation determined to have occurred by the facts presented in an
8 administrative hearing and the record of that proceeding shall be the determining factor as to the
9 sufficiency of the penalty assessed.

10 (g) Based upon consideration of the following factors, the commission may impose penalties
11 other than the penalties recommended in §401.158 of this title (relating to Suspension or
12 Revocation of License) and/or this section:

- 13 (1) Severity of the offense;
- 14 (2) Danger to the public;
- 15 (3) Number of repetition of offenses;
- 16 (4) Number of complaints previously found justified against the licensee;
- 17 (5) Length of time the licensee has held a license;
- 18 (6) Actual damage, physical or otherwise, caused by the violations;
- 19 (7) Deterrent effect of the penalty imposed;
- 20 (8) Attempts by licensee to correct or stop violations or refusal by licensee to correct or
21 stop violations;
- 22 (9) Penalties imposed for related offenses; or
- 23 (10) Any other mitigating or aggravating circumstances.

1 Figure: 16 TAC §401.160(g)(10)

TEXAS LOTTERY COMMISSION RETAILER REGULATORY VIOLATIONS AND RELATED PENALTIES			
DESCRIPTION OF VIOLATION	1 ST OCCURRENCE	2 ND OCCURRENCE	3 RD OCCURRENCE
Licensee engages in telecommunication or printed advertising that the director determines to have been false, deceptive or misleading.	Notification in writing to the licensee of the detected violation, including a warning that future violations will result in more severe administrative penalties including Suspension and/or revocation of the license. (Warning Letter)	10-90 day Suspension	30-90 Suspension to Revocation
Licensee conditions redemption of a lottery prize upon the purchase of any other item or service.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee imposes a restriction upon the redemption of a lottery prize not specifically authorized by the director.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to follow instructions and procedures for the conduct of any particular lottery game, lottery special event or promotion.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee and/or its employee(s) exhibit discourteous treatment including, but not limited to, abusive language toward customers, commission employees or commission vendors.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to establish or maintain reasonable security precautions with regard to the handling of lottery tickets and other	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation

materials.			
Licensee endangers the security and/or integrity of the lottery games run by the commission.	Warning Letter - Revocation	10-90 Suspension to Revocation	30-90 Suspension to Revocations
Licensee violates any directive or instruction issued by the director.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee violates any express term or condition of its license not specifically set forth in this subchapter.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee incurs four (4) notices of nonsufficient fund transfers within a 12-month period.	Revocations	n/a	n/a
Licensee sells an instant ticket from a game that has closed after the date designated for the end of the game.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to pay a valid prize in the amount specified on the validation slip generated on the licensee's terminal or to pay the authorized amount.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to pay a valid prize the licensee is required to pay.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee refuses to and/or fails to properly cancel a Pick 3 or Daily 4 ticket.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to return an exchange ticket to a prize claimant claiming a prize on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to keep accurate and complete	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation

records of all tickets from confirmed, active, and settled packs that have not been sold.			
Licensee fails to offer a minimum of two instant ticket games for sale if two or more instant games are available from the Lottery.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to order or accept delivery of the required minimum number of lottery tickets, or fails or refuses to meet minimum sales criteria.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to meet any requirement under §401.368, Lottery Ticket Vending Machine rule if the licensee has been supplied with a lottery ticket vending machine by the commission.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding ADA.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee fails to prominently post license.	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation
Licensee knowingly sells a ticket or pays a lottery prize to another person who is (A) an officer or an employee of the commission; (B) an officer, member, or employee of a lottery operator; (C) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games; (D) the spouse, child, brother, sister, or parent of a person described by	Warning Letter	10-90 day Suspension	30-90 Suspension to Revocation

paragraph (A), (B), or (C) who resides within the same household as that person.			
Licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set fixed by the executive director.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee sells tickets issued to a licensed location at another location that is not licensed.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years.	10-90 Suspension to Revocation	10-90 Suspension to Revocation	30-90 Suspension to Revocation
Licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee sells tickets over the telephone or, via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the person intentionally or knowingly: (A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or (B) retains a share of any prize awarded as	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation

compensation for establishing or promoting the group purchase or pooling arrangement.			
Licensee intentionally or knowingly alters or forges a ticket.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission or commission property.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee (A) induces another person to assign or transfer a right to claim a prize, (B) initiates or accepts an offer to sell the right to claim a prize, (C) initiates or accepts an offer of compensation from another person to claim a lottery prize, or (D) purchases a lottery ticket from a person who is not a licensed lottery retailer.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or	10-90 Suspension	30-90	Revocation

knowingly makes a statement or entry that the person knows to be false or misleading on a required report.	to Revocation	Suspension to Revocation	
Licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee intentionally or knowingly makes a material and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a rule adopted by the commission.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee commits an offense of conspiracy as defined in the State Lottery Act.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation
Licensee sells or offers for sale any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest.	10-90 Suspension to Revocation	30-90 Suspension to Revocation	Revocation

1 §401.301. General Definitions.

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

4 (1) Caption--The letters appearing below the play symbols in the play area of a ticket that
5 verify the correctness of the play symbols.

6 (2) Certified drawing--A drawing in which a lottery drawing representative and an
7 independent certified public accountant attest that the drawing equipment functioned properly
8 and that a random selection of a winning combination occurred.

9 (3) Claim center--A claims office of the commission at which a claimant may claim a
10 prize.

11 (4) Claim form--The printed form authorized and provided by the commission that a
12 claimant shall complete and submit to the commission when claiming a prize.

13 (5) Claimant--A player who has submitted a valid claim for payment within the required
14 time frame.

15 (6) Commission--The Texas Lottery Commission. Unless the context clearly requires
16 otherwise, "commission" includes authorized Texas Lottery commission staff
17 members/employees.

18 (7) Current draw period--The period of time in which the player selections and Quick
19 Pick selections are accumulated into a pool of plays eligible for winning in a drawing held at the
20 end of the designated period.

21 (8) Director--The Director of the Texas Lottery Commission, Lottery Operations.

22 (9) Direct prize category contribution--A specified percentage of net sales allocated to the
23 prize categories as described in the rules of the specific game being played.

1 (10) Division--Lottery Operations of the Texas Lottery Commission.

2 (11) Draw break--A period of time before a drawing for a draw game during which
3 player selections for that drawing may not be entered into the lottery gaming system and during
4 which no requests for Quick Pick selections for that drawing may be entered into the lottery
5 gaming system.

6 (12) Draw game--A lottery game which utilizes a computer system to administer plays,
7 the type of game, and amount of play for a specified drawing date, and in which a player either
8 selects a combination of numbers or allows number selection by a random number generator
9 approved by the commission, referred to as Quick Pick. The commission, or other authorized
10 entity, will conduct a drawing to determine the winning combination(s) in accordance with the
11 rules of the specific game being played and the draw procedures for the specific game.
12 Sometimes, draw games are called "on-line games."

13 (13) Draw game ticket--A ticket issued to a player, by a retailer, and generated by a
14 terminal provided by the commission or commission's vendor on official Texas Lottery paper
15 stock, or, for third-party point-of-sale systems approved by the commission, printed on paper
16 stock or otherwise issued in a manner approved by the commission to provide tangible evidence
17 of participation in a lottery game. That ticket shall be the only acceptable evidence of the
18 combination of digits, numbers, or symbols selected. Draw game tickets may be purchased only
19 from retailers.

20 (14) Drawing--The procedure by which the commission randomly selects winning
21 combinations of digits, numbers, or symbols in accordance with the rules of the game as set forth
22 in the rules of the specific game being played and the draw procedures for the specific game.

- 1 (15) Drawing pool--The amount of money available for all prize categories for a specific
2 drawing.
- 3 (16) Draw procedures--The written document approved by the executive director that
4 specifies the draw procedures for a particular game, if a drawing is designed as part of the game.
- 5 (17) Duplicate ticket--A ticket produced by photograph, xerography, or any other method
6 other than a ticket generated by a terminal.
- 7 (18) Executive director--The executive director of the Texas Lottery Commission.
- 8 (19) Game number--The number on the back of the scratch ticket which refers to the
9 number associated with the particular scratch ticket game.
- 10 (20) Game procedures--The written document approved by the director that includes,
11 among other things, the game name, how a prize is won, game prize structure, play style, and
12 eligibility for a drawing, if any.
- 13 (21) High-tier prize--A prize of \$600 or more.
- 14 (22) Indirect prize category contribution--Amounts allocated from the prize reserve fund,
15 roll-over and prize breakage for a specific draw game drawing.
- 16 (23) Invalid ticket--Any ticket that fails to meet all validation requirements of the
17 commission.
- 18 (24) Lottery gaming system--The commission or commission's vendor's computer system
19 consisting of terminals, central processing equipment, and a communication network.
- 20 (25) Lottery retailer or retailer--A licensed sales agent, as contemplated by Chapter 466,
21 Government Code.
- 22 (26) Low-tier prize--A prize of less than \$25.
- 23 (27) Mid-tier prize--A prize of \$25 or more but less than \$600.

- 1 (28) Minor--An individual younger than 18 years of age.
- 2 (29) Pack number--The unique number on the back of the scratch ticket that designates
3 the number of the pack within a specific scratch ticket game.
- 4 (30) Play area--The latex-covered area of a scratch ticket that when removed, reveals the
5 ticket play symbols.
- 6 (31) Play style--The method of play to determine a winner for an individual game.
- 7 (32) Play symbol--The printed data under the latex on a scratch ticket that is used to
8 determine eligibility for a prize. The symbols for individual games will be specified in
9 individual scratch ticket game procedures.
- 10 (33) Present at the terminal--A player remains physically present at the terminal from the
11 time the player's order for the purchase of draw game tickets is paid for and accepted by the
12 retailer until the processing of the order is completed and the tickets are delivered to the player at
13 the retailer terminal location.
- 14 (34) Prize amounts--The amount of money payable to each share in a prize category, the
15 annuitized future value of each share in a prize category, or the net present cash value of each
16 share in a prize category for each draw game drawing. Prize amounts are calculated by dividing
17 the prize category contribution, the annuitized future value of the prize category contribution, or
18 the net present cash value of the prize category contribution by the number of shares determined
19 for the prize category.
- 20 (35) Prize breakage--The money which is left over from the rounding down of the pari-
21 mutuel prize levels to the next lowest whole dollar amount or money which is in excess of the
22 amount needed to pay a prize.

1 (36) Prize category--The matching combinations of numbers and their corresponding
2 prize levels as described in rules for the specific game being played.

3 (37) Prize category contributions--Refers to contributions for each drawing to each
4 prize category, including direct and indirect prize category contributions.

5 (38) Prize fund--The monies allocated to be returned to players in winning tickets within
6 a specific scratch ticket game.

7 (39) Prize pool--In a draw game, the total amount of money available for prizes as a
8 percentage of the total sales for the current draw period.

9 (40) Prize structure--The number, value, prize pay out percentage, and odds of winning
10 prizes for an individual game as approved by the executive director.

11 (41) Promotion--One or more events coordinated or conducted by the commission at
12 retail sites, fairs, festivals and other appropriate venues, or in conjunction with one or more
13 particular Texas Lottery games, to educate players about Texas Lottery products and/or
14 sell Texas Lottery games through a retailer in specific markets to maximize Texas Lottery sales
15 and statewide awareness.

16 (42) Promotional drawing--A drawing in which qualified contestants are awarded prizes
17 in a random manner in accordance with the procedures set forth for a specific promotional event.

18 (43) Quick Pick--A play option that generates random numbers in a manner approved by
19 the commission.

20 (44) Roll-over--The amount in a specific draw game prize pool category resulting from
21 no matching combinations and/or prize breakage from the previous drawing.

22 (45) Sales agent--A person licensed under the State Lottery Act to sell Texas
23 Lottery tickets.

1 (46) Scratch ticket--A scratch ticket lottery game, developed and offered for sale to the
2 public in accordance with commission rules, that is played by removing the latex covered play
3 area on a scratch ticket to reveal the ticket play symbols. Sometimes, scratch ticket games are
4 called "instant games."

5 (47) Shares--In a draw game, the total number of matching combinations within each
6 prize category as determined for each drawing.

7 (48) Sign-on slip--The receipt produced by a dedicated lottery ticket terminal when the
8 retailer signs on to the lottery gaming system.

9 (49) Terminal--A device authorized by the commission for the purpose of issuing draw
10 game tickets and/or validating claims, including the commission or commission's vendor's
11 computer hardware as well as commission-authorized third-party point-of-sale systems.

12 (50) Third-party point-of-sale systems--Self-contained computerized equipment (not
13 owned or operated by the commission or lottery operator) that performs sales-related tasks at a
14 licensed lottery ticket retailer's checkout counter. Third-party point-of-sale systems do not
15 include any gambling device.

16 (51) Ticket--Any tangible evidence issued to provide participation in a lottery game or
17 activity authorized by the State Lottery Act.

18 (52) Ticket bearer--The person who has signed the ticket or who has possession of an
19 unsigned ticket.

20 (53) Ticket number--The number on the back of the scratch ticket that refers to the ticket
21 sequence within a specific pack of a scratch ticket game.

22 (54) Validation number--The unique number sequence printed on a ticket that provides
23 for the verification of the ticket as a valid winner.

1 (55) Valid ticket--A ticket which meets all specifications and validation requirements and
2 entitles the holder to a specific prize amount.

3 (56) Void ticket--Any ticket that is stolen, unissued, illegible, mutilated, altered,
4 counterfeit in whole or part, misregistered, defective, incomplete, printed or produced in error,
5 multiply printed, fails any of the commission's confidential validation tests, or is a ticket
6 produced by or for the commission for education and training purposes.

7 (57) Winning combination--One or more digits, numbers, or symbols randomly selected
8 by the commission in a drawing which has been certified.

9 §401.302. Scratch Ticket Game Rules.

10 (a) Sale of scratch tickets.

11 (1) Only retailers who have been licensed by the commission are authorized to
12 sell scratch tickets, and tickets may be sold only at a licensed location.

13 (2) Each scratch ticket shall sell for the retail sales price authorized by the executive
14 director and stated in the individual game procedures.

15 (3) Each scratch ticket shall state the overall estimated odds of winning a prize of any
16 kind, including a break-even prize.

17 (b) Game procedures.

18 (1) The director may approve and publish individual game procedures prior to
19 each scratch ticket game being introduced for sale to the public. Game procedures shall be
20 published in the *Texas Register* and shall be made available upon request to the public.

21 (2) At a minimum, the game procedures for each game shall contain the following
22 information:

23 (A) confirming captions;

- 1 (B) game name;
- 2 (C) game number;
- 3 (D) prize structure;
- 4 (E) play style;
- 5 (F) play symbols;
- 6 (G) ticket order quantity;
- 7 (H) retail sales price;
- 8 (I) dollar amount of prizes that may be paid by retailers; and
- 9 (J) eligibility requirements for a prize drawing, if any.

10 (3) The play style for an individual game shall be fully described in the game procedures
11 and may take the form of one of the following methods of play:

- 12 (A) match up;
- 13 (B) add up;
- 14 (C) three in a line;
- 15 (D) key number/symbol match;
- 16 (E) yours beats theirs;
- 17 (F) prize legend;
- 18 (G) cards;
- 19 (H) bingo;
- 20 (I) directional arrows through maze;
- 21 (J) bonus game features; or
- 22 (K) any other approved play style or bonus game feature developed by the
23 commission.

1 (c) Determination of prize winner.

2 (1) The play symbols shall be used by a player to determine eligibility for prizes.

3 Qualifying play symbols are stated in the game procedures.

4 (2) A player's eligibility to win a prize is subject to the ticket validation requirements
5 provided in subsection (d) of this section.

6 (3) For each individual game, the player shall rub off the latex covering on the ticket to
7 reveal the play symbols. Eligibility to win a prize is based on the approved play style as follows.

8 (A) Match up. If the designated number of identical play symbols is revealed on
9 the ticket, the player shall win the prize indicated.

10 (B) Add up. If the player adds up all of the play symbols printed on the ticket and
11 the amount is greater than or equal to the required total amount printed on the ticket, the player
12 shall win the prize indicated.

13 (C) Three in a line. If the player reveals three identical play symbols, either
14 diagonally, vertically, or horizontally, on the same ticket, the player shall win the prize indicated.

15 (D) Key number/symbol match. If the player reveals a play symbol that matches
16 the designated key play symbol, the player shall win the prize indicated.

17 (E) Yours beats theirs. If the player reveals a play symbol designated as yours that
18 is greater than the play symbol(s) designated as theirs, the player shall win the prize indicated.

19 (F) Prize legend. If the player reveals the designated number of play symbols, the
20 player wins the prize amount that corresponds to the legend.

21 (G) Cards. If the player reveals the play symbol needed for that particular card
22 game in a winning combination, the player shall win the prize indicated.

1 (H) Bingo. If the player matches their Bingo card numbers with all of the Caller's
2 Card numbers and reveals certain patterns as specified on the ticket, the player shall win the
3 prize indicated for that Bingo card and pattern.

4 (I) Directional arrows through maze. If the player follows the directional arrows
5 to make a path or paths through a maze and the path(s) leads to a prize amount, the player shall
6 win that prize.

7 (J) Bonus game features. These features are added to the game for extra play
8 value and entertainment. The specific variants, as described below, are used for a particular game
9 and are described in the individual game procedures:

10 (i) Doubler. If the player reveals the designated play symbol as part of the
11 winning combination of the game, the player doubles their prize. The player may also reveal the
12 "doubler" play symbol in a prize box, in which case the prize amount that the player won is
13 doubled.

14 (ii) Wild card. The player may use this designated play symbol as part of
15 the winning combination of the game.

16 (iii) Double and Double Doubler. If the player reveals one of these
17 designated play symbols as part of the winning combination of the game, the player either
18 doubles or quadruples their prize respectively, as stated in the game card itself. The player may
19 also reveal the "double" or "double doubler" play symbols in a prize box, in which case the prize
20 amount that the player won is either doubled or quadrupled respectively, as stated in the game
21 card itself.

22 (iv) Tripler. If the player reveals the designated play symbol as part of the
23 winning combination of the game, the player triples their prize. The player may also reveal the

1 "tripler" play symbol in a prize box, in which case the prize amount that the player won is
2 tripled.

3 (v) Auto win. If the player reveals the designated play symbol, the player
4 wins the corresponding prize automatically.

5 (vi) Entry ticket. If the player reveals the designated play symbol, the
6 player may use the ticket as a means of entering a drawing, subject to the game procedures for
7 each game.

8 (K) Any other approved play style or bonus game feature developed by
9 the commission. If the player reveals the designated play symbols or bonus play features, the
10 player shall win the prize(s) as indicated.

11 (d) Ticket validation requirements.

12 (1) Each scratch ticket shall be validated according to validation procedures prior to
13 payment of a prize.

14 (2) A scratch ticket shall comply with all of the following.

15 (A) The ticket shall not be stolen or appear on any list of omitted tickets on file
16 with the commission.

17 (B) The ticket shall not be counterfeit or forged, in whole or in part.

18 (C) The ticket shall not be mutilated, altered, unreadable, reconstituted, or
19 tampered with in any manner.

20 (D) The ticket shall have been issued by the commission in an authorized manner.

21 (E) The ticket shall have been received or recorded by the commission by
22 applicable deadlines.

1 (F) The ticket shall pass all the confidential validation and security tests
2 appropriate to the applicable play style.

3 (G) The validation number of an apparent winning ticket shall appear on the
4 commission's official list of validation numbers of winning tickets for the particular game and
5 pack. A ticket with that validation number shall not have been paid previously.

6 (3) The commission may pay the prize for a ticket that is partially mutilated or not intact
7 if the ticket can still be verified as a valid ticket and validated by the other validation
8 requirements and procedures.

9 (4) Any ticket not passing all of the validation tests and requirements is void and
10 ineligible for any prize and shall not be paid. The executive director may, at his/her exclusive
11 determination, reimburse the player for the cost of the void ticket.

12 (5) If a defective ticket is purchased and is void, the sole remedy available against the
13 commission and the commission's sole liability shall be, at the executive director's sole
14 discretion, reimbursement for the cost of the void ticket, or replacement of the defective ticket
15 with another unplayed ticket in that scratch ticket game (or a ticket of equivalent sales price from
16 any other current scratch ticket game).

17 (e) Payment of low-tier and mid-tier prizes.

18 (1) Low-tier and mid-tier prizes shall be paid by any retailer or claim center.

19 (2) Retailers may pay cash prizes in cash or by certified check, cashier's check, or money
20 order. Retailers may also pay prizes by business check if acceptable to the claimant. If a retailer
21 decides to pay a prize with a business check, the retailer shall inform the claimant prior to ticket
22 validation.

1 (3) Retailers may pay claims for prizes during their normal business hours, if the
2 commission's validation system is operational.

3 (4) Before paying a prize, retailers shall validate the winning ticket according to
4 established validation requirements and procedures.

5 (5) Payment of a prize by a retailer will be made to the bearer of the validated winning
6 ticket for that prize upon presentation of proper identification, if appropriate.

7 (6) If a low- or mid-tier claim is presented to the commission, the claimant shall follow
8 all procedures of the commission related to claiming a prize, including but not limited to filling
9 out a claim form, presenting appropriate identification if required, completing the back of the
10 ticket, and submitting these items including the apparent winning ticket to the commission by
11 mail or in person. Upon validation of a winning ticket, the commission shall present or mail a
12 check to the claimant in payment of the amount due. If the ticket is determined to be a non-
13 winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will
14 not be returned to the claimant.

15 (f) Payment of high-tier prizes.

16 (1) High-tier prizes must be presented for payment to the commission. For purposes of
17 this provision, the term "commission" includes claim centers located throughout Texas. In
18 connection with certain scratch ticket games, the top-level prizes must be claimed at commission
19 headquarters.

20 (2) If a high-tier claim is presented to the commission, the claimant shall follow all
21 procedures of the commission related to claiming a prize, including but not limited to filling out
22 a claim form, presenting appropriate identification as required, completing the back of the ticket,
23 and submitting these items including the apparent winning ticket to the commission by mail or in

1 person. Upon validation of the ticket as a winning ticket, the commission shall pay the claimant
2 the amount due in accordance with commission procedures. If the ticket is determined to be a
3 non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets
4 will not be returned to the claimant.

5 (3) Before paying any prize, claim center personnel shall validate the winning ticket
6 according to established validation requirements and procedures.

7 (4) All prizes shall be subject to tax withholding, offsets, and other withholdings as
8 provided by law.

9 (5) If a person is indebted or owes delinquent taxes to the state, other than those specified
10 in paragraph (4) of this subsection, the winnings of a person shall be withheld until the debt or
11 taxes are paid.

12 (6) When paying a prize of \$600 or more, the commission shall file the appropriate
13 income reporting form with the Internal Revenue Service.

14 (7) Payment of a prize will be made to the bearer of the validated winning ticket for that
15 prize upon presentation of proper identification.

16 (8) The director shall recognize only one person as claimant of a particular prize. A claim
17 may be made in the name of a person other than an individual only if the person possesses a
18 federal employer identification number (FEIN) issued by the Internal Revenue Service and such
19 number is shown on the claim form. Groups, family units, clubs, organizations, or other persons
20 without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim
21 is erroneously entered with multiple claimants, the claimants shall designate one of them as the
22 individual recipient of the prize, or, if they fail to designate an individual recipient, the director
23 may designate any one of the claimants as the sole recipient. In either case, the claim shall then

1 be considered as if it were originally entered in the name of the designated individual and
2 payment of any prizes won shall be made to that single individual. Once a ticket is submitted as a
3 claim, it will not be returned to the winner.

4 (9) The executive director has discretion to set a maximum total cash amount or
5 maximum payment time period for each prize level.

6 (g) Payment of prize awarded to minor.

7 (1) A person 18 years of age or older may purchase a ticket to give as a gift to another
8 person, including a minor.

9 (2) If a minor is entitled to a cash prize of less than \$600, the commission shall deliver to
10 an adult member of the minor's family or to the minor's guardian a check or warrant in the
11 amount of the prize payable to the order of the minor.

12 (3) If a minor is entitled to a cash prize of more than \$600, the commission shall deposit
13 the amount of the prize in a custodial bank account, with an adult member of the minor's family
14 or the minor's guardian serving as custodian for the minor.

15 (4) If a minor is entitled to a prize other than money, the commission shall pay the cash
16 equivalent of such prize in the manner provided by paragraphs (2) and (3) of this subsection.

17 (5) A retailer is not authorized to pay a prize claimed by a minor.

18 (h) Ticket responsibility.

19 (1) A ticket is a bearer instrument until signed on the back by the ticket holder.

20 (2) The commission shall not be responsible for lost, stolen, or destroyed tickets.

21 (3) The commission shall not be responsible for erroneous or mutilated tickets.

22 (4) The commission shall not be responsible for tickets claimed by a player in error for a
23 lower prize at a retailer.

1 (5) The commission shall not be responsible for tickets delivered to any address other
2 than that designated by the commission for such purpose.

3 (i) Disputed ticket. If a dispute arises between the commission and a ticket claimant concerning
4 whether the ticket is a winning ticket and if the ticket prize has not been paid, the executive
5 director may, exclusively at his/her determination, reimburse the claimant for the cost of the
6 disputed ticket. This shall be the claimant's exclusive remedy.

7 (j) Game closing.

8 (1) The executive director or his/her designee shall determine the closing date for an
9 individual scratch ticket game in accordance with a scratch ticket game closing procedure that
10 defines the criteria used to monitor scratch ticket sales performance and that identifies
11 when scratch ticket games should be closed.

12 (A) The procedure shall provide for the timely closing of a scratch ticket game
13 after all top-level prizes in the game have been claimed or on an earlier date as determined by the
14 executive director.

15 (B) The procedure shall provide for ending ticket sales in a scratch ticket game
16 within 45 days after game closing procedures have been initiated.

17 (2) No tickets in a scratch ticket game may be sold after the scratch ticket game closing
18 date.

19 (k) Governing law. In purchasing a scratch ticket, the lottery player agrees to comply with and
20 abide by Texas law, all rules, procedures, and final decisions of the commission, and all
21 procedures and instructions established by the executive director for the conduct of the scratch
22 ticket game.

23 §401.304. Draw Game Rules (General).

1 (a) Price of tickets and prizes.

2 (1) The purchase price of each draw game ticket shall be as set forth in the rules of the
3 specific game being played.

4 (2) The total amount of prize money allocated to the prize pool for draw games
5 from the total of draw game sales shall be a minimum of 50%.

6 (3) The prize pool for draw games shall have contributions to prize categories as set forth
7 in the rules of the specific game being played.

8 (b) Sale of tickets.

9 (1) Except to the extent that sales in draw games are impeded by draw breaks, draw
10 game tickets may be sold during all normal business hours of the lottery retailer
11 during draw game operating hours. Retailers must give prompt service to lottery customers
12 present and waiting at the terminal to purchase tickets for draw games. Prompt service includes
13 interrupting processing of draw game ticket orders for which the customer is not present at the
14 terminal.

15 (2) Draw game tickets shall be sold only at the location listed on each retailer's license
16 from the commission. For purposes of this section, the sale of a draw game lottery ticket at the
17 licensed location means a lottery transaction in which all elements of the sale between
18 the retailer and the purchaser must take place at the retailer location using their terminal,
19 including the exchange of consideration, the exchange of the playslip if one is used, and the
20 exchange of the draw game ticket. No part of the sale may take place away from the terminal.

21 (c) Drawings and end of sales prior to drawings.

22 (1) The manner and frequency of drawings shall be as set forth in the rules of the specific
23 game being played and the draw procedures for the specific game.

1 (2) The drawings shall be conducted at times and locations to be announced by the
2 executive director.

3 (3) The executive director shall establish the times for draw breaks for each draw game.

4 (4) The executive director or his/her designee shall designate the type of drawing
5 equipment to be used and shall establish draw procedures to randomly select the winning
6 combination for each type of draw game. Draw procedures shall include provisions for the
7 substitution of backup drawing equipment in the event the primary drawing equipment
8 malfunctions or fails for any reason.

9 (5) A lottery drawing representative and an independent certified public accountant, shall
10 be responsible for conducting the drawing in compliance with the lottery's draw procedures. A
11 lottery drawing representative and an independent certified public accountant, shall attest
12 whether the drawing was conducted in accordance with proper draw procedures at the end of
13 each drawing.

14 (d) Procedures for claiming draw game prizes.

15 (1) All apparent winning tickets presented for payment to the lottery or a retailer must
16 meet the commission's validation requirements as set forth in subsection (e) of this section.

17 (2) To claim a draw game prize of less than \$600, the claimant shall present the
18 winning draw game ticket to a retailer or to the commission. All tickets validated by a retailer
19 must be paid by that retailer.

20 (3) If a claim of less than \$600 is presented to a retailer, the retailer must validate the
21 claim, and, if determined to be a winning ticket, make payment of the amount due the claimant.

22 (4) To claim a draw game prize of \$600 or more, the claimant shall present the
23 winning draw game ticket to the commission. For purposes of this provision, the term

1 "commission" includes claim centers located throughout Texas. In connection with
2 certain draw games, the top-level prizes must be claimed at commission headquarters. For any
3 claim presented to the commission, the claimant shall follow all procedures of the commission
4 related to claiming a prize, including but not limited to filling out a claim form, presenting
5 appropriate identification as required, completing the back of the ticket, and submitting these
6 items including the apparent winning ticket to the commission by mail or in person. Upon
7 validation of the ticket as a winning ticket, the commission shall pay the claimant the amount
8 due in accordance with commission procedures. If the ticket is determined to be a non-winning
9 ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be
10 returned to the claimant.

11 (5) Before paying any prize, claim center personnel shall validate the winning ticket
12 according to established validation requirements and procedures.

13 (6) All prizes shall be subject to tax withholding, offsets, and other withholdings as
14 provided by law.

15 (7) If a person is indebted or owes delinquent taxes to the state, other than those specified
16 in paragraph (6) of this subsection, the winnings of a person shall be withheld until the debt or
17 taxes are paid.

18 (8) When paying a prize of \$600 or more, the commission shall file the appropriate
19 income reporting form with the Internal Revenue Service.

20 (9) Payment of a prize will be made to the bearer of the validated winning ticket for that
21 prize upon presentation of proper identification following the completion of all procedures of the
22 commission related to claiming a prize.

1 (10) The commission shall recognize only one person as claimant of a particular prize. A
2 claim may be made in the name of a person other than an individual only if the person possesses
3 a federal employer identification number (FEIN) issued by the Internal Revenue Service and
4 such number is shown on the claim form. Groups, family units, clubs, organizations, or other
5 persons without an FEIN shall designate one individual in whose name the claim is to be filed. If
6 a claim is erroneously entered with multiple claimants, the claimants shall designate one of them
7 as the individual recipient of the prize, or, if they fail to designate an individual recipient, the
8 director may designate any one of the claimants as the sole recipient. In either case, the claim
9 shall then be considered as if it were originally entered in the name of the designated individual
10 and payment of any prizes won shall be made to that single individual. Once a ticket is submitted
11 as a claim, it will not be returned to the winner.

12 (11) The executive director has discretion to set a maximum total cash amount or
13 maximum payment time period for each prize level.

14 (e) Validation requirements.

15 (1) To be a valid winning draw game ticket, all of the following conditions must be met.

16 (A) All printing on the ticket shall be present in its entirety, be legible, and
17 correspond, using the computer validation file, to the combination and data printed on the ticket.
18 The ticket must have been produced prior to the drawing.

19 (B) The ticket shall not be mutilated, altered, unreadable, reconstituted,
20 misregistered, defective, incomplete, or tampered with in any manner.

21 (C) The ticket shall not be counterfeit or forged, in whole or in part, or an exact
22 duplicate of another winning ticket.

1 (D) The ticket must have been issued by an authorized retailer in an authorized
2 manner on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved
3 by the commission, printed on paper stock or otherwise issued in a manner approved by the
4 commission to provide tangible evidence of participation in a lottery game.

5 (E) The ticket shall not be stolen. Neither the commission nor its retailers
6 shall be responsible for the payment of prizes for lost or stolen tickets.

7 (F) The ticket shall not have been previously paid.

8 (G) The ticket data shall have been recorded on the central computer
9 system prior to the drawing, and the ticket data must match the computer record data in every
10 respect.

11 (H) The ticket shall pass all other confidential security checks of the
12 commission.

13 (2) The commission may pay the prize for a draw game ticket that is partially mutilated
14 or not intact if the ticket can still be validated by the other validation requirements.

15 (3) Liability for void tickets, if any, is limited to the replacement of ticket or refund
16 of the sales price.

17 (4) A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a
18 playslip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of
19 numbers selected.

20 (5) In submitting an official draw game ticket for validation, the player agrees to abide by
21 applicable laws, all commission rules, regulations, policies, directives, instructions, conditions,
22 procedures, and final decisions of the executive director.

1 (6) All prizes shall be subject to tax withholdings, offsets, and other withholdings as
2 provided by law.

3 (f) Payment of prizes by retailers.

4 (1) A retailer may pay to the ticket bearer game prizes of \$599 or less for any valid
5 claims presented to that retailer. All tickets validated by a retailer must be paid by that retailer.
6 These prizes may be paid during normal business hours of a retailer, provided the lottery gaming
7 system is operational and claims can be validated. The on-line retailer shall not charge the
8 claimant any fee for payment of the prize or for cashing a business check drawn on the licensed
9 retailer's account.

10 (2) Retailers may pay prizes in cash or by certified check, cashier's check, or money
11 order. Retailers may also pay prizes by business check if acceptable to the claimant. If a retailer
12 decides to pay a prize with a business check, the retailer shall inform the claimant prior to ticket
13 validation. A retailer that pays a prize with a check that is dishonored may be subject to
14 suspension or revocation of its license.

15 (g) Payment of prize awarded to minor.

16 (1) A person 18 years of age or older may purchase a ticket to give as a gift to another
17 person, including a minor.

18 (2) If a minor is entitled to a cash prize of less than \$600, the commission shall deliver to
19 an adult member of the minor's family or to the minor's guardian a check or warrant in the
20 amount of the prize payable to the order of the minor.

21 (3) If a minor is entitled to a cash prize of more than \$600, the commission shall deposit
22 the amount of the prize in a custodial bank account, with an adult member of the minor's family
23 or the minor's guardian serving as custodian for the minor.

1 (4) If a minor is entitled to a prize other than money, the commission shall pay the cash
2 equivalent of such prize in the manner provided by paragraphs (2) and (3) of this subsection.

3 (5) A retailer is not authorized to pay a prize claimed by a minor.

4 (h) Game termination and prize claim period.

5 (1) The executive director or his/her designee, at any time, may announce the termination
6 date for a draw game. If this occurs, no tickets for that draw game shall be sold past the
7 termination date.

8 (2) Draw game prizes shall be claimed no later than 180 days after the applicable draw
9 date of the draw game. In the event any player who has a valid winning ticket does not claim the
10 prize within 180 days after the drawing in which the prize was won, the prize amount shall be
11 deposited in accordance with Government Code, §466.408.

12 §401.307. "Pick 3" Draw Game Rule.

13 (a) Pick 3. The executive director is authorized to conduct a game known as "Pick 3." The
14 executive director may issue further directives and procedures for the conduct of Pick 3 that are
15 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this
16 title (relating to Draw Game Rules (General)).

17 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
18 General Definitions), and unless the context in this rule otherwise requires, the following
19 definitions apply.

20 (1) Play--A play other than a Sum It Up play consists of:

21 (A) the selection of a play type;

22 (B) the selection of a Pick 3 base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;

23 (C) the selection of a draw date and time;

1 (D) the selection of numbers in accordance with subsection (c) of this section; and

2 (E) the purchase of a ticket evidencing those selections.

3 (2) Sum It Up Play--A Sum It Up play consists of:

4 (A) the selection of the Sum It Up play type in connection with an exact order
5 play, an any order play, an exact order/any order play, or a combo play;

6 (B) the selection of a Sum It Up base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;

7 and

8 (C) the purchase of a ticket evidencing those selections.

9 (3) Playboard--A panel on a playslip containing three fields of numbers for use in
10 selecting numbers for a Pick 3 play, with each field of numbers containing the numbers 0, 1, 2, 3,
11 4, 5, 6, 7, 8 and 9.

12 (4) Playslip--An optically readable card issued by the commission for use in making
13 selections for one or more Pick 3 plays.

14 (c) Play types.

15 (1) Pick 3 may include the following play types: exact order, any order, exact/any order,
16 combo, and Sum It Up.

17 (A) An "exact order" play is a winning play if the player's three single-digit
18 numbers match in exact order the three single-digit numbers drawn in the applicable drawing.

19 (B) An "any order" play is a winning play if the player's three single-digit
20 numbers match in any order the three single-digit numbers drawn in the applicable drawing.

21 (C) An "exact order/any order" play is a winning play if either the player's three
22 single-digit numbers match in exact order the numbers drawn in the applicable drawing or the

1 player's three single-digit numbers match in any order the numbers drawn in the applicable
2 drawing.

3 (i) An exact order/any order play is a 3-way play when exact order/any
4 order play is selected as the play type in connection with a set of three single-digit numbers that
5 includes two occurrences of one single-digit number and one occurrence of one other single-digit
6 number. An exact order/3-way any order play involves three possible winning combinations.

7 (ii) An exact order/any order play is a 6-way play when exact order/any
8 order play is selected as the play type in connection with a set of three single-digit numbers that
9 includes a single occurrence of three different single-digit numbers. An exact order/6-way any
10 order play involves six possible winning combinations.

11 (iii) An exact order/any order play is not permitted in connection with a
12 set of numbers that includes three occurrences of one single-digit number.

13 (D) A "combo" play combines all of the possible straight (exact) plays that can be
14 played with the three single-digit numbers selected for the play.

15 (i) A combo play may be a 3-way combo play or a 6-way combo play.

16 (ii) 3-way combo play is a combo play in connection with a set of three
17 single-digit numbers that includes two occurrences of one single-digit number and one
18 occurrence of one other single-digit number. A 3-way combo play involves three possible
19 winning combinations.

20 (iii) 6-way combo play is a combo play in connection with a set of three
21 single-digit numbers that includes a single occurrence of three different single-digit numbers. A
22 6-way combo play involves six possible winning combinations.

1 (iv) Combo play is not permitted in connection with a set of numbers that
2 includes three occurrences of one single-digit number.

3 (E) A Sum It Up play is a winning play if the sum of the player's three single-digit
4 numbers is the same as the sum of the three single-digit numbers drawn in the applicable
5 drawing. A Sum It Up play must occur in connection with a play of some other play type.

6 (2) The executive director may allow or disallow any type of play described in this
7 subsection.

8 (d) Plays and tickets.

9 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
10 license. A ticket sold by a person other than a retailer is not valid.

11 (2) A Pick 3 play involves the selection of three single-digit numbers, with each selected
12 from the numbers 0, 1, 2, 3, 4, 5, 6, 7, 8, and 9.

13 (3) The cost of an exact order play is the same as the Pick 3 base play amount selected for
14 the play.

15 (4) The cost of an any order play is the same as the Pick 3 base play amount selected for
16 the play.

17 (5) The cost of an exact order/any order play is:

18 (A) \$1 if the Pick 3 base play amount selected for the play is \$.50;

19 (B) \$2 if the Pick 3 base play amount selected for the play is \$1;

20 (C) \$4 if the Pick 3 base play amount selected for the play is \$2;

21 (D) \$6 if the Pick 3 base play amount selected for the play is \$3;

22 (E) \$8 if the Pick 3 base play amount selected for the play is \$4; or

23 (F) \$10 if the Pick 3 base play amount selected for the play is \$5.

1 (6) The cost of a combo play is determined by multiplying the Pick 3 base play amount
2 selected for the play by the number of winning combinations possible with the three single-digit
3 numbers selected for the play.

4 (7) The cost of a Sum It Up play is the same as the Sum It Up base pay amount selected
5 for the Sum It Up play. The cost of a Sum It Up play is in addition to the cost of the connected
6 Pick 3 play.

7 (8) The cost of a ticket is determined by the total cost of the plays evidenced by the
8 ticket.

9 (9) A player may complete up to five playboards on a single playslip.

10 (10) Acceptable methods to select numbers for a play may include:

11 (A) using a self-service terminal;

12 (B) using a playslip;

13 (C) requesting a retailer to use Quick Pick;

14 (D) requesting a retailer to manually enter numbers;

15 (E) using a previously-generated "Pick 3" ticket provided by the player; or

16 (F) using a QR code generated through a Texas Lottery Mobile Application
17 offered and approved by the commission.

18 (11) Acceptable methods to select the play type, base play amount, and draw date and
19 time for a play may include:

20 (A) using a self-service terminal;

21 (B) using a playslip;

22 (C) requesting a retailer to manually enter the selections;

23 (D) using a previously-generated "Pick 3" ticket provided by the player; or

1 (E) using a QR code generated through a Texas Lottery Mobile Application
2 offered and approved by the commission.

3 (12) Playslips must be completed manually. A ticket generated from a playslip that was
4 not completed manually, or using a selection method that is not approved by the commission, is
5 not valid.

6 (13) A retailer may only accept a request for a play using a commission-approved method
7 of play, and if the request is made in person.

8 (14) Consecutive plays.

9 (A) player may purchase one or more plays for any one or more of the next 24
10 drawings after the purchase and may purchase up to 24 consecutive plays for a particular
11 drawing time.

12 (15) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show
13 the numbers, play type and base play amount selected for each play; the number of plays, the
14 draw date(s) for which the plays were purchased; and the security and transaction serial numbers.
15 Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale
16 systems approved by the commission, printed on paper stock or otherwise issued in a manner
17 approved by the commission to provide tangible evidence of participation in a lottery game.

18 (16) A playslip has no monetary value and is not evidence of a play.

19 (17) The purchaser is responsible for verifying the accuracy of the numbers and other
20 selections shown on a ticket.

21 (18) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
22 ticket meets all applicable validation requirements.

23 (e) Cancellation of plays.

1 (1) A retailer may cancel a Pick 3 play only in accordance with the following provisions:

2 (A) The ticket evidencing the play must have been sold at the retail location at
3 which it is cancelled;

4 (B) The retailer must have possession of the ticket evidencing the play;

5 (C) All Pick 3 plays evidenced by a single ticket must be cancelled;

6 (D) Cancellation may occur no later than 60 minutes after sale of the ticket
7 evidencing the play;

8 (E) Cancellation must occur before the beginning of the next draw break after the
9 sale of the ticket evidencing the play; and

10 (F) Cancellation must occur before midnight on the day the ticket evidencing the
11 play was sold.

12 (2) A retailer must retain the ticket and the cancellation receipt for the play(s) evidenced
13 by that ticket for at least 30 days after the cancellation.

14 (f) Drawings.

15 (1) Pick 3 drawings shall be held four times a day, Monday through Saturday, at 10:00
16 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. The executive director may change the
17 drawing schedule, if necessary.

18 (2) At each Pick 3 drawing, three single-digit numbers shall be drawn. Each single-digit
19 number will be drawn from a set that includes a single occurrence of all ten single-digit numbers
20 (0, 1, 2, 3, 4, 5, 6, 7, 8, and 9).

21 (3) Numbers drawn and the order in which the numbers are drawn must be certified by
22 the commission in accordance with the commission's draw procedures.

1 (4) The numbers selected in a drawing and the order of the numbers selected in the
2 drawing shall be used to determine all winners for that drawing.

3 (5) Each drawing shall be witnessed by an independent certified public accountant. All
4 drawing equipment used shall be examined by a lottery drawing representative and the
5 independent certified public accountant immediately before each drawing and immediately after
6 each drawing.

7 (g) Prizes.

8 (1) Prize payments shall be made upon completion of commission validation procedures.

9 (2) A person may win only one prize per play per drawing. A player who holds a valid
10 ticket for a winning play is entitled to the highest prize for that play.

11 (3) A Sum It Up play is a separate play from the exact order play, any order play, exact
12 order/any order play, or combo play with which it is connected.

13 (4) The executive director may temporarily increase any prize set out in this paragraph
14 for promotional or marketing purposes.

15 (5) A person who holds a valid ticket for a winning exact order play is entitled to a prize
16 as shown.

17 Figure: 16 TAC §401.307(g)(5)

Pick 3 Prize Chart	
Exact Order Play	
Cost of Play	Prize
\$.50	\$250
\$1	\$500
\$2	\$1,000
\$3	\$1,500
\$4	\$2,000
\$5	\$2,500

18 Odds: 1:1,000

1 (6) A person who holds a valid ticket for a winning 3-way any order play is entitled to a
2 prize as shown.

3

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1 Figure: 16 TAC §401.307(g)(6)
2

**Pick 3 Prize Chart
3-Way Any Order Play**

Cost of Play	Prize
\$.50	\$80
\$1	\$160
\$2	\$320
\$3	\$480
\$4	\$640
\$5	\$800

3 Odds: 1:333

4 (7) A person who holds a valid ticket for a winning 6-way any order play is entitled to a
5 prize as shown.

6 Figure: 16 TAC §401.307(g)(7)
7

**Pick 3 Prize Chart
6-Way Any Order Play**

Cost of Play	Prize
\$.50	\$40
\$1	\$80
\$2	\$160
\$3	\$240
\$4	\$320
\$5	\$400

8 Odds: 1:167

9 (8) A person who holds a valid ticket for a winning exact order/3-way any order play is
10 entitled to a prize as shown.

11 Figure: 16 TAC §401.307(g)(8)
12
13

1

Pick 3 Prize Chart
Exact Order/3-Way Any Order Play

Pick 3 Base Play		Exact Order	Match Not in
Amount	Cost of Play	Match	Exact Order
\$.50	\$1	\$330	\$80
\$1	\$2	\$660	\$160
\$2	\$4	\$1,320	\$320
\$3	\$6	\$1,980	\$480
\$4	\$8	\$2,640	\$640
\$5	\$10	\$3,300	\$800

2

Odds: 1:333

3

(9) A person who holds a valid ticket for a winning exact order/6-way any order play is

4

entitled to a prize as shown.

5

Figure: 16 TAC §401.307(g)(9)

6

Pick 3 Prize Chart
Exact Order/6-Way Any Order Play

Pick 3 Base Play		Exact Order	Match Not in
Amount	Cost of Play	Match	Exact Order
\$.50	\$1	\$290	\$40
\$1	\$2	\$580	\$80
\$2	\$4	\$1,160	\$160
\$3	\$6	\$1,740	\$240
\$4	\$8	\$2,320	\$320
\$5	\$10	\$2,900	\$400

7

Odds: 1:167

8

(10) A person who holds a valid ticket for a winning combo play is entitled to a prize as

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shown.

10

1 Figure: 16 TAC §401.307(g)(10)

Pick 3 Prize Chart

Pick 3 Base Play	Combo Play		Prize
	Cost of 3-Way	Cost of 6-Way	
Amount	Play	Play	
\$0.50	\$1.50	\$3	\$250
\$1	\$3	\$6	\$500
\$2	\$6	\$12	\$1,000
\$3	\$9	\$18	\$1,500
\$4	\$12	\$24	\$2,000
\$5	\$15	\$30	\$2,500

2 Odds 3-Way: 1:333

3 Odds 6-Way: 1:167

4 (11) A person who holds a valid ticket for a winning Sum It Up play is entitled to a prize
 5 as shown. A Sum It Up prize is in addition to a prize, if any, for the exact order play, any order
 6 play, exact order/any order play, or combo play to which the Sum It Up play is connected.

7 Figure: 16 TAC §401.307(g)(11)

Pick 3 Prize Chart

Sum it Up

Sum Picked	Cost of Sum it Up	Cost of Sum it Up	Cost of Sum it Up	Cost of Sum it Up	Cost of Sum it Up	Cost of Sum it Up	Odds
	Play =	Play =	Play =	Play =	Play =	Play =	
0 or 27	\$0.50	\$1	\$2	\$3	\$4	\$5	1:1,000
1 or 26	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	1:1,000
2 or 25	\$83	\$166	\$333	\$500	\$666	\$833	1:333
3 or 24	\$41	\$83	\$166	\$250	\$333	\$416	1:167
4 or 23	\$25	\$50	\$100	\$150	\$200	\$250	1:100
5 or 22	\$16	\$33	\$66	\$100	\$133	\$166	1:67
6 or 21	\$11	\$23	\$47	\$71	\$95	\$119	1:48
7 or 20	\$8	\$17	\$35	\$53	\$71	\$89	1:36
8 or 19	\$6	\$13	\$27	\$41	\$55	\$69	1:28
9 or 18	\$5	\$11	\$22	\$33	\$44	\$55	1:22
10 or 17	\$4	\$9	\$18	\$27	\$36	\$45	1:18
11 or 16	\$3	\$7	\$15	\$23	\$31	\$39	1:16
	\$3	\$7	\$14	\$21	\$28	\$36	1:14

1	12 or 15	\$3	\$6	\$13	\$20	\$27	\$34	1:14
2	13 or 14	\$3	\$6	\$13	\$20	\$26	\$33	1:13

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4 **Note: The cost of a Sum it Up play is in addition to the cost of the**
5 **connected play. For example, if a player selects a 3-Way Combo play for a**
6 **base play amount of \$1, the cost of the combo play would be \$3. If the**
7 **player chose to play Sum it Up for a base play amount of \$.50, the cost of**
8 **the two plays together would be \$3.50.**

9 (h) The executive director may authorize promotions in connection with Pick 3.

10 (i) Announcement of incentive or bonus program. The executive director shall announce each
11 incentive or bonus program prior to its commencement. The announcement shall specify the
12 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
13 award.

14 §401.308."Cash Five" Draw Game Rule.

15 (a) Cash Five. A Texas Lottery draw game to be known as "Cash Five" is authorized to be
16 conducted by the executive director under the following rules and under such further instructions
17 and directives as the executive director may issue in furtherance thereof. If a conflict arises
18 between this rule and §401.304 of this title (relating to Draw Game Rules (General)), this section
19 shall have precedence.

20 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
21 General Definitions), and unless the context in this rule otherwise requires, the following
22 definitions apply.

23 (1) Advance Play--A player may purchase a Cash Five ticket for any of the five Cash
24 Five drawings immediately following the current drawing. Example: On Monday, before the

1 drawing, a Cash Five ticket can be purchased for Tuesday, Wednesday, Thursday, Friday, or
2 Saturday drawings.

3 (2) Multi-draw--A player may purchase a Cash Five ticket for up to 12 consecutive
4 drawings beginning with the current draw.

5 (3) Number--Any play integer from one through 37 inclusive.

6 (4) Play--The five numbers selected on each play board and printed on the ticket.

7 (5) Play board--A field of the 37 numbers found on the playslip.

8 (6) Playslip--An optically readable card issued by the commission used by players of
9 Cash Five to select plays. There shall be five play boards on each playslip identified as A, B, C,
10 D, and E. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase
11 or of numbers selected.

12 (c) Price of ticket. The price of each Cash Five play shall be \$1.00. Multiple draws are available
13 for up to 12 consecutive draws beginning with the current draw. A player may purchase a Cash
14 Five ticket for advance play.

15 (d) Play for Cash Five.

16 (1) Type of play. A Cash Five player must select five numbers in each play or allow
17 number selection by a random number generator approved by the commission, referred to as
18 Quick Pick. A winning play is achieved only when two, three, four, or five of the numbers
19 selected by the player match, in any order, two, three, four, or five, respectively, of the five
20 winning numbers drawn by the lottery.

21 (2) Method of play. The player may use playslips, or other commission-approved method
22 of play, to make number selections. A ticket generated using a selection method that is not

1 approved by the commission is not valid. A selection of a play may be made only if the request is
2 made in person. Acceptable methods to select numbers for a play may include:

3 (A) using a self-service terminal;

4 (B) using a playslip;

5 (C) using a previously-generated "Cash Five" ticket provided by the player;

6 (D) requesting a retailer to use Quick Pick;

7 (E) requesting a retailer to manually enter numbers; or

8 (F) using a QR code generated through a Texas Lottery Mobile Application
9 offered and approved by the commission.

10 (3) One prize per play. The holder of a winning ticket may win only one prize per play in
11 connection with the winning numbers drawn and shall be entitled only to the highest prize
12 category won by those numbers.

13 (e) Prizes for Cash Five.

14 (1) Prize amounts. The first, second, and third prize amounts, for each drawing, paid to
15 each Cash Five player who selects a matching combination of numbers will vary due to a pari-
16 mutuel calculation. The calculation of a prize shall be rounded down so that prizes can be paid in
17 multiples of whole dollars. Each prize category breakage will carry forward to the next drawing
18 for each respective prize category. The prize amounts are based on the total amount in the prize
19 category for that Cash Five drawing distributed equally over the number of matching
20 combinations in each prize category. The fourth prize is a guaranteed \$2 prize.

21 Figure: 16 TAC §401.308(e)(1)

22 Prize Amounts

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Matching Combinations	Prize Category	Odds of Winning
All five matching numbers in one play	First Prize	1:435,897
Any four, but not five matching numbers in one play	Second Prize	1:2,724
Any three, but not four or five matching numbers in one play	Third Prize	1:88
Any two, but not three, four or five, matching numbers in one play.	Fourth Prize	1:9

(2) Prize pool. The prize pool for Cash Five prizes shall be a minimum of 50% of Cash Five sales. This pool will be allocated into two components. The first component consists of the funds necessary to pay all the fourth prize category \$2 prize winners. The first component is obtained by an allocation from the Cash Five prize pool to the fourth prize category so that all of the fourth prize category shares will each receive the guaranteed \$2 prize. The second component contains the remaining prize pool funds after subtraction of the first component allocation and will be referred to as the "residual prize pool". The residual prize pool will be allocated to the first, second, and third prize categories according to the percentages applicable for each prize category.

1 (3) Prize categories.

2 (A) First prize--The prize amount shall be calculated by dividing the prize
3 category contributions by the number of shares for the prize category. A share is the matching
4 combination, in one play, of all five numbers of the five numbers drawn (in any order). Each first
5 prize will be paid in one lump-sum payment. The five-of-five first prize of \$600 to \$2,500,000
6 must be claimed at a Lottery claim center. Five-of-five prizes of over \$2,500,000 must be
7 claimed at the commission headquarters in Austin. The total prize category contribution for a
8 drawing will include the following:

9 (i) The direct prize category contribution shall be 40.15% of the residual
10 prize pool for the drawing.

11 (ii) If the first prize is not won by a Cash Five player from the drawing,
12 the direct prize category contribution will roll into the second prize category.

13 (B) Second prize--The prize amount shall be calculated by dividing the prize
14 category contributions by the number of shares for the prize category. A share is the matching
15 combination, in one play, of any four of the five numbers drawn (in any order). The total prize
16 category contribution will include the following:

17 (C) Third prize--The prize amount shall be calculated by dividing the prize
18 category contributions by the number of shares for the prize category. A share is the matching
19 combination, in one play, of any three of the five numbers drawn (in any order). The total prize
20 category contribution will include the following:

21 (i) The direct prize category contribution shall be 41.77% of the residual
22 prize pool for the drawing.

1 (ii) If the third prize is not won by a Cash Five player from the drawing,
2 the direct prize category contribution will carry forward to the prize pool for the next drawing.

3 (D) Fourth prize--The prize amount is a guaranteed \$2.

4 (f) Ticket purchases.

5 (1) Cash Five tickets may be purchased only at a licensed location from a lottery retailer
6 authorized to sell draw game tickets.

7 (2) Cash Five tickets shall show the player's selection of numbers, or Quick Pick (QP)
8 numbers, boards played, drawing date, and serial numbers.

9 (3) It shall be the exclusive responsibility of the player to verify the accuracy of the
10 player's selection(s) and other data printed on the ticket. A ticket is a bearer instrument until
11 signed.

12 (4) Except as provided in subsection (d)(2) of this section, Cash Five tickets must be
13 purchased using official Cash Five playslips. Playslips which have been mechanically completed
14 are not valid. Cash Five tickets must be printed on official Texas Lottery paper stock or, for
15 third-party point-of-sale systems approved by the commission, printed on paper stock or
16 otherwise issued in a manner approved by the commission to provide tangible evidence of
17 participation in a lottery game. Cash Five tickets must be purchased at a licensed location
18 through an authorized retailer's terminal.

19 (g) Drawings.

20 (1) The Cash Five drawings shall be held each week on Monday, Tuesday, Wednesday,
21 Thursday, Friday, and Saturday evenings at 10:12 p.m. Central Time except that the drawing
22 schedule may be changed by the executive director, if necessary.

23 (2) The drawings will be conducted by lottery officials.

1 (3) Each drawing shall determine, at random, five winning numbers in accordance with
2 Cash Five draw procedures. Any numbers drawn are not declared winning numbers until the
3 drawing is certified by the lottery in accordance with the draw procedures. The winning numbers
4 shall be used in determining all Cash Five winners for that drawing.

5 (4) Each drawing shall be witnessed by an independent certified public accountant. All
6 drawing equipment used shall be examined by a lottery drawing representative and the
7 independent certified public accountant immediately prior to a drawing and immediately after the
8 drawing.

9 (5) A drawing will not be invalidated based on the financial liability of the lottery.

10 (h) The executive director may authorize promotions in connection with Cash Five.

11 (i) Announcement of incentive or bonus program. The executive director shall announce each
12 incentive or bonus program prior to its commencement. The announcement shall specify the
13 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
14 award.

15 §401.312. "Texas Two Step" Draw Game Rule.

16 (a) Texas Two Step. The executive director is authorized to conduct a game known as "Texas
17 Two Step." The executive director may issue further directives for the conduct of Texas Two
18 Step that are consistent with this rule. In the case of conflict, this rule takes precedence over
19 §401.304 of this title (relating to Draw Game Rules (General)).

20 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
21 General Definitions), and unless the context in this rule otherwise requires, the following
22 definitions apply.

1 (1) Play--The selection of four different numbers from one through 35 and the selection
2 of an additional number from one through 35 for one opportunity to win in Texas Two Step, and
3 the purchase of a ticket evidencing that selection.

4 (2) Playboard--Two fields on a playslip, each with 35 numbers, for use in selecting
5 numbers for a Texas Two Step play.

6 (3) Playslip--An optically readable card issued by the commission for use in selecting
7 numbers for one or more Texas Two Step plays.

8 (4) Roll cycle--A series of one or more drawings that ends when there is a drawing for
9 which one or more tickets are sold that match, in accordance with the provisions of subsection
10 (e)(1)(A) of this section, the numbers drawn in the drawing. A new roll cycle begins with the
11 next drawing after a drawing for which one or more jackpot tickets are sold that match, in
12 accordance with the provisions of subsection (e)(1)(A) of this section, the numbers drawn in the
13 drawing.

14 (c) Plays and tickets.

15 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
16 license. A ticket sold by a person other than a retailer is not valid.

17 (2) The price of a play is \$1.

18 (3) A player may complete up to five playboards on a single playslip.

19 (4) A player may use a single playslip, or other commission-approved method of play, to
20 purchase the same play(s) for up to 10 consecutive drawings, to begin with the next drawing
21 after the purchase.

22 (5) Acceptable methods to select a play may include:

23 (A) using a self-service terminal;

- 1 (B) using a playslip;
- 2 (C) requesting a retailer to use Quick Pick;
- 3 (D) requesting a retailer to manually enter numbers;
- 4 (E) using a previously-generated "Texas Two Step" ticket provided by the player;

5 or

- 6 (F) using a QR code generated through a Texas Lottery Mobile Application
- 7 offered and approved by the commission.

8 (6) Playslips must be completed manually. A ticket generated from a playslip that was
9 not completed manually, or using a selection method that is not approved by the commission, is
10 not valid.

11 (7) A retailer may only accept a request for a play using a commission-approved method
12 of play, and if the request is made in person.

13 (8) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the
14 numbers selected for each play, the number of plays, the draw date(s) for which the plays were
15 purchased, and the security and transaction serial numbers. Tickets must be printed on official
16 Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission,
17 printed on paper stock or otherwise issued in a manner approved by the commission to provide
18 tangible evidence of participation in a lottery game.

19 (9) A playslip has no monetary value and is not evidence of a play.

20 (10) The purchaser is responsible for verifying the accuracy of the numbers and other
21 selections shown on a ticket.

22 (11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
23 ticket meets all applicable validation requirements.

1 (d) Drawings.

2 (1) Texas Two Step drawings shall be held each week on Monday and Thursday at 10:12
3 p.m. Central Time. The executive director may change the drawing schedule, if necessary.

4 (2) At each Texas Two Step drawing, the commission shall draw four different numbers
5 from a set of numbers from one through 35, and the commission shall draw a single number from
6 a separate set of numbers from one through 35.

7 (3) Numbers drawn must be certified by the commission in accordance with the
8 commission's draw procedures.

9 (4) The numbers selected in a drawing shall be used to determine all winners for that
10 drawing.

11 (5) Each drawing shall be witnessed by an independent certified public accountant. All
12 drawing equipment used shall be examined by a lottery drawing representative and the
13 independent certified public accountant immediately before each drawing and immediately after
14 each drawing.

15 (e) Prizes.

16 (1) Jackpot prize (first prize).

17 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
18 share of the jackpot prize (first prize) for a drawing if:

19 (i) the four numbers the player selected from a field of 35 numbers match
20 (in any order) the four numbers selected from a set of 35 numbers at the drawing; and

21 (ii) the single number the player selected from a field of 35 numbers
22 matches the single number selected from a set of 35 numbers at the drawing.

1 (B) The jackpot prize for a Texas Two Step drawing is the amount the
2 commission establishes and authorizes vendors to publicize for the drawing.

3 (C) If 23.78 percent of Texas Two Step sales proceeds for a roll cycle are not
4 sufficient to pay a jackpot prize, the commission shall use remaining funds in the Texas Two
5 Step prize reserve fund to pay the prize. If 23.78 percent of Texas Two Step sales proceeds for a
6 roll cycle and any remaining funds in the Texas Two Step prize reserve fund are not sufficient to
7 pay a jackpot prize, the commission shall use funds from other authorized sources, including the
8 State Lottery Account established by Government Code §466.355, to pay the prize.

9 (2) Second prize.

10 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
11 share of the second prize for a drawing if:

12 (i) the four numbers the player selected from a field of 35 numbers match
13 (in any order) the four numbers selected from a set of 35 numbers at the drawing; and

14 (ii) the single number the player selected from a field of 35 numbers does
15 not match the single number selected from a set of 35 numbers at the drawing.

16 (B) The second prize consists of 2.79 percent of the proceeds from Texas Two
17 Step ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
18 paragraph.

19 (C) A payment made to a person for a share of the second prize for a drawing
20 shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be
21 rounded up to the nearest whole dollar amount.

22 (D) Any part of the second prize for a drawing that is not paid in prizes shall be
23 carried forward and shall become part of the second prize for the next drawing.

1 (3) Third prize.

2 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
3 share of the third prize for a drawing if:

4 (i) three of the four numbers the player selected from a field of 35
5 numbers match (in any order) three of the four numbers selected from a set of 35 numbers at the
6 drawing; and

7 (ii) the single number the player selected from a field of 35 numbers
8 matches the single number selected from a set of 35 numbers at the drawing.

9 (B) The third prize consists of 0.34 percent of the proceeds from Texas Two Step
10 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
11 paragraph.

12 (C) A payment made to a person for a share of the third prize for a drawing shall
13 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
14 up to the nearest whole dollar amount.

15 (D) Any part of the third prize for a drawing that is not paid in prizes shall be
16 carried forward and shall become part of the third prize for the next drawing.

17 (4) Fourth prize.

18 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
19 share of the fourth prize for a drawing if:

20 (i) three of the four numbers the player selected from a field of 35
21 numbers match (in any order) three of the four numbers selected at the drawing from a set of 35
22 numbers; and

1 (ii) the single number the player selected from a field of 35 numbers does
2 not match the single number selected from a set of 35 numbers at the drawing.

3 (B) The fourth prize consists of 4.60 percent of the proceeds from Texas Two
4 Step ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
5 paragraph.

6 (C) A payment made to a person for a share of the fourth prize for a drawing shall
7 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
8 up to the nearest whole dollar amount.

9 (D) Any part of the fourth prize for a drawing that is not paid in prizes shall be
10 carried forward and shall become part of the fourth prize for the next drawing.

11 (5) Fifth prize.

12 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
13 share of the fifth prize for a drawing if:

14 (i) two of the four numbers the player selected from a field of 35 numbers
15 match (in any order) two of the four numbers selected from a set of 35 numbers at the drawing;
16 and

17 (ii) the single number the player selected from a field of 35 numbers
18 matches the single number selected from a set of 35 numbers at the drawing.

19 (B) The fifth prize consists of 3.04 percent of the proceeds from Texas Two Step
20 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
21 paragraph.

1 (C) A payment made to a person for a share of the fifth prize for a drawing shall
2 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
3 up to the nearest whole dollar amount.

4 (D) Any part of the fifth prize for a drawing that is not paid in prizes shall be
5 carried forward and shall become part of the fifth prize for the next drawing.

6 (6) Sixth prize.

7 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
8 \$7 prize for a drawing if:

9 (i) one of the four numbers the player selected from a field of 35 numbers
10 matches one of the four numbers selected from a set of 35 numbers at the drawing; and

11 (ii) the single number the player selected from a field of 35 numbers
12 matches the single number selected from a set of 35 numbers at the drawing.

13 (B) If 6.87 percent of sales proceeds for the drawing are not sufficient to pay all
14 of the sixth prizes for that drawing, the commission shall use remaining funds in the Texas Two
15 Step prize reserve fund to pay the prizes. If 6.87 percent of sales proceeds for a drawing and any
16 remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay all of the sixth
17 prizes for a drawing, the commission shall use funds from other authorized sources, including the
18 State Lottery Account established by Government Code §466.355, to pay the prize.

19 (C) To the extent that the total amount of sixth prizes for a Texas Two Step
20 drawing is less than 6.87 percent of the proceeds from ticket sales for the drawing, the difference
21 shall be carried forward to fund future sixth prize payments.

22 (7) Seventh prize.

1 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
2 \$5 prize for a drawing if:

3 (i) none of the four numbers the player selected from a field of 35 numbers
4 match any of the four numbers selected from a set of 35 numbers at the drawing; and

5 (ii) the single number the player selected from a field of 35 numbers
6 matches the single number selected from a set of 35 numbers at the drawing.

7 (B) If 8.58 percent of sales proceeds for the drawing are not sufficient to pay all
8 of the seventh prizes for that drawing, the commission shall use remaining funds in the Texas
9 Two Step prize reserve fund to pay the prizes. If 8.58 percent of sales proceeds for a drawing and
10 any remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay all of the
11 seventh prizes for a drawing, the commission shall use funds from other authorized sources,
12 including the State Lottery Account established by Government Code §466.355, to pay the prize.

13 (C) To the extent that the total amount of seventh prizes for a Texas Two Step
14 drawing is less than 8.58 percent of the proceeds from ticket sales for the drawing, the difference
15 shall be carried forward to fund future seventh prize payments.

16 (8) A person may win only one prize per play per drawing. A player who holds a valid
17 ticket for a winning play is entitled to the highest prize for that play.

18 (9) A share of a prize is determined by dividing the prize by the number of winning plays
19 for that prize.

20 (10) A Texas Two Step prize payment shall be made upon completion of commission
21 validation procedures.

22 (11) A claimant is not entitled to interest or other earnings on a prize, regardless of when
23 a claim is actually presented and regardless of when payment is made.

1 (f) Texas Two Step prize reserve fund.

2 (g) Jackpot information on commission website. After the commission has approved an
3 advertised estimated jackpot under subsection (e) of this section, the commission shall post the
4 following information on the agency website:

5 (1) the amount of ticket sales, if any, for previous drawings in the roll cycle; and

6 (2) the amount of projected ticket sales for the upcoming drawing.

7 (h) The executive director may authorize promotions in connection with Texas Two Step.

8 (i) Announcement of incentive or bonus program. The executive director shall announce each
9 incentive or bonus program prior to its commencement. The announcement shall specify the
10 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
11 award.

12 §401.316. "Daily 4" Draw Game Rule.

13 (a) Daily 4. The executive director is authorized to conduct a game known as "Daily 4." The
14 executive director may issue further directives and procedures for the conduct of Daily 4 that are
15 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this
16 title (relating to Draw Game Rules (General)).

17 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
18 General Definitions), and unless the context in this rule otherwise requires, the following
19 definitions apply.

20 (1) Play--A Daily 4 play other than a Sum It Up play consists of:

21 (A) the selection of a play type;

22 (B) the selection of a Daily 4 base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;

23 (C) the selection of a draw date and time;

1 (D) the selection of numbers in accordance with subsection (d) of this section; and
2 (E) the purchase of a ticket evidencing those selections.

3 (2) Sum It Up Play--A Sum It Up play consists of:

4 (A) the selection of the Sum It Up play type in connection with a straight play, a
5 box play, a straight/box play, a combo play, a front-pair play, a mid-pair play, or a back-pair
6 play;

7 (B) the selection of a Sum It Up base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;
8 and

9 (C) the purchase of a ticket evidencing those selections.

10 (3) Playboard--A panel on a playslip containing four fields of numbers for use in
11 selecting numbers for a Daily 4 play, with each field of numbers containing the numbers 0, 1, 2,
12 3, 4, 5, 6, 7, 8 and 9.

13 (4) Playslip--An optically readable card issued by the commission for use in making
14 selections for one or more Daily 4 plays.

15 (c) Play types.

16 (1) Daily 4 may include the following play types: straight, box, straight/box, combo,
17 front-pair, mid-pair, back-pair, and Sum It Up.

18 (A) A "straight" play is a winning play if the player's four single-digit numbers
19 match in exact order the four single-digit numbers drawn in the applicable drawing.

20 (B) A "box" play is a winning play if the player's four single-digit numbers match
21 in any order the four single-digit numbers drawn in the applicable drawing.

22 (i) A box play may be a 4-way box play, a 6-way box play, a 12-way box
23 play, or a 24-way box play.

1 (I) A box play is a 4-way box play when box play is selected as the
2 play type in connection with a set of four single-digit numbers that includes three occurrences of
3 one single-digit number and one occurrence of one other single-digit number. A 4-way box play
4 involves four possible winning combinations.

5 (II) A box play is a 6-way box play when box play is selected as
6 the play type in connection with a set of four single-digit numbers that includes two occurrences
7 of one single-digit number and two occurrences of another single-digit number. A 6-way box
8 play involves six possible winning combinations.

9 (III) A box play is a 12-way box play when box play is selected as
10 the play type in connection with a set of four single-digit numbers that includes two occurrences
11 of one single-digit number and one occurrence of two other single-digit numbers. A 12-way box
12 play involves 12 possible winning combinations.

13 (IV) A box play is a 24-way box play when box play is selected as
14 the play type in connection with a set of four single-digit numbers that includes a single
15 occurrence of four different single-digit numbers. A 24-way box play involves 24 possible
16 winning combinations.

17 (ii) Box play is not permitted in connection with a set of numbers that
18 includes four occurrences of one single-digit number.

19 (C) A "straight/box" play is a winning play either if the player's four single-digit
20 numbers match in exact order the numbers drawn in the applicable drawing or if the player's four
21 single-digit numbers match in any order the numbers drawn in the applicable drawing. The prize
22 amount is greater if the player's four single-digit numbers match in exact order the numbers
23 drawn in the applicable drawing.

1 (i) A straight/box play may be a 4-way straight/box play, a 6-way
2 straight/box play, a 12-way straight/box play, or a 24-way straight/box play.

3 (I) A straight/box play is a 4-way straight/box play when
4 straight/box play is selected in connection with a set of four single-digit numbers that includes
5 three occurrences of one single-digit number and one occurrence of one other single-digit
6 number. A 4-way straight/box play involves four possible winning combinations.

7 (II) A straight/box play is a 6-way straight/box play when
8 straight/box play is selected in connection with a set of four single-digit numbers that includes
9 two occurrences of one single-digit number and two occurrences of another single-digit number.
10 A 6-way straight/box play involves six possible winning combinations.

11 (III) A straight/box play is a 12-way straight/box play when
12 straight/box play is selected in connection with a set of four single-digit numbers that includes
13 two occurrences of one single-digit number and one occurrence of two other single-digit
14 numbers. A 12-way straight/box play involves 12 possible winning combinations.

15 (IV) A straight/box play is a 24-way straight/box play when
16 straight/box play is selected in connection with a set of four single-digit numbers that includes a
17 single occurrence of four different single-digit numbers. A 24-way straight/box play involves 24
18 possible winning combinations.

19 (ii) Straight/box play is not permitted in connection with a set of numbers
20 that includes four occurrences of one single-digit number.

21 (D) A "combo" play combines into a single play all of the possible straight plays
22 that can be played with the four single-digit numbers selected for the play.

1 (i) A combo play may be a 4-way combo play, a 6-way combo play, a 12-
2 way combo play, or a 24-way combo play.

3 (I) 4-way combo play is a combo play in connection with a set of
4 four single-digit numbers that includes three occurrences of one single-digit number and one
5 occurrence of one other single-digit number. A four-way combo play involves four possible
6 winning combinations.

7 (II) 6-way combo play is a combo play in connection with a set of
8 four single-digit numbers that includes two occurrences of one single-digit number and two
9 occurrences of another single-digit number. A six-way combo play involves six possible
10 winning combinations.

11 (III) 12-way combo play is a combo play in connection with a set
12 of four single-digit numbers that includes two occurrences of one single-digit number and one
13 occurrence of two other single-digit numbers. A 12-way combo play involves 12 possible
14 winning combinations.

15 (IV) 24-way combo play is a combo play in connection with a set
16 of four single-digit numbers that includes a single occurrence of four different single-digit
17 numbers. A 24-way combo play involves 24 possible winning combinations.

18 (ii) Combo play is not permitted in connection with a set of numbers that
19 includes four occurrences of one single-digit number.

20 (E) Pair play.

21 (i) A "front-pair" play is a winning play if the player's two single-digit
22 numbers match in exact order the first two single-digit numbers drawn in the applicable drawing.

1 (ii) A "mid-pair" play is a winning play if the player's two single-digit
2 numbers match in exact order the second and third single-digit numbers drawn in the applicable
3 drawing.

4 (iii) A "back-pair" play is a winning play if the player's two single-digit
5 numbers match in exact order the last two single-digit numbers drawn in the applicable drawing.

6 (F) A Sum It Up play is a winning play if the sum of the player's two or four
7 single-digit numbers, as applicable, is the same as the sum of the four single-digit numbers
8 drawn in the applicable drawing. A Sum It Up play must occur in connection with a play of some
9 other play type.

10 (2) The executive director may allow or disallow any type of play described in this
11 subsection.

12 (d) Plays and tickets.

13 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
14 license. A ticket sold by a person other than a retailer is not valid.

15 (2) The selection of numbers for a straight play, a box play, a straight/box play, or a
16 combo play involves the selection of four single-digit numbers, with each selected from the
17 numbers 0, 1, 2, 3, 4, 5, 6, 7, 8, and 9.

18 (3) The selection of numbers for a front-pair play, a mid-pair play, or a back-pair play
19 involves the selection of two single-digit numbers, with each selected from the numbers 0, 1, 2,
20 3, 4, 5, 6, 7, 8, and 9.

21 (4) The cost of a play varies according to the play type selected for the play and the base
22 play amount selected for the play.

1 (A) The cost of a straight play is the same as the base play amount selected for the
2 play.

3 (B) The cost of a box play is the same as the base play amount selected for the
4 play.

5 (C) The cost of a straight/box play is:

6 (i) \$1 if the base play amount selected for the play is \$.50;

7 (ii) \$2 if the base play amount selected for the play is \$1;

8 (iii) \$4 if the base play amount selected for the play is \$2;

9 (iv) \$6 if the base play amount selected for the play is \$3;

10 (v) \$8 if the base play amount selected for the play is \$4; or

11 (vi) \$10 if the base play amount selected for the play is \$5.

12 (D) The cost of a combo play is determined by multiplying the base play amount
13 selected for the play by the number of winning combinations possible with the four single-digit
14 numbers selected for the play.

15 (E) The cost of a front-pair, mid-pair, or back-pair play is the same as the base
16 play amount selected for the play.

17 (F) The cost of a Sum It Up play is the same as the Sum It Up base play amount selected
18 for the Sum It Up play. The cost of a Sum It Up play is in addition to the cost of the Daily 4 play
19 with which the Sum It Up play is connected.

20 (5) The cost of a ticket is determined by the total cost of the plays evidenced by the
21 ticket.

22 (6) A player may complete up to five playboards on a single playslip.

23 (7) Acceptable methods to select numbers for a play may include:

- 1 (A) using a self-service terminal;
- 2 (B) using a playslip;
- 3 (C) requesting a retailer to use Quick Pick;
- 4 (D) requesting a retailer to manually enter numbers;
- 5 (E) using a previously-generated "Daily 4" ticket provided by the player; or
- 6 (F) using a QR code generated through a Texas Lottery Mobile Application
- 7 offered and approved by the commission.

8 (8) Acceptable methods to select the play type, base play amount, and draw date and time
9 for a play may include:

- 10 (A) using a self-service terminal;
- 11 (B) using a playslip;
- 12 (C) requesting a retailer to manually enter the selections;
- 13 (D) using a previously-generated "Daily 4" ticket provided by the player; or
- 14 (E) using a QR code generated through a Texas Lottery Mobile Application
- 15 offered and approved by the commission.

16 (9) Playslips must be completed manually. A ticket generated from a playslip that was
17 not completed manually, or using a selection method that is not approved by the commission, is
18 not valid.

19 (10) A retailer may only accept a request for a play using a commission-approved method
20 of play, and if the request is made in person.

21 (11) A player may purchase one or more plays for any one or more of the next 24
22 drawings after the purchase and may purchase up to 24 consecutive plays for a drawing time.

1 (12) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show
2 the numbers, play type and base play amount selected for each play; the number of plays, the
3 draw date(s) for which the plays were purchased; and the security and transaction serial numbers.
4 Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale
5 systems approved by the commission, printed on paper stock or otherwise issued in a manner
6 approved by the commission to provide tangible evidence of participation in a lottery game.

7 (13) A playslip has no monetary value and is not evidence of a play.

8 (14) The purchaser is responsible for verifying the accuracy of the numbers and other
9 selections shown on a ticket.

10 (15) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
11 ticket meets all applicable validation requirements.

12 (e) Cancellation of plays. A retailer may cancel a Daily 4 play only in accordance with the
13 following provisions:

14 (1) The ticket evidencing the play must have been sold at the retail location at which it is
15 cancelled;

16 (2) The retailer must have possession of the ticket evidencing the play;

17 (3) All Daily 4 plays evidenced by a single ticket must be cancelled;

18 (4) Cancellation must occur no later than 60 minutes after sale of the ticket evidencing
19 the play;

20 (5) Cancellation must occur before the beginning of the next draw break after the sale of
21 the ticket evidencing the play; and

22 (6) Cancellation must occur before midnight on the day the ticket evidencing the play
23 was sold.

1 (f) Drawings.

2 (1) Daily 4 drawings shall be held four times a day, Monday through Saturday, at 10:00
3 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. The executive director may change the
4 drawing schedule, if necessary.

5 (2) At each Daily 4 drawing, four single-digit numbers shall be drawn. Each single-digit
6 number will be drawn from a set that includes a single occurrence of all ten single-digit numbers
7 (0, 1, 2, 3, 4, 5, 6, 7, 8, and 9).

8 (3) Numbers drawn and the order in which the numbers are drawn must be certified by
9 the commission in accordance with the commission's draw procedures.

10 (4) The numbers selected in a drawing and the order of the numbers selected in the
11 drawing shall be used to determine all winners for that drawing.

12 (5) Each drawing shall be witnessed by an independent certified public accountant. All
13 drawing equipment used shall be examined by a lottery drawing representative and the
14 independent certified public accountant immediately before each drawing and immediately after
15 each drawing.

16 (g) Prizes.

17 (1) Prize payments shall be made upon completion of commission validation procedures.

18 (2) A person may win only one prize per play per drawing. A player who holds a valid
19 ticket for a winning play is entitled to the highest prize for that play.

20 (3) A Sum It Up play is a separate play from the play with which it is connected.

21 (4) The executive director may temporarily increase any prize set out in this subsection
22 for promotional or marketing purposes.

1 (5) A person who holds a valid ticket for a winning straight play is entitled to a prize as
2 shown.

3 Figure: 16 TAC §401.316(g)(5)

**Daily 4 Prize Chart
Straight Play**

Cost of Play	Prize
\$.50	\$2,500
\$1	\$5,000
\$2	\$10,000
\$3	\$15,000
\$4	\$20,000
\$5	\$25,000

4 Odds: 1:10,000

5 (6) A person who holds a valid ticket for a winning 4-way box play is entitled to a prize
6 as shown.

7 Figure: 16 TAC §401.316(g)(6)

8

**Daily 4 Prize Chart
4-Way Box Play**

Cost of Play	Prize
\$.50	\$600
\$1	\$1,200
\$2	\$2,400
\$3	\$3,600
\$4	\$4,800
\$5	\$6,000

9 Odds: 1:2,500

10 (7) A person who holds a valid ticket for a winning 6-way box play is entitled to a prize
11 as shown.

12

1 Figure: 16 TAC §401.316(g)(7)
2

**Daily 4 Prize Chart
6-Way Box Play**

Cost of Play	Prize
\$.50	\$400
\$1	\$800
\$2	\$1,600
\$3	\$2,400
\$4	\$3,200
\$5	\$4,000

3 Odds: 1:1,667

4 (8) A person who holds a valid ticket for a winning 12-way box play is entitled to a prize
5 as shown.

6 Figure: 16 TAC §401.316(g)(8)
7

**Daily 4 Prize Chart
12-Way Box Play**

Cost of Play	Prize
\$.50	\$200
\$1	\$400
\$2	\$800
\$3	\$1,200
\$4	\$1,600
\$5	\$2,000

8 Odds: 1:833

9 (9) A person who holds a valid ticket for a winning 24-way box play is entitled to a prize
10 as shown.

11 Figure: 16 TAC §401.316(g)(9)
12

**Daily 4 Prize Chart
24-Way Box Play**

Cost of Play	Prize
\$.50	\$100
\$1	\$200
\$2	\$400
\$3	\$600
\$4	\$800

\$5

\$1,000

Odds: 1:417

(10) A person who holds a valid ticket for a winning straight/4-way box play is entitled to a prize as shown.

Figure: 16 TAC §401.316(g)(10)

**Daily 4 Prize Chart
Straight/4-Way Box Play**

Daily 4 Base Play Amount	Cost of Play	Exact Order Match	Match Not in Exact Order
\$.50	\$1	\$3,100	\$600
\$1	\$2	\$6,200	\$1,200
\$2	\$4	\$12,400	\$2,400
\$3	\$6	\$18,600	\$3,600
\$4	\$8	\$24,800	\$4,800
\$5	\$10	\$31,000	\$6,000

Odds: 1:2,500

(11) A person who holds a valid ticket for a winning straight/6-way box play is entitled to a prize as shown.

Figure: 16 TAC §401.316(g)(11)

**Daily 4 Prize Chart
Straight/6-Way Box Play**

Daily 4 Base Play Amount	Cost of Play	Exact Order Match	Match Not in Exact Order
\$.50	\$1	\$2,900	\$400
\$1	\$2	\$5,800	\$800
\$2	\$4	\$11,600	\$1,600
\$3	\$6	\$17,400	\$2,400
\$4	\$8	\$23,200	\$3,200
\$5	\$10	\$29,000	\$4,000

Odds: 1:1,667

1 (12) A person who holds a valid ticket for a winning straight/12-way box play is entitled
2 to a prize as shown.

3 Figure: 16 TAC §401.316(g)(12)
4

**Daily 4 Prize Chart
Straight/12-Way Box Play**

Daily 4 Base Play Amount	Cost of Play	Exact Order Match	Match Not in Exact Order
\$.50	\$1	\$2,700	\$200
\$1	\$2	\$5,400	\$400
\$2	\$4	\$10,800	\$800
\$3	\$6	\$16,200	\$1,200
\$4	\$8	\$21,600	\$1,600
\$5	\$10	\$27,000	\$2,000

5 Odds: 1:833

6 (13) A person who holds a valid ticket for a winning straight/24-way box play is entitled
7 to a prize as shown.

8 Figure: 16 TAC §401.316(g)(13)
9

**Daily 4 Prize Chart
Straight/24-Way Box Play**

Daily 4 Base Play Amount	Cost of Play	Exact Order Match	Match Not in Exact Order
\$.50	\$1	\$2,600	\$100
\$1	\$2	\$5,200	\$200
\$2	\$4	\$10,400	\$400
\$3	\$6	\$15,600	\$600
\$4	\$8	\$20,800	\$800
\$5	\$10	\$26,000	\$1,000

10 Odds: 1:417

11 (14) A person who holds a valid ticket for a winning combo play is entitled to a prize as
12 shown.

1 Figure: 16 TAC §401.316(g)(14)

Daily 4 Prize Chart Combo Play					
Daily 4 Base Play Amount	Cost of 4- Way Combo Play	Cost of 6- Way Combo Play	Cost of 12-Way Combo Play	Cost of 24-Way Combo Play	Prize
\$.50	\$2	\$3	\$6	\$12	\$2,500
\$1	\$4	\$6	\$12	\$24	\$5,000
\$2	\$8	\$12	\$24	\$48	\$10,000
\$3	\$12	\$18	\$36	\$72	\$15,000
\$4	\$16	\$24	\$48	\$96	\$20,000
\$5	\$20	\$30	\$60	\$120	\$25,000

2 Odds 4-Way Combo: 1:2,500
3 Odds 6-Way Combo: 1:1,667
4 Odds 12-Way Combo: 1:833
5 Odds 24-Way Combo: 1:417

6 (15) A person who holds a valid ticket for a winning front-pair, mid-pair, or back-pair
7 play is entitled to a prize as shown.

8 Figure: 16 TAC §401.316(g)(15)

9

Daily 4 Prize Chart Front-Pair, Mid-Pair, and Back-Pair Play	
Cost of Play	Prize
\$.50	\$25
\$1	\$50
\$2	\$100
\$3	\$150
\$4	\$200
\$5	\$250

10 Odds: 1:100

11 (16) A person who holds a valid ticket for a winning Sum It Up play is entitled to a prize
12 as shown. A Sum It Up prize is in addition to a prize, if any, for a straight play, a box play, a
13 straight/box play, or a combo play.

14

1 Figure: 16 TAC §401.316(g)(16)
 2

Daily 4 Prize Chart
Sum it Up

Sum Picked	Cost of Play = \$.50	Cost of Play = \$1	Cost of Play = \$2	Cost of Play = \$3	Cost of Play = \$4	Cost of Play = \$5	Odds
0 or 36	\$2,500	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	1:10,000
1 or 35	\$625	\$1,250	\$2,500	\$3,750	\$5,000	\$6,250	1:2,500
2 or 34	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	1:1,000
3 or 33	\$125	\$250	\$500	\$750	\$1,000	\$1,250	1:500
4 or 32	\$71	\$142	\$285	\$428	\$571	\$714	1:286
5 or 31	\$44	\$89	\$178	\$267	\$357	\$446	1:179
6 or 30	\$29	\$59	\$119	\$178	\$238	\$297	1:119
7 or 29	\$20	\$41	\$83	\$125	\$166	\$208	1:83
8 or 28	\$15	\$30	\$60	\$90	\$121	\$151	1:61
9 or 27	\$11	\$22	\$45	\$68	\$90	\$113	1:45
10 or 26	\$8	\$17	\$35	\$53	\$70	\$88	1:35
11 or 25	\$7	\$14	\$28	\$43	\$57	\$71	1:29
12 or 24	\$6	\$12	\$24	\$36	\$48	\$60	1:24
13 or 23	\$5	\$10	\$20	\$31	\$41	\$52	1:21
14 or 22	\$4	\$9	\$18	\$27	\$37	\$46	1:19
15 or 21	\$4	\$8	\$16	\$25	\$33	\$42	1:17
16 or 20	\$3	\$7	\$15	\$23	\$31	\$39	1:16
17 or 19	\$3	\$7	\$15	\$22	\$30	\$37	1:15
18	\$3	\$7	\$14	\$22	\$29	\$37	1:15

3 **Note: The cost of a Sum it Up play is in addition to the cost of the**
 4 **connected play. For example, if a player selects a 4-Way Combo play**
 5 **for a base play amount of \$1, the cost of the combo play would be**
 6 **\$4. If the player chose to play Sum it Up for a base play amount of**
 7 **\$.50, the cost of the two plays together would be \$4.50.**

8 (h) The executive director may authorize promotions in connection with Daily 4.

9 (i) Announcement of incentive or bonus program. The executive director shall announce each
 10 incentive or bonus program prior to its commencement. The announcement shall specify the
 11 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
 12 award.

13 §401.320. "All or Nothing" Draw Game Rule.

1 (a) "All or Nothing." The executive director is authorized to conduct a game known as "All or
2 Nothing." The executive director may issue further directives for the conduct of "All or Nothing"
3 that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304
4 of this title (relating to Draw Game Rules (General)).

5 (b) Object of the Game. The object of the game is to either select as many or as few numbers that
6 match the 12 numbers drawn in the drawing. If a player matches more than 7 (seven) or fewer
7 than 5 (five) numbers drawn in the drawing, the player wins a prize. (See the prize schedule chart
8 in subsection (g) of this section.) If the player matches all 12 numbers drawn in the drawing, or
9 does not match any numbers drawn in the drawing, the player wins the Top Prize. If more than
10 one ticket has been sold in which a player has matched all or none of the numbers drawn in the
11 drawing, each player possessing such ticket shall win the Top Prize.

12 (c) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
13 General Definitions), and unless the context in this rule otherwise requires, the following
14 definitions apply.

15 (1) Play--The selection of twelve different numbers from 1 through 24 for one
16 opportunity to win in "All or Nothing" and the purchase of a ticket evidencing that selection.

17 (2) Playboard--A field of 24 numbers on a playslip for use in selecting numbers for an
18 "All or Nothing" play.

19 (3) Playslip--An optically readable card issued by the commission for use in selecting
20 numbers for one or more "All or Nothing" plays.

21 (d) Plays and tickets.

22 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
23 license. A ticket sold by a person other than a retailer is not valid.

1 (2) The price of an individual play is \$2.
2 (3) A player may complete up to five playboards on a single playslip.
3 (4) A player may use a single playslip or other commission-approved method of play to
4 purchase the same play(s) for up to 24 consecutive drawings, to begin with the next drawing
5 after the purchase.

6 (5) Acceptable methods to select a play may include:
7 (A) using a playslip to select numbers;
8 (B) requesting a retailer to use Quick Pick;
9 (C) by requesting a retailer to manually enter numbers;
10 (D) by using a self-service terminal;
11 (E) by using a previously-generated "All or Nothing" ticket provided by the
12 player; or
13 (F) by using a QR code generated through a Texas Lottery Mobile Application
14 offered and approved by the commission.

15 (6) Playslips must be completed manually. A ticket generated from a playslip that was
16 not completed manually, or using a selection method that is not approved by the commission, is
17 not valid.

18 (7) A retailer may only accept a request for a play using a commission-approved method
19 of play, and if the request is made in person.

20 (8) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the
21 numbers selected for each play, the number of plays, the draw date(s) and time(s) for which the
22 plays were purchased, the cost of the ticket and the security and transaction serial numbers.
23 Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale

1 systems approved by the commission, printed on paper stock or otherwise issued in a manner
2 approved by the commission to provide tangible evidence of participation in a lottery game.

3 (9) A playslip, or any document other than a ticket issued as described in paragraph (8) of
4 this subsection, has no monetary value and is not evidence of a play.

5 (10) It shall be the exclusive responsibility of the player to verify the accuracy of the
6 player's selection(s) and other data printed on the ticket.

7 (11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
8 ticket meets all applicable validation requirements.

9 (12) The executive director may authorize promotions in connection with All or Nothing.

10 (e) Drawings.

11 (1) "All or Nothing" drawings will be held four times a day, (at 10:00 a.m., 12:27 p.m.,
12 6:00 p.m., and 10:12 p.m. Central Time) six days a week (Monday through Saturday). The
13 executive director may change the drawing schedule, if it is deemed necessary.

14 (2) Twelve different numbers from 1 through 24 shall be drawn at each "All or Nothing"
15 drawing.

16 (3) Numbers drawn must be certified by the commission in accordance with the
17 commission's draw procedures.

18 (4) The numbers selected in a drawing shall be used to determine all winners for that
19 drawing.

20 (5) A drawing will not be invalidated based on the financial liability of the lottery.

21 (f) Announcement of incentive or bonus program. The executive director shall announce each
22 incentive or bonus program prior to its commencement. The announcement shall specify the

1 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
2 award.

3 (g) Prizes.

4 (1) The Top Prize.

5 (A) Each person who holds a valid ticket for a play matching (in any order) the
6 twelve numbers drawn in a drawing, or matching none of the twelve numbers drawn in a
7 drawing is entitled to a top prize in the amount of \$250,000; provided that, in any drawing where
8 the number of top prize winning plays is greater than twenty (20), the top prize shall be paid on a
9 pari-mutuel rather than fixed prize basis and a liability cap of \$5 million will be divided equally
10 by the number of top prize winning plays. For purposes of prize calculation with respect to the
11 pari-mutuel prize, the calculation shall be rounded down so that prizes shall be paid in multiples
12 of one dollar. Any part of the top pari-mutuel prize for a drawing that is not paid in prizes
13 (breakage) shall be applied to offset prize expense. All other prizes are in amounts for matching
14 or non-matching selections as shown in the following chart. All prizes are paid in cash.

15 Figure: 16 TAC §401.320(g)(1)(A)

16	Match	Odds	Prize
17	0	1 in 2,704,156	\$250,000*
18	1	1 in 18,779	\$500
19	2	1 in 621	\$50
20	3	1 in 56	\$10
21	4	1 in 11	\$2
22	5	Not a winner	Not a winner
23	6	Not a winner	Not a winner

1	7	Not a winner	Not a winner
2	8	1 in 11	\$2
3	9	1 in 56	\$10
4	10	1 in 621	\$50
5	11	1 in 18,779	\$500
6	12	1 in 2,704,156	\$250,000*
7		Overall odds of	
8		winning any prize:	
9		1 in 4.54	

*In any drawing where the number of top prize winning plays is greater than twenty (20), the top prize shall be paid on a pari-mutuel rather than fixed prize basis and a liability cap of \$5 million will be divided equally by the number of top prize winning plays.

(B) All payments shall be made upon completion of commission validation procedures.

(C) A claim for any prize of \$600 or more must be presented at a claim center.

(2) A person may win only one prize per play per drawing. A player who holds a valid ticket for a winning play is entitled to the highest prize for that play.

§401.322. "Texas Triple Chance" Draw Game Rule.

(a) "Texas Triple Chance." The executive director is authorized to conduct a game known as "Texas Triple Chance." The executive director may issue further directives for the conduct of "Texas Triple Chance" that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

1 (1) Chance--One of three sets of 7 numbers from 1 through 55 included in a play for the
2 opportunity to win a prize in "Texas Triple Chance." There are three Chances in each play of
3 "Texas Triple Chance."

4 (2) Play--The three separate Chances, each representing an opportunity to win a prize in
5 "Texas Triple Chance," and the purchase of a ticket evidencing same. The first Chance consists
6 of 7 numbers either chosen by the player or by Quick Pick allowing a random number
7 generator approved by the commission to select the numbers. The remaining two Chances
8 consist of two sets of 7 numbers always automatically selected by Quick Pick.

9 (3) Playboard--A field of 55 numbers on a playslip for use in selecting numbers for a
10 "Texas Triple Chance" play. There are five playboards on each playslip. Each playboard will
11 generate one play of three Chances (three sets of 7 numbers).

12 (4) Playslip--An optically readable card issued by the commission for use in selecting
13 numbers for one or more "Texas Triple Chance" plays.

14 (c) Object of the Game. The object of the game is to match 3 or more numbers in a single
15 Chance to the 10 numbers drawn in the drawing to win a prize.

16 (d) How the Game is Played. For each play, the player gets three sets of 7 numbers, or three
17 Chances to win. Each set is selected from a field of 55 (numbered 1-55). The player may choose
18 the first 7 numbers (the first Chance), or select a Quick Pick. The second and third Chances are
19 always selected using Quick Pick numbers and automatically printed on the player's ticket at the
20 time of purchase. Since the second and third Chances are randomly generated Quick Pick
21 numbers, any of the three Chances in a play may include duplicate numbers. Each Chance is an
22 opportunity to win, and a player can win up to three times in each play. If the player matches all
23 7 numbers in any one Chance to the numbers drawn in the drawing, the player wins the top prize.

1 If more than one Chance has been sold in which a player has matched all 7 numbers, each player
2 possessing a ticket containing such a Chance(s) shall win the top prize, subject to subsection (h)
3 of this section.

4 (e) Plays and tickets.

5 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
6 license. A ticket sold by a person other than a retailer is not valid.

7 (2) The price of an individual play is \$2.

8 (3) A player may complete up to five playboards on a single playslip.

9 (4) A player may use a single playslip or other commission-approved method of play to
10 purchase the same play(s) for up to 12 consecutive drawings, to begin with the next drawing
11 after the purchase.

12 (5) Acceptable methods to select a play may include:

13 (A) For the first Chance, the set of 7 numbers may be selected by:

14 (i) using a playslip;

15 (ii) requesting a retailer to use Quick Pick;

16 (iii) requesting a retailer to manually enter numbers;

17 (iv) using a self-service terminal;

18 (v) using a previously-generated "Texas Triple Chance" ticket provided by
19 the player; or

20 (vi) using a QR code generated through a Texas Lottery Mobile
21 Application offered and approved by the commission.

1 (B) For the second and third Chances, numbers will always be automatically
2 selected using Quick Pick, or can be chosen by using a previously-generated "Texas Triple
3 Chance" ticket provided by the player.

4 (6) Playslips must be completed manually. A ticket generated from a playslip that was
5 not completed manually, or using a selection method that is not approved by the commission, is
6 not valid.

7 (7) A retailer may only accept a request for a play using a commission-approved method
8 of play, and if the request is made in person.

9 (8) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the
10 numbers selected for each play, the number of plays and the draw date(s) for which the plays
11 were purchased, the cost of the ticket and the security and transaction serial numbers. Tickets
12 must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems
13 approved by the commission, printed on paper stock or otherwise issued in a manner approved
14 by the commission to provide tangible evidence of participation in a lottery game.

15 (9) A playslip, or any document other than a ticket issued as described in paragraph (8) of
16 this subsection, has no monetary value and is not evidence of a play.

17 (10) It shall be the exclusive responsibility of the player to verify the accuracy of the
18 player's selection(s) and other data printed on the ticket.

19 (11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the
20 ticket meets all applicable validation requirements.

21 (12) The executive director may authorize promotions in connection with "Texas Triple
22 Chance."

23 (f) Drawings.

1 (1) "Texas Triple Chance" drawings will be held daily at 10:12 p.m. Central Time,
2 Monday through Saturday. The executive director may change the drawing schedule if it is
3 deemed necessary.

4 (2) Ten (10) different numbers from 1 through 55 shall be drawn at each "Texas Triple
5 Chance" drawing.

6 (3) Numbers drawn must be certified by the commission in accordance with the
7 commission's draw procedures.

8 (4) The numbers selected in a drawing shall be used to determine all winners for that
9 drawing.

10 (5) A drawing will not be invalidated based on the financial liability of the lottery.

11 (g) Announcement of incentive or bonus program. The executive director shall announce each
12 incentive or bonus program prior to its commencement. The announcement shall specify the
13 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
14 award.

15 (h) Prizes.

16 (1) The Top Prize.

17 (A) Each person who holds a valid ticket for a play in which all 7 numbers in a
18 single Chance match any 7 of the 10 numbers drawn in the drawing is entitled to a top prize in
19 the amount of \$100,000; provided that, in any drawing where the number of top prize-winning
20 Chances is greater than ten (10), the top prize shall be paid on a pari-mutuel rather than fixed
21 prize basis and a liability cap of \$1 million will be divided equally by the number of top prize-
22 winning Chances. For purposes of prize calculation with respect to the pari-mutuel prize, the
23 calculation shall be rounded down so that prizes shall be paid in multiples of one dollar. Any part

1 of the top pari-mutuel prize for a drawing that is not paid in prizes (breakage) shall be applied to
 2 offset prize expense. All other prizes are in amounts for matching selections as shown in the
 3 following chart. All prizes are paid in cash.

4 Figure: 16 TAC §401.322(h)(1)(A)

	Match in any one Chance	Odds 1 in -	Prize
5			
6			
7			
8	7	1,691,064	\$100,000*
9	6	21,474	\$500
10	5	813	\$25
11	4	68	\$5
12	3	11	\$2

13 Overall odds of
 14 winning a prize in
 15 each Chance is 1
 16 in 9.6

18 One play offers
 19 three Chances to
 20 win. Overall odds
 21 of winning a prize
 22 in a play is 1 in
 23 3.6

25 *In any drawing where the number of top prize-winning Chances is
 26 greater than ten (10), the top prize shall be paid on a pari-mutuel rather
 27 than fixed prize basis and a liability cap of \$1 million will be divided
 28 equally by the number of top prize-winning Chances.

30 (B) All payments shall be made upon completion of commission validation
 31 procedures.

1 (C) A claim for any prize of \$600 or more must be presented at a Texas Lottery
2 claim center.

3 (2) A person may win only one prize per Chance per drawing. A player who holds a valid
4 ticket for a winning play is entitled to the total of the winnings for all of the three Chances in that
5 play, subject to the top prize liability limit. The value of each winning Chance is determined
6 independently of the other Chances in the play.

7 §401.353. Retailer Settlements, Financial Obligations, and Commissions.

8 (a) Each retailer shall provide authorization for an account with EFT (electronic funds transfer)
9 capability to be used for weekly billing of all lottery products.

10 (b) Each retailer shall maintain an account balance sufficient to cover monies due
11 the commission for the established billing period. The commission shall withdraw by EFT the
12 amount due the commission on the day specified by the executive director. In the event a bank
13 holiday falls on or before the day specified for withdrawal during the same business week, the
14 withdrawal shall occur one day later in the week than normally scheduled. "Business week"
15 means Sunday through Saturday. In the event the commission changes the beginning and ending
16 days of the business week, the commission shall notify the retailers prior to the change.

17 (c) Each retailer shall receive credit on the retailer's lottery account for redeeming winning
18 tickets.

19 (d) Each retailer shall receive 5.0% compensation on all sales from lottery games. A retailer may
20 not accept compensation for the sale of lottery tickets other than compensation referenced in this
21 section, regardless of the source. At the sole discretion of the executive director, a retailer may
22 receive additional compensation which may include but is not limited to incentive or bonus
23 programs.

1 (e) If a retailer fails to maintain a sufficient account balance to cover monies due
2 the commission for the established billing period, the retailer's license shall be summarily
3 suspended. If a retailer's license is summarily suspended for insufficient funds or non-transfer of
4 funds four times in a 12-month period, the retailer's license shall be revoked.

5 (f) A retailer must retain all sign-on slips for a minimum of seven weeks from the date the sign-
6 on slip is produced. Sign-on slips must be surrendered to commission security personnel upon
7 request.

8 §401.361. Required Purchases of Lottery Tickets.

9 (a) The commission may require each retailer to order and accept a minimum number of lottery
10 tickets. Failure or refusal of a retailer to order or accept delivery of a required minimum number
11 of lottery tickets may be grounds for summary suspension, suspension and/or revocation of the
12 license

13 (b) The executive director may prohibit a retailer from using a method of marketing lottery
14 games other than those methods provided by the commission.

15 (c) The executive director may establish minimum sales criteria. A retailer shall maintain sales in
16 excess of the applicable minimum sales criteria. A retailer who does not maintain minimum sales
17 in accordance with such criteria may be placed in a sales review period. Such sales review period
18 shall be for a period of time and may be extended as determined by the executive director.

19 (d) The minimum sales criteria established by the executive director shall be provided to retailers
20 at least 30 days prior to imposition of such criteria.

21 §401.364. Training.

22 Retailers shall be required to send at least one person to lottery training to be conducted by the
23 commission and/or the lottery operator. All expenses or costs of attendance by employees of a

1 retailer shall be paid by such retailer, including, but not limited to, costs of salaries, travel,
2 lodging, meals, and materials. If employees of a retailer have previously attended lottery
3 training, the commission may not require attendance of such employees. In this event, the retailer
4 shall certify to the commission that at least one employee at the retailer's location has previously
5 attended lottery training. Additionally, the commission may require a retailer to participate in
6 lottery training as determined by the commission.

7 §401.370. Retailer's Financial Responsibility for Lottery Tickets Received and Subsequently
8 Stolen or Lost.

9 (a) Definitions. In addition to the definitions provided in §401.301 of this title (relating to
10 General Definitions), and unless the context in this section otherwise requires, the following
11 definitions apply.

12 (1) Available--The status in the lottery management system for a pack of scratch tickets
13 that is stored in the scratch ticket distribution warehouse and is available to be assigned to a
14 retailer's account. Scratch tickets in a pack in this status shall not be sold to the public and prizes
15 contained in scratch tickets in the pack cannot be validated.

16 (2) Issued--The status in the lottery management system for a pack of scratch tickets that
17 has been assigned to a retailer's account and is pending confirmation of delivery to the retailer's
18 location. Scratch tickets in a pack in this status shall not be sold to the public and prizes
19 contained in scratch tickets in the pack cannot be validated.

20 (3) Confirmed--The status in the lottery management system for a pack of scratch tickets
21 that has been physically received at the retailer's location. A retailer is required to "confirm"
22 receipt of a pack of scratch tickets upon delivery to the retailer's location. Scratch tickets are
23 confirmed using the lottery terminal located in the retailer's business location and the status is

1 recorded in the lottery management system. Scratch tickets in a pack in this status shall not be
2 sold to the public and prizes contained in scratch tickets in the pack cannot be validated.

3 (4) Active--The status in the lottery management system for a pack of scratch tickets that
4 has been physically received at the retailer's location and that is being offered for sale to the
5 public. A retailer is required to "activate" a pack of scratch tickets prior to selling the tickets to
6 the public. A pack of scratch tickets is activated using the lottery terminal located in the retailer's
7 location and the status is recorded on the lottery management system. A pack of scratch tickets
8 shall be placed in this status prior to being sold to the public and prizes contained
9 in scratch tickets in the pack may be validated.

10 (5) Settled--The status in the lottery management system for a pack of scratch tickets that
11 has been physically received at the retailer's location, has been activated and the cost of the
12 tickets in the pack has been or is being charged to the retailer's account. Scratch tickets "settle"
13 against a retailer's account and the value of the settled packs are swept from the retailer's bank
14 account through an electronic funds transfer. Settled scratch tickets are recorded in the lottery
15 management system. Scratch tickets in a pack in settled status may be sold to the public and
16 prizes contained in scratch tickets in the pack may be validated.

17 (6) Unactivated Scratch Tickets--Unactivated scratch tickets are tickets in Available,
18 Issued or Confirmed status. Unactivated tickets have never been activated or settled and no
19 prizes have been validated.

20 (b) Responsibility for Lottery Tickets Received and Subsequently Stolen or Lost.

21 (1) Except as otherwise expressly provided by this subsection, each retailer shall bear
22 the risk of loss for all lottery tickets received. Receipt of tickets by a retailer shall constitute a

1 purchase of such tickets, and each retailer shall be liable to the commission for the retail sales
2 price of such tickets, less any applicable commission or credit.

3 (2) Notwithstanding paragraph (1) of this subsection, a retailer may return, and receive
4 an accounting indicating that the packs have been removed from the retailer's inventory for, full
5 and complete packs of unactivated tickets in original condition. Nothing in this subsection
6 waives the requirements of §401.361 of this title (relating to Required Sales of Lottery Tickets).

7 (3) Notwithstanding paragraph (1) of this subsection, the director may charge a retailer
8 full face value of an activated pack of tickets if prizes have been paid from the pack. The director
9 may credit a retailer's account for a range of activated tickets in a pack reported as stolen or lost
10 provided that no validations have occurred on tickets in the range reported as stolen or lost if:

11 (A) the pack has been stolen and the retailer, within 24 hours of the discovery of
12 the theft, has made a formal report of such theft to both:

13 (i) appropriate local law enforcement authorities; and

14 (ii) the commission's security division through the retailer hotline;

15 (B) the pack has been lost and cannot be located by the retailer and the retailer,
16 within 24 hours of discovery of the loss, has made a formal report of the loss to the commission's
17 security division through the retailer hotline; or

18 (4) Notwithstanding paragraph (1) of this subsection, the director may charge a retailer
19 an administrative fee of \$25 for each unactivated pack of tickets if:

20 (A) the pack has been stolen and the retailer, within 24 hours of the discovery of
21 the theft, has made a formal report of such theft to both:

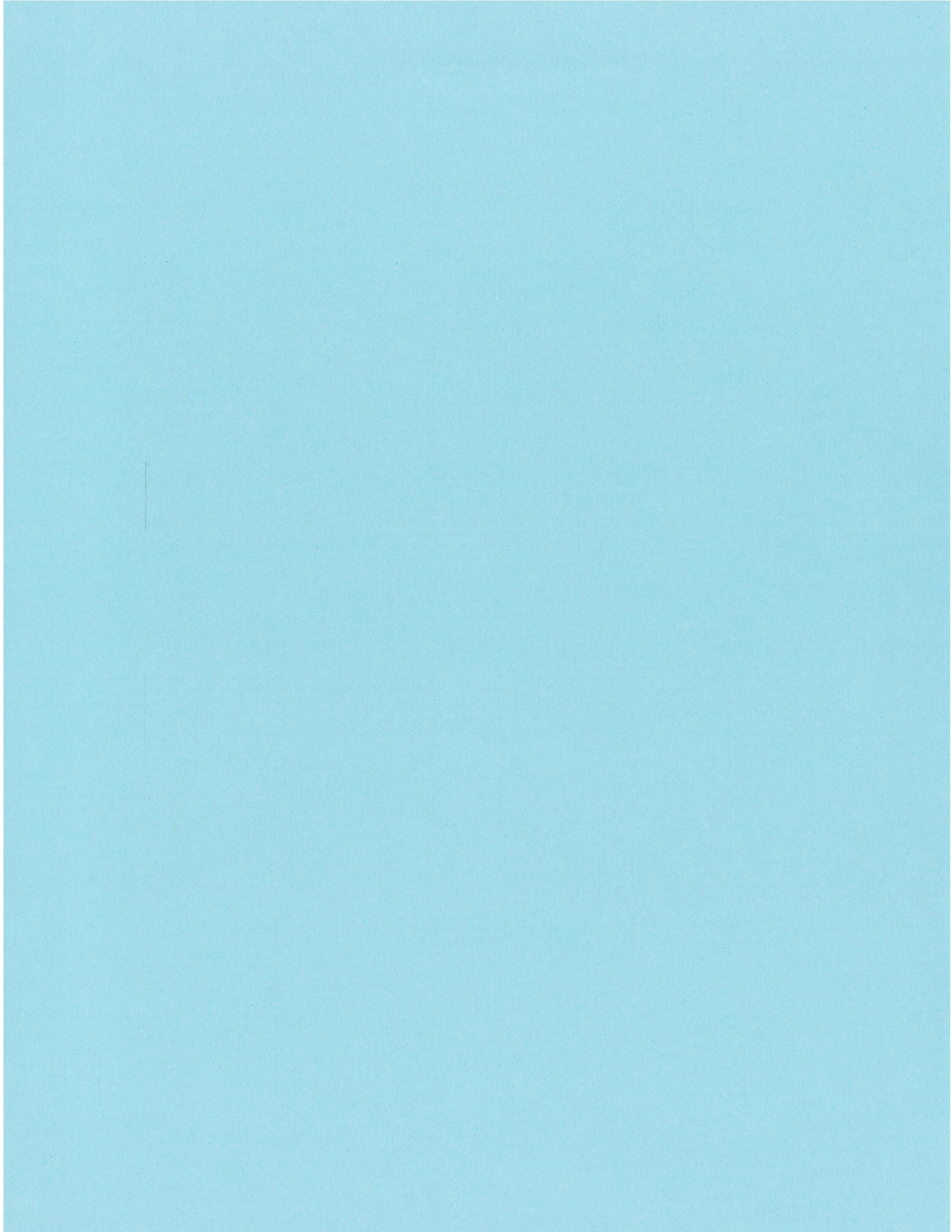
22 (i) appropriate local law enforcement authorities; and

23 (ii) the commission's security division through the retailer hotline;

1 (B) the pack has been lost and cannot be located by the retailer and the retailer,
2 within 24 hours of discovery of the loss, has made a formal report of the loss to the commission's
3 security division through the retailer hotline.

4 (5) A retailer shall report each stolen or lost pack of tickets to the commission's security
5 division through the retailer hotline within 24 hours of the discovery of the theft or loss.

DRAFT



The county may request the director to grant an extension of up to 30 days.

(4) Failure to Respond to Report. If a county fails to respond to a monitoring report or follow-up report within the required time, then a certified letter will be sent to the authorized official, financial officer, county judge, local administrative district court judge, local administrative statutory county court judge, and chair of the juvenile board notifying them that all further payments will be withheld if no response to the report is received by the Commission within 10 days of receipt of the letter. If funds are withheld under this section, then the funds will not be reinstated until the Commission or the Policies and Standards Committee approves the release of the funds.

(5) Noncompliance. If a county fails to correct any non-compliance findings, the Commission may impose a remedy under §173.307 of this title.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on October 4, 2017.

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Wesley Shackelford

Deputy Director

Texas Judicial Council

Earliest possible date of adoption: November 19, 2017

For further information, please call: (512) 936-6994

TITLE 16. ECONOMIC REGULATION

PART 9. TEXAS LOTTERY COMMISSION

CHAPTER 401. ADMINISTRATION OF STATE LOTTERY ACT

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.158 (Suspension or Revocation of License), §401.160 (Standard Penalty Chart), §401.301 (General Definitions), §401.302 (Instant Game Rules), §401.304 (On-Line Game Rules (General)), §401.307 ("Pick 3" On-Line Game Rule), §401.308 ("Cash Five" On-Line Game), §401.312 ("Texas Two Step" On-Line Game), §401.316 ("Daily 4" On-Line Game Rule), §401.320 ("All or Nothing" On-Line Game Rule), §401.322 ("Texas Triple Chance" Lottery Game), §401.353 (Retailer Settlements, Financial Obligations, and Commissions), §401.361 (Required Purchases of Lottery Tickets), §401.364 (Training), and §401.370 (Retailer's Financial Responsibility for Lottery Tickets Received and Subsequently Stolen or Lost).

There are two purposes for the proposed amendments. The first purpose is to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems. Specifically, these amendments change the way tickets are issued, including revising the definition of terminals, clarifying language on Quick Pick selection, and updating how tickets are printed on third-party point-of-sale systems. Certain retailer requirements are amended to facilitate these types of sales as well.

Second, these proposed amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology. These amendments include

changing the references to lottery games from "on-line" and "instant" to "draw" and "scratch." There are multiple other clarifications of meanings and terms, both to conform usage of those terms throughout the rules and to match current Commission practice. Some of these changes were identified in the most recent Commission rule review and are being implemented with these amendments.

Kathy Pyka, Controller, has determined that for each year of the first five years the amendments will be in effect, there will be no significant fiscal impact for state or local governments as a result of the proposed amendments. There will be no adverse effect on small businesses or rural communities, micro businesses, or local or state employment. There will be no additional economic cost to persons required to comply with the amendments, as proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

Michael Anger, Director of Lottery Operations, has determined that for each year of the first five years the proposed amendments will be in effect, the public benefit anticipated is to allow for increased convenience for lottery ticket purchasers through the use of Commission-approved third-party point-of-sale systems. In addition, the public will benefit from more understandable rules aligned with Commission practice and applicable statutes. These amendments will increase the clarity and comprehensibility of the Commission's rules.

The Commission requests comments on the proposed amendments from any interested person. Comments on the proposed amendments may be submitted to Ryan Mindell, Assistant General Counsel, by mail at Texas Lottery Commission, P.O. Box 16630, Austin, Texas 78761-6630; by facsimile at (512) 344-5189; or by email at legal.input@lottery.state.tx.us. Comments must be received within 30 days after publication of this proposal in the *Texas Register* in order to be considered.

SUBCHAPTER B. LICENSING OF SALES AGENTS

16 TAC §401.158, §401.160

These amendments are proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery; and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code, Chapter 466.

§401.158. Suspension or Revocation of License.

(a) (No change.)

(b) Without limiting the commission's ability to consider factors listed in §401.153(b) of this title as grounds for suspension or revocation of a license issued under this subchapter, the commission may also suspend or revoke a license for reasons including, but not limited to, any of the following:

(1) - (6) (No change.)

(7) licensee endangers the security and/or [and] integrity of the lottery games operated by the commission;

(8) licensee violates any directive or instruction issued by the director of the Lottery Operations Division; [~~director~~];

(9) (No change.)

(10) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period;

(11) licensee sells a scratch [~~an instant~~] ticket from a game that has closed after the date designated for the end of the game;

(12) - (16) (No change.)

(17) licensee fails to keep accurate and complete records of all tickets from confirmed, active, and settled packs that have not been sold;

~~[(18) licensee fails to offer a minimum of two instant ticket games for sale if two or more instant games are available from the Lottery];~~

~~(18) [(19)] licensee [fails to order or accept delivery of the required minimum number of lottery tickets or] fails or refuses to meet minimum sales criteria;~~

(19) [(20)] licensee fails to meet any requirement under §401.368 of this title (relating to Lottery Ticket Vending Machines), [~~Machine~~]; if the licensee has been supplied with a self-service lottery ticket vending machine by the commission;

(20) [(21)] licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding the ADA;

(21) [(22)] licensee fails to prominently post license;

(22) [(23)] licensee knowingly sells a ticket or pays a lottery prize to another person who is:

(A) an officer or an employee of the commission;

(B) an officer, member, or employee of a lottery operator;

(C) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games;

(D) the spouse, child, brother, sister, or parent of a person described by subparagraph (A), (B), or (C) of this paragraph who resides within the same household as that person;

(23) [(24)] licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set by the executive director;

(24) [(25)] licensee sells tickets issued to a licensed location at another location that is not licensed;

(25) [(26)] licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket;

(26) [(27)] licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years;

(27) [(28)] licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act;

(28) [(29)] licensee sells tickets over the telephone or via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the licensee [~~person~~] intentionally or knowingly:

(A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or

(B) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement;

~~(29) [(30)] licensee intentionally or knowingly alters or forges a ticket;~~

~~(30) [(31)] licensee intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game;~~

~~(31) [(32)] licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation;~~

~~(32) [(33)] licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission property;~~

~~(33) [(34)] licensee:~~

~~(A) induces another person to assign or transfer a right to claim a prize;~~

~~(B) initiates or accepts an offer to sell the right to claim a prize;~~

~~(C) initiates or accepts an offer of compensation from another person to claim a lottery prize; or~~

~~(D) purchases a lottery ticket from a person who is not a licensed lottery retailer;~~

~~(34) [(35)] licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report;~~

~~(35) [(36)] licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report;~~

~~(36) [(37)] licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act;~~

~~(37) [(38)] licensee intentionally or knowingly makes a material and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a commission rule [~~adopted by the commission~~];~~

~~(38) [(39)] licensee commits an offense of conspiracy as defined in the State Lottery Act;~~

~~(39) [(40)] licensee sells or offers for sale any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest; or~~

~~(40) [(41)] licensee has violated a provision of the State Lottery Act, Government Code, Chapter 466, or a commission rule adopted under the State Lottery Act.~~

§401.160. Standard Penalty Chart.

(a) - (f) (No change.)

(g) Based upon consideration of the following factors, the commission may impose penalties other than the penalties recommended in §401.158 of this title (relating to Suspension or Revocation of License) and/or this section:

(1) - (9) (No change.)

(10) Any other mitigating or aggravating circumstances.

Figure: 16 TAC §401.160(g)(10)

[Figure: 16 TAC §401.160(g)(10)]

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Bob Biard

General Counsel

Texas Lottery Commission

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For further information, please call: (512) 344-5012



SUBCHAPTER D. LOTTERY GAME RULES

16 TAC §§401.301, 401.302, 401.304, 401.307, 401.308, 401.312, 401.316, 401.320, 401.322

The following amendments are proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery; and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code, Chapter 466.

§401.301. General Definitions.

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

(1) Caption--The letters appearing below the play symbols in the play area of a ticket that verify the correctness of the play symbols.

(2) Certified drawing--A drawing in which a lottery drawing representative [the lottery drawing supervisor, security representative,] and an independent certified public accountant attest that the drawing equipment functioned properly and that a random selection of a winning combination occurred.

(3) - (5) (No change.)

(6) Commission--The Texas Lottery Commission. Unless the context clearly requires otherwise, "commission" includes authorized Texas Lottery commission staff members/employees.

(7) [(6)] Current draw period--The period of time in which the player selections and Quick Pick selections are accumulated into a pool of plays eligible for winning in a drawing held at the end of the designated period.

(8) [(7)] Director--The Director [A director] of the Texas Lottery Commission, Lottery Operations. [Commission.]

(9) [(8)] Direct prize category contribution--A specified percentage of net sales allocated to the prize categories as described in the rules of the specific game being played.

(10) [(9)] Division--Lottery Operations [A division] of the Texas Lottery Commission.

(11) [(10)] Draw break--A period of time before a drawing for a draw [an on-line] game during which player selections for that drawing may not be entered into the lottery gaming [on-line] system and during which no requests for Quick Pick selections for that drawing may be entered into the lottery gaming [on-line] system.

(12) Draw game--A lottery game which utilizes a computer system to administer plays, the type of game, and amount of play for a specified drawing date, and in which a player either selects a combination of numbers or allows number selection by a random number generator approved by the commission, referred to as Quick Pick. The commission, or other authorized entity, will conduct a drawing to determine the winning combination(s) in accordance with the rules of the specific game being played and the draw procedures for the specific game. Sometimes, draw games are called "on-line games."

(13) Draw game ticket--A ticket issued to a player, by a retailer, and generated by a terminal provided by the commission or commission's vendor on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game. That ticket shall be the only acceptable evidence of the combination of digits, numbers, or symbols selected. Draw game tickets may be purchased only from retailers.

(14) [(11)] Drawing--The procedure by which the commission randomly selects winning combinations of digits, numbers, or symbols in accordance with the rules of the game as set forth in the rules of the specific game being played and the draw [drawing] procedures for the specific game.

(15) [(12)] Drawing pool--The amount of money available for all prize categories for a specific drawing.

(16) [(13)] Draw procedures--The written document approved by the executive director that specifies the draw procedures for a particular game, if a drawing is designed as part of the game.

(17) [(14)] Duplicate ticket--A ticket produced by photograph, xerography, or any other method other than a ticket generated by a terminal. [an on-line terminal.]

(18) [(15)] Executive director--The executive director of the Texas Lottery Commission.

(19) [(16)] Game number--The number on the back of the scratch [instant] ticket which refers to the number associated with the particular scratch ticket [instant] game.

(20) [(17)] Game procedures--The written document approved by the director [of the marketing division of the commission] that includes, among other things, the game name, how a prize is won, game prize structure, play style, [playstyle,] and eligibility for a drawing, if any.

(21) [(18)] High-tier prize--A prize of \$600 or more.

(22) [(19)] Indirect prize category contribution--Amounts allocated from the prize reserve fund, roll-over and prize breakage for a specific draw [online] game drawing.

[(20)] Instant game--An instant ticket lottery game, developed and offered for sale to the public in accordance with commission

rules, that is played by removing the latex covered play area on an instant ticket to reveal the ticket play symbols.]

[(21) Instant retailer--A commission retailer authorized by the commission to sell instant tickets only.]

(23) [(22)] Invalid ticket--Any ticket that fails to meet all validation requirements of the commission.

(24) Lottery gaming system--The commission or commission's vendor's computer system consisting of terminals, central processing equipment, and a communication network.

(25) [(23)] Lottery retailer or retailer--A licensed sales agent, as contemplated by Chapter 466, Government Code.

(26) [(24)] Low-tier prize--A prize of less than \$25.

(27) [(25)] Mid-tier prize--A prize of \$25 or more but less than \$600.

(28) [(26)] Minor--An individual younger than 18 years of age.

[(27) On-line game--A lottery game which utilizes a computer system to administer plays, the type of game, and amount of play for a specified drawing date, and in which a player either selects a combination of numbers or allows number selection by a random number generator operated by the computer, referred to as Quick Pick. The commission will conduct a drawing to determine the winning combination(s) in accordance with the rules of the specific game being played and the drawing procedures for the specific game.]

[(28) On-line retailer--A lottery retailer authorized by the commission to sell on-line tickets. On-line retailers shall sell all on-line lottery games and at least two instant ticket games offered by the commission.]

[(29) On-line system--The commission or commission's vendor's on-line computer system consisting of on-line terminals, central processing equipment, and a communication network.]

[(30) On-line terminal--The commission or commission's vendor's computer hardware through which an on-line retailer enters player selections or Quick Pick selections and by which on-line tickets are generated and claims are validated.]

[(31) On-line ticket--A computer-generated ticket issued to a player, by an on-line retailer, as a receipt for the combination of numbers a player has selected, and generated on an on-line terminal provided by the commission or commission's vendor on official Texas Lottery paper stock, by either selecting his or her own numbers or selecting Quick Pick, which is a random number generator operated by the computer. That ticket shall be the only acceptable evidence of the combination of digits, numbers, or symbols selected. On-line tickets may be purchased only from on-line retailers.]

(29) [(32)] Pack number--The unique number on the back of the scratch [instant] ticket that designates the number of the pack within a specific scratch ticket [instant] game.

(30) [(33)] Play area--The latex-covered area of a scratch [an instant] ticket that when removed, reveals the ticket play symbols.

(31) [(34)] Play style [Playstyle]--The method of play to determine a winner for an individual game.

(32) [(35)] Play symbol--The printed data under the latex on a scratch [the front of an instant] ticket that is used to determine eligibility for a prize. The symbols for individual games will be specified in individual scratch ticket [instant] game procedures.

[(36) Preliminary drawing--An event in which entries received by a specific deadline are utilized for the selection of contestants for a promotional drawing.]

(33) [(37)] Present at the terminal--A player remains physically present at the [on-line] terminal from the time the player's order for the purchase of draw game [on-line lottery] tickets is paid for and accepted by the [lottery on-line] retailer until the processing of the order is completed and the tickets are delivered to the player at the [licensed on-line] retailer terminal location.

(34) [(38)] Prize amounts--The amount of money payable to each share in a prize category, the annuitized future value of each share in a prize category, or the net present cash value of each share in a prize category for each draw [on-line] game drawing. Prize amounts are calculated by dividing the prize category contribution, the annuitized future value of the prize category contribution, or the net present cash value of the prize category contribution by the number of shares determined for the prize category.

(35) [(39)] Prize breakage--The money which is left over from the rounding down of the pari-mutuel prize levels to the next lowest whole dollar amount or money which is in excess of the amount needed to pay a prize.

(36) [(40)] Prize category--The matching combinations of numbers and their corresponding prize levels as described in rules for the specific game being played.

(37) [(41)] Prize category contributions--Refers to contributions for each drawing to each prize category, [category] including direct and indirect prize category contributions.

(38) [(42)] Prize fund--The monies allocated to be returned to players in winning tickets within a specific scratch ticket [instant] game.

(39) [(43)] Prize pool--In a draw game, the [The] total amount of money available for prizes as a percentage of the total sales for the current draw period.

(40) [(44)] Prize structure--The number, value, prize pay out percentage, and odds of winning prizes for an individual game as approved by the executive director.

(41) [(45)] Promotion--One or more events [An event] coordinated or conducted by the commission [Texas Lottery Commission] at retail sites, fairs, festivals and other appropriate venues, or in conjunction with one or more particular Texas Lottery games, to educate players about Texas Lottery products and/or sell Texas Lottery games through a [licensed Lottery] retailer in specific markets to maximize Texas Lottery sales and statewide awareness.

(42) [(46)] Promotional drawing--A drawing in which qualified contestants are awarded prizes in a random manner in accordance with the procedures set forth for a specific promotional event.

(43) [(47)] Quick Pick--A play option that generates random numbers in a manner approved by the commission. [by the computer.]

(44) [(48)] Roll-over--The amount in a specific draw game prize pool category resulting from no matching combinations and/or prize breakage from the previous drawing.

(45) [(49)] Sales agent--A person licensed under the State Lottery Act to sell Texas Lottery tickets.

(46) Scratch ticket--A scratch ticket lottery game, developed and offered for sale to the public in accordance with commission rules, that is played by removing the latex covered play area on

a scratch ticket to reveal the ticket play symbols. Sometimes, scratch ticket games are called "instant games."

(47) [(50)] Shares--In a draw game, the [The] total number of matching combinations within each prize category as determined for each drawing.

(48) [(51)] Sign-on slip--The receipt produced by a dedicated lottery ticket [the on-line] terminal when the retailer signs on to the lottery gaming system.

(49) Terminal--A device authorized by the commission for the purpose of issuing draw game tickets and/or validating claims, including the commission or commission's vendor's computer hardware as well as commission-authorized third-party point-of-sale systems.

[(52)] Texas Lottery Commission--The agency created by House Bill 54, 72nd Legislature, First Called Session, as amended by House Bill 1587 and House Bill 1013, 73rd Legislature, Regular Session.]

(50) [(53)] Ticket--Any tangible evidence issued [by the commission] to provide [allow] participation in a lottery game or activity authorized by the State Lottery Act.

(51) Ticket bearer--The person who has signed the ticket or who has possession of an unsigned ticket.

(52) Ticket number--The number on the back of the scratch ticket that refers to the ticket sequence within a specific pack of a scratch ticket game.

[(54)] Ticket number--The number on the back of the instant ticket that refers to the ticket sequence within a specific pack of an instant game.]

[(55)] Ticket bearer--The person who has signed the Lottery game ticket or who has possession of an unsigned Lottery game ticket.]

(53) [(56)] Validation number--The unique number sequence printed on a ticket that provides for the verification of the ticket as a valid winner.

(54) [(57)] Valid ticket--A ticket which meets all specifications and validation requirements and entitles the holder to a specific prize amount.

(55) [(58)] Void ticket--Any ticket that is stolen, unissued, illegible, mutilated, altered, counterfeit in whole or part, misregistered, defective, incomplete, printed or produced in error, multiply printed, fails any of the commission's confidential validation tests, or is a ticket produced by or for the commission for education and training purposes.

(56) [(59)] Winning combination--One or more digits, numbers, or symbols randomly selected by the commission in a drawing which has been certified.

§401.302. *Scratch Ticket [Instant] Game Rules.*

(a) Sale of scratch [instant game] tickets.

(1) Only retailers who have been licensed by the commission are authorized to sell scratch [instant game] tickets, and tickets may be sold only at a licensed location.

(2) Each scratch [instant game] ticket shall sell for the retail sales price authorized by the executive director and stated in the individual game procedures.

(3) Each scratch [instant game] ticket shall state the overall estimated odds of winning a prize of any kind, including a break-even [break even] prize.

(b) Game procedures.

(1) The director [of the marketing division] may approve and publish individual game procedures prior to each scratch ticket [instant] game being introduced for sale to the public. Game procedures shall be published in the *Texas Register* and shall be made available upon request to the public.

(2) At a minimum, the game procedures for each game shall contain the following information:

- (A) confirming captions;
 - (B) game name;
 - (C) game number;
 - (D) prize structure;
 - (E) play style; [playstyle;]
 - (F) play symbols;
 - (G) ticket order quantity;
 - (H) retail sales price;
 - (I) dollar amount of prizes that may be paid by retailers;
- and
- (J) eligibility requirements for a prize drawing, if any.

(3) (No change.)

(c) Determination of prize winner.

(1) The play symbols shall be used by a player to determine eligibility for [instant] prizes. Qualifying play symbols are stated in the game procedures.

(2) A player's eligibility to win a prize is subject to the ticket validation requirements provided in subsection (d) of this section.

(3) For each individual game, the player shall rub off the latex covering on [the front of] the ticket to reveal the play symbols. Eligibility to win a prize is based on the approved play style as follows.

(A) - (I) (No change.)

(J) Bonus game features. These features are added to the game for extra play value and entertainment. The specific variants, as described below, are used for a particular game and are described in the individual game procedures:

(i) - (ii) (No change.)

(iii) Double and Double Doubler. If the player reveals one of these designated play symbols as part of the winning combination of the game, the player either doubles or quadruples their prize respectively, [respectfully,] as stated in the game card itself. The player may also reveal the "double" or "double doubler" play symbols in a prize box, in which case the prize amount that the player won is either doubled or quadrupled respectively, [respectfully,] as stated in the game card itself.

(iv) - (vi) (No change.)

(K) Any other approved play style or bonus game feature developed by the commission. [Texas Lottery.] If the player reveals the designated play symbols or bonus play features, the player shall win the prize(s) as indicated.

(d) Ticket validation requirements.

(1) Each scratch [instant game] ticket shall be validated according to validation procedures prior to payment of a prize.

(2) A scratch [~~An instant game~~] ticket shall comply with all of the following.

(A) - (E) (No change.)

(F) The ticket shall pass all the confidential validation and security tests appropriate to the applicable play style. [~~playstyle~~.]

(G) (No change.)

(3) - (4) (No change.)

(5) If a defective ticket is purchased and is void, the sole remedy available against the commission and the commission's sole liability shall be, at the executive director's sole discretion, reimbursement for the cost of the void ticket, or replacement of the defective ticket with another unplayed ticket in that scratch ticket game [~~Instant Game~~] (or a ticket of equivalent sales price from any other current scratch ticket game). [~~Instant Game~~.]

(e) Payment of low-tier and mid-tier prizes.

(1) - (5) (No change.)

(6) If a low- [~~low~~] or mid-tier claim is presented to the commission, the claimant shall follow all procedures of the commission related to claiming a prize, including but not limited to filling out a claim form, presenting appropriate identification if required, completing the back of the ticket, and submitting these items including the apparent winning ticket to the commission by mail or in person. Upon validation of a winning ticket, the commission shall present or mail a check to the claimant in payment of the amount due. If the ticket is determined to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to the claimant.

(f) Payment of high-tier prizes.

(1) High-tier prizes must be presented for payment to the commission. For purposes of this provision, the term "commission" includes claim centers located throughout Texas. In connection with certain scratch ticket [~~instant~~] games, the top-level [~~top level~~] prizes must be claimed at commission headquarters.

(2) If a high-tier [~~high tier~~] claim is presented to the commission, the claimant shall follow all procedures of the commission related to claiming a prize, including but not limited to filling out a claim form, presenting appropriate identification ~~as~~ [~~if~~] required, completing the back of the ticket, and submitting these items including the apparent winning ticket to the commission by mail or in person. Upon validation of the ticket as a winning ticket, the commission shall pay the claimant the amount due in accordance with commission procedures. If the ticket is determined to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to the claimant.

(3) - (7) (No change.)

(8) The director shall recognize only one person as claimant of a particular prize. A claim may be made in the name of a person other than an individual only if the person possesses a federal employer identification number (FEIN) issued by the Internal Revenue Service and such number is shown on the claim form. Groups, family units, clubs, organizations, or other persons without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim is erroneously entered with multiple claimants, the claimants shall designate one of them as the individual recipient of the prize, or, if they fail to designate an individual recipient, the director may designate any one of the claimants as the sole recipient. In either case, the claim shall then be considered as if it were originally entered in the name of the designated individual and payment of any prizes won

shall be made to that single individual. Once a ticket is submitted as a claim, [~~validated,~~] it will not be returned to the winner, [~~but will be forwarded to the lottery, along with the completed claim form.~~]

(9) (No change.)

(g) - (i) (No change.)

(j) Game closing.

(1) The executive director or his/her designee shall determine the closing date for an individual scratch ticket [~~instant~~] game in accordance with a scratch ticket [~~an instant~~] game closing procedure that defines the criteria used to monitor scratch ticket [~~Instant Ticket~~] sales performance and that identifies when scratch ticket [~~instant~~] games should be closed.

(A) The procedure shall provide for the timely closing of a scratch ticket [~~an instant~~] game after all top-level [~~top level~~] prizes in the game have been claimed or on an earlier date as determined by the executive director.

(B) The procedure shall provide for ending ticket sales in a scratch ticket [~~an instant~~] game within 45 days after game closing procedures have been initiated.

(2) No tickets in a scratch ticket [~~an instant~~] game may be sold after the scratch ticket [~~instant~~] game closing date.

(k) Governing law. In purchasing a scratch [~~an instant game~~] ticket, the lottery player agrees to comply with and abide by Texas law, all rules, procedures, and final decisions of the commission, and all procedures and instructions established by the executive director for the conduct of the scratch ticket [~~instant~~] game.

§401.304. Draw [~~On-Line~~] Game Rules (General).

(a) Price of tickets and prizes.

(1) The purchase price of each draw game [~~on-line~~] ticket shall be as set forth in the rules of the specific game being played.

(2) The total amount of prize money allocated to the prize pool for draw [~~on-line~~] games from the total of draw game [~~on-line~~] sales shall be a minimum of 50%.

(3) The prize pool for draw [~~on-line~~] games shall have contributions to prize categories as set forth in the rules of the specific game being played.

(b) Sale of tickets.

(1) Except to the extent that sales in draw [~~on-line~~] games are impeded by draw breaks, draw game [~~on-line~~] tickets may be sold during all normal business hours of the lottery [~~on-line~~] retailer during draw [~~on-line~~] game operating hours. Retailers [~~On-line retailers~~] must give prompt service to lottery customers present and waiting at the [~~on-line~~] terminal to purchase tickets for draw [~~on-line~~] games. Prompt service includes interrupting processing of draw game [~~on-line~~] ticket orders for which the customer is not present at the terminal.

(2) Draw game [~~On-line~~] tickets shall be sold only at the location listed on each retailer's license from the commission. For purposes of this section, the sale of a draw game [~~an on-line~~] lottery ticket at the licensed location means a lottery transaction in which all elements of the sale between the retailer [~~licensee~~] and the purchaser must take place at the retailer location using their terminal, [~~on-line terminal~~] including the exchange of consideration, the exchange of the playslip if one is used, and the exchange of the draw game [~~on-line~~] ticket. No part of the sale may take place away from the [~~on-line~~] terminal.

(c) Drawings and end of sales prior to drawings.

(1) The manner and frequency of drawings shall be as set forth in the rules of the specific game being played and the draw [drawing] procedures for the specific game.

(2) The drawings shall be conducted at times and locations to be announced by the executive director.

(3) The executive director shall establish the times for draw breaks for each draw [on-line] game.

(4) The executive director or his/her designee shall designate the type of drawing equipment to be used and shall establish draw [drawing] procedures to randomly select the winning combination for each type of draw [on-line] game. Draw [Drawing] procedures shall include provisions for the substitution of backup drawing equipment in the event the primary drawing equipment malfunctions or fails for any reason.

(5) A lottery drawing representative [The executive director shall designate a drawing supervisor who shall oversee each drawing and may also serve as the commission security representative. The drawing supervisor, along with a commission security representative] and an independent certified public accountant, [accountant] shall be responsible for conducting the drawing in compliance with the lottery's draw [drawing] procedures. A lottery drawing representative [The drawing supervisor, along with a commission security representative] and an independent certified public accountant, shall attest whether the drawing was conducted in accordance with proper draw [drawing] procedures at the end of each drawing.

(d) Procedures for claiming draw game [on-line] prizes.

(1) All apparent winning tickets presented for payment to the lottery or a retailer [an on-line retailer] must meet the commission's validation requirements as set forth in subsection (e) of this section.

(2) To claim a draw [on-line] game prize of less than \$600, the claimant shall present the winning draw game [on-line] ticket to a retailer [an on-line retailer] or to the commission. All tickets validated by a retailer must be paid by that retailer.

(3) If a claim of less than \$600 is presented to a retailer, [an on-line retailer,] the [on-line] retailer must validate the claim, and, if determined to be a winning ticket, make payment of the amount due the claimant.

(4) To claim a draw [an on-line] game prize of \$600 or more, [more] the claimant shall present the winning draw game [on-line] ticket to the commission. For purposes of this provision, the term "commission" includes claim centers located throughout Texas. In connection with certain draw [on-line] games, the top-level [top level] prizes must be claimed at commission headquarters. For any claim presented to the commission, the claimant shall follow all procedures of the commission related to claiming a prize, including but not limited to filling out a claim form, presenting appropriate identification as [if] required, completing the back of the ticket, and submitting these items including the apparent winning ticket to the commission by mail or in person. Upon validation of the ticket as a winning ticket, the commission shall pay the claimant the amount due in accordance with commission procedures. If the ticket is determined to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to the claimant.

(5) - (8) (No change.)

(9) Payment of a prize will be made to the bearer of the validated winning ticket for that prize upon presentation of proper identification following the completion of all procedures of the commission related to claiming a prize.

(10) The commission [director] shall recognize only one person as claimant of a particular prize. A claim may be made in the name of a person other than an individual only if the person possesses a federal employer identification number (FEIN) issued by the Internal Revenue Service and such number is shown on the claim form. Groups, family units, clubs, organizations, or other persons without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim is erroneously entered with multiple claimants, the claimants shall designate one of them as the individual recipient of the prize, or, if they fail to designate an individual recipient, the director may designate any one of the claimants as the sole recipient. In either case, the claim shall then be considered as if it were originally entered in the name of the designated individual and payment of any prizes won shall be made to that single individual. Once a ticket is submitted as a claim, [validated,] it will not be returned to the winner, [but will be forwarded to the commission, along with the completed claim form.]

(11) (No change.)

(e) Validation requirements.

(1) To be a valid winning draw game [on-line] ticket, all of the following conditions must be met.

(A) - (C) (No change.)

(D) The ticket must have been issued by an authorized [on-line] retailer in an authorized manner on official Texas Lottery [lottery] paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(E) The ticket shall not be stolen. Neither the commission nor its retailers shall be responsible for the payment of prizes for lost or stolen tickets.

(F) - (H) (No change.)

(2) The commission may pay the prize for a draw game ticket that is partially mutilated or not intact if the [on-line] ticket can still be validated by the other validation requirements.

(3) Liability for void tickets, if any, is limited to the replacement of ticket or refund of the sales price.

(4) A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a playslip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(5) In submitting an official draw game [on-line] ticket for validation, the player agrees to abide by applicable laws, all commission rules, regulations, policies, directives, instructions, conditions, procedures, and final decisions of the executive director.

(6) All prizes shall be subject to tax withholdings, offsets, and other withholdings as provided by law.

(f) Payment of prizes by [on-line] retailers.

(1) A retailer [An on-line retailer] may pay to the ticket bearer [on-line] game prizes of \$599 or less for any valid claims presented to that [on-line] retailer. All tickets validated by a retailer must be paid by that retailer. These prizes may be paid during normal business hours of a retailer, provided the lottery gaming [on-line] system is operational and claims can be validated. The on-line retailer shall not charge the claimant any fee for payment of the prize or for cashing a business check drawn on the licensed retailer's account.

[(2) An on-line retailer may pay prizes in cash or by certified check, money order, or by business check if acceptable by the

claimant. An on-line retailer that pays a prize with a check which is dishonored may be subject to suspension or revocation of its license.]

(2) [(3)] Retailers may pay prizes in cash or by certified check, cashier's check, or money order. Retailers may also pay prizes by business check if acceptable to the claimant. If a retailer decides to pay a prize with a business check, the retailer shall inform the claimant prior to ticket validation. A retailer that pays a prize with a check that is dishonored may be subject to suspension or revocation of its license.

(g) (No change.)

(h) Game termination and prize claim period.

(1) The executive director or his/her designee, at any time, may announce the termination date for a draw [an on-line] game. If this occurs, no [on-line] tickets for that draw game shall be sold past the termination date.

(2) Draw [On-line] game prizes shall be claimed no later than 180 days after the applicable draw date of the draw [on-line] game. In the event any player who has a valid winning ticket does not claim the prize within 180 days after the drawing in which the prize was won, the prize amount shall be deposited in accordance with Government Code, §466.408.

§401.307. "Pick 3" Draw [On-Line] Game Rule.

(a) Pick 3. The executive director is authorized to conduct a game known as "Pick 3." The executive director may issue further directives and procedures for the conduct of Pick 3 that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw [On-Line] Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply. [When used in this rule, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise.]

(1) - (4) (No change.)

(c) Play types.

(1) Pick 3 may include the following play types: exact order, any order, exact/any order, combo, and Sum It Up.

(A) - (B) (No change.)

(C) An "exact order/any order" play is a winning play if either [if] the player's three single-digit numbers match in exact order the numbers drawn in the applicable drawing or [if] the player's three single-digit numbers match in any order the numbers drawn in the applicable drawing.

(i) - (iii) (No change.)

(D) A "combo" play combines all of the possible straight (exact) plays that can be played with the three single-digit numbers selected for the play.

(i) A combo play may be a 3-way combo play or a 6-way combo play.

(ii) 3-way combo play is a combo play in connection with a set of three single-digit numbers that includes two occurrences of one single-digit number and one occurrence of one other single-digit number. A 3-way combo play involves three possible winning combinations.

(iii) 6-way combo play is a combo play in connection with a set of three single-digit numbers that includes a single oc-

currence of three different single-digit numbers. A 6-way combo play involves six possible winning combinations.

(iv) Combo play is not permitted in connection with a set of numbers that includes three occurrences of one single-digit number.

(E) (No change.)

(2) The executive director may allow or disallow any type of play described in this subsection. [Currently available play types must be posted on the commission's web site.]

(d) Plays and tickets.

(1) A ticket may be sold only by a retailer [an on-line retailer] and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer [an on-line retailer] is not valid.

(2) - (9) (No change.)

(10) Acceptable methods to select numbers for a play may include: [A person may only select numbers for a play by:]

(A) - (C) (No change.)

(D) requesting a retailer to manually enter numbers; [numbers into an on-line terminal;]

(E) using a previously-generated "Pick 3" ticket provided by the player; or

(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery.]

(11) Acceptable methods to [A player may] select the play type, base play amount, and draw date and time for a play may include: [by:]

(A) - (D) (No change.)

(E) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery.]

(12) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission. [Texas Lottery.] is not valid.

(13) A retailer [An on-line retailer] may only accept a request for a play using a commission-approved [Texas Lottery-approved] method of play, and if the request is made in person.

(14) Consecutive plays.

[(A) Subject to subparagraph (B) of this paragraph, a player may purchase one or more plays for any one or more of the next 12 drawings after the purchase and may purchase up to 12 consecutive night plays or 12 consecutive day plays.]

[(B)] A [Beginning on the date when Pick 3 drawings will be held four times a day pursuant to subsection (f)(1)(A) of this section, a] player may purchase one or more plays for any one or more of the next 24 drawings after the purchase and may purchase up to 24 consecutive plays for a particular drawing time.

(15) A retailer [An on-line retailer] shall issue a ticket as evidence of one or more plays. A ticket must show the numbers, play type and base play amount selected for each play; the number of plays, the draw date(s) for which the plays were purchased; and the security and transaction serial numbers. Tickets must be printed on official

Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(16) - (18) (No change.)

(e) Cancellation of plays.

(1) A retailer [An on-line retailer] may cancel a Pick 3 play only in accordance with the following provisions:

(A) (No change.)

(B) The [on-line] retailer must have possession of the ticket evidencing the play;

(C) - (F) (No change.)

(2) A [An on-line] retailer must retain the ticket and the cancellation receipt for the play(s) evidenced by that ticket for at least 30 days after the cancellation.

(f) Drawings.

[(1)] [Subject to subparagraph (A) of this paragraph, Pick 3 drawings shall be held twice a day, Monday through Saturday, at 12:27 p.m. and 10:12 p.m., central time.]

[(A)] [Beginning on a date determined by the executive director, but no later than October 13, 2013,]

(1) Pick 3 drawings shall be held four times a day, Monday through Saturday, at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time.[, central time.]

[(B)] The executive director may change the drawing schedule, if necessary.

(2) (No change.)

(3) Numbers drawn and the order in which the numbers are drawn must be certified by the commission in accordance with the commission's draw [drawing] procedures.

(4) (No change.)

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing [commission drawings] representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(g) Prizes.

(1) - (11) (No change.)

(h) The executive director may authorize promotions in connection with Pick 3. [Current promotions must be posted on the commission's web site.]

(i) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.

§401.308. "Cash Five" Draw [On-Line] Game Rule.

(a) Cash Five. A Texas Lottery draw [on-line] game to be known as "Cash Five" is authorized to be conducted by the executive director under the following rules and under such further instructions and directives as the executive director may issue in furtherance thereof. If a conflict arises between this rule and §401.304 of this title (relating to Draw [On-Line] Game Rules (General)), this section shall have precedence.

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

(1) Advance Play--A player may purchase a Cash Five ticket for any of the five Cash Five drawings immediately following the current drawing. Example: On Monday, before the drawing, a Cash Five ticket can be purchased for Tuesday, Wednesday, Thursday, Friday, or Saturday drawings.

(2) Multi-draw [Multi draw]--A player may purchase a Cash Five ticket for up to 12 consecutive drawings beginning with the current draw.

(3) - (5) (No change.)

(6) Playslip--An optically readable card issued by the commission [Texas Lottery] used by players of Cash Five to select plays. There shall be five play boards on each playslip identified as A, B, C, D, and E. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

(c) (No change.)

(d) Play for Cash Five.

(1) Type of play. A Cash Five player must select five numbers in each play or allow number selection by a random number generator approved by the commission, [operated by the computer,] referred to as Quick Pick. A winning play is achieved only when two, three, four, or five of the numbers selected by the player match, in any order, two, three, four, or five, respectively, of the five winning numbers drawn by the lottery.

(2) Method of play. The player may use playslips, or other commission-approved [Texas Lottery-approved] method of play, to make number selections. A ticket generated using a selection method that is not approved by the commission [Texas Lottery] is not valid. A selection of a play may be made only if the request is made in person. Acceptable methods to select numbers for a play may include: [A player may only select a play:]

(A) [by] using a self-service terminal;

(B) [by] using a playslip;

(C) [by] using a previously-generated "Cash Five" ticket provided by the player;

(D) [by] requesting a retailer to use Quick Pick; [to select numbers;]

(E) [by] requesting a retailer to manually enter numbers; or

(F) [by] using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery;]

(3) One prize per play. The holder of a winning ticket may win only one prize per play in connection with the winning numbers [number] drawn and shall be entitled only to the highest prize category won by those numbers.

(e) Prizes for Cash Five.

(1) - (2) (No change.)

(3) Prize categories.

(A) First prize--The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of all five numbers of the five numbers drawn (in any order). Each

first prize will be paid in one lump-sum [lump sum] payment. The five-of-five [five of five] first prize of \$600 to \$2,500,000 [\$999,999] must be claimed at a Lottery claim center. Five-of-five [Five of five] prizes of over \$2,500,000 [\$1,000,000 or larger] must be claimed at the commission [Lottery Commission] headquarters in Austin. The total prize category contribution for a drawing will include the following: [following-]

(i) - (ii) (No change.)

(B) Second prize--The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of any four of the five numbers drawn (in any order). The total prize category contribution will include the following: [following-]

(i) - (ii) (No change.)

(C) Third prize--The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of any three of the five numbers drawn (in any order). The total prize category contribution will include the following: [following-]

(i) - (ii) (No change.)

(D) (No change.)

{(4) Unclaimed Prizes. In the event any player who has a valid winning ticket does not claim the prize within 180 days after the drawing in which the prize was won, the prize amount shall be deposited in accordance with Government Code, §466.408-}

(f) Ticket purchases.

(1) Cash Five tickets may be purchased only at a licensed location from a lottery retailer authorized [by the lottery director] to sell draw game [on-line] tickets.

(2) - (3) (No change.)

(4) Except as provided in subsection (d)(2) of this section, Cash Five tickets must be purchased using official Cash Five playslips. Playslips which have been mechanically completed are not valid. Cash Five tickets must be printed on official Texas Lottery [lottery] paper stock or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game. Cash Five tickets must be [and] purchased at a licensed location through an authorized [Texas lottery] retailer's [on-line] terminal.

(g) Drawings.

(1) The Cash Five drawings shall be held each week on Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday evenings at 10:12 [9:59] p.m. Central Time except that the drawing schedule may be changed by the executive director, if necessary.

(2) (No change.)

(3) Each drawing shall determine, at random, five winning numbers in accordance with Cash Five draw [drawing] procedures. Any numbers drawn are not declared winning numbers until the drawing is certified by the lottery in accordance with the draw [drawing] procedures. The winning numbers shall be used in determining all Cash Five winners for that drawing.

(4) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing representative [at least one lottery security representative, the drawing supervisor,] and the independent certified

public accountant immediately prior to a drawing and immediately after the drawing.

(5) A drawing will not be invalidated based on the financial liability of the lottery.

(h) The executive director may authorize promotions in connection with Cash Five.

(i) [(h)] Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.

§401.312. "Texas Two Step" Draw [On-Line] Game Rule.

(a) Texas Two Step. The executive director is authorized to conduct a game known as "Texas Two Step." The executive director may issue further directives for the conduct of Texas Two Step that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw [On-Line] Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply. [When used in this rule, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise.]

(1) - (4) (No change.)

(c) Plays and tickets.

(1) A ticket may be sold only by a [an on-line] retailer and only at the location listed on the retailer's license. A ticket sold by a person other than a [an on-line] retailer is not valid.

(2) - (3) (No change.)

(4) A player may use a single playslip, or other commission-approved [Texas Lottery-approved] method of play, to purchase the same play(s) for up to 10 consecutive drawings, to begin with the next drawing after the purchase.

(5) Acceptable methods to select a play may include: [A person may only select a play:]

(A) [by] using a self-service terminal;

(B) [by] using a playslip;

(C) [by] requesting a retailer to use [the] Quick Pick; [option:]

(D) [by] requesting a retailer to manually enter numbers;

(E) [by] using a previously-generated "Texas Two Step" ticket provided by the player; or

(F) [by] using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery:]

(6) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, [Texas Lottery,] is not valid.

(7) A retailer [An on-line retailer] may only accept a request for a play using a commission-approved [Texas Lottery-approved] method of play, and if the request is made in person.

(8) A retailer [An on-line retailer] shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays, the draw date(s) for which the plays were purchased, and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(9) - (11) (No change.)

(d) Drawings.

(1) Texas Two Step drawings shall be held each week on Monday and Thursday at 10:12 p.m. Central Time. [eentral time.] The executive director may change the drawing schedule, if necessary.

(2) (No change.)

(3) Numbers drawn must be certified by the commission in accordance with the commission's draw [drawing] procedures.

(4) (No change.)

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing [eommission drawings] representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(e) Prizes.

(1) Jackpot prize (first prize).

(A) - (C) (No change.)

(2) Second prize.

(A) - (B) (No change.)

(C) A payment made to a person for a share of the second prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) (No change.)

(3) - (11) (No change.)

(f) (No change.)

(g) Jackpot information on commission [Comission] website. After the commission has approved an advertised estimated jackpot under subsection (e) of this section, the commission shall post the following information on the agency website:

(1) - (2) (No change.)

(h) The executive director may authorize promotions in connection with Texas Two Step.

(i) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.

[(h) This rule takes effect May 26, 2008.]

§401.316. "Daily 4" Draw [On-Line] Game Rule.

(a) Daily 4. The executive director is authorized to conduct a game known as "Daily 4." The executive director may issue further directives and procedures for the conduct of Daily 4 that are consistent with this rule. In the case of conflict, this rule takes precedence over

§401.304 of this title (relating to Draw [On-Line] Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply. [When used in this rule, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise.]

(1) Play--A Daily 4 play other than a Sum It Up play consists of:

(A) - (E) (No change.)

(2) - (4) (No change.)

(c) Play types.

(1) Daily 4 may include the following play types: straight, box, straight/box, combo, front-pair, mid-pair, back-pair, and Sum It Up.

(A) - (C) (No change.)

(D) A "combo" play combines into a single play all of the possible straight plays that can be played with the four single-digit numbers selected for the play.

(i) A combo play may be a 4-way combo play, a 6-way combo play, a 12-way combo play, or a 24-way combo play.

(I) 4-way combo play is a combo play in connection with a set of four single-digit numbers that includes three occurrences of one single-digit number and one occurrence of one other single-digit number. A four-way combo play involves four possible winning combinations.

(II) 6-way combo play is a combo play in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and two occurrences of another single-digit number. A six-way combo play involves six possible winning combinations.

(III) 12-way combo play is a combo play in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and one occurrence of two other single-digit numbers. A 12-way combo play involves 12 possible winning combinations.

(IV) 24-way combo play is a combo play in connection with a set of four single-digit numbers that includes a single occurrence of four different single-digit numbers. A 24-way combo play involves 24 possible winning combinations.

(ii) (No change)

(E) Pair play.

(i) - (iii) (No change.)

(F) (No change.)

(2) The executive director may allow or disallow any type of play described in this subsection. [Currently available play types must be posted on the commission's web site.]

(d) Plays and tickets.

(1) A ticket may be sold only by a retailer [an on-line retailer] and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer [an on-line retailer] is not valid.

(2) - (4) (No change.)

(A) - (E) (No change.)

(F) The cost of a Sum It Up play is the same as the Sum It Up base play amount selected for the Sum It [it] Up play. The cost of a Sum It Up play is in addition to the cost of the Daily 4 play with which the Sum It Up play is connected.

(5) - (6) (No change.)

(7) Acceptable methods to select numbers for a play may include: [A person may only select numbers for a play by:]

- (A) using a self-service terminal;
- (B) using a playslip;
- (C) requesting a retailer to use Quick Pick;
- (D) requesting a retailer to manually enter numbers; [numbers into an on-line terminal;]

(E) using a previously-generated "Daily 4" ticket provided by the player; or

(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery.]

(8) Acceptable methods to [A player may only] select the play type, base play amount, and draw date and time for a play may include: [by:]

- (A) using a self-service terminal;
- (B) using a playslip;
- (C) requesting a retailer to manually enter the selections;
- (D) using a previously-generated "Daily 4" ticket provided by the player; or

(E) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery.]

(9) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, [Texas Lottery;] is not valid.

(10) A retailer [An on-line retailer] may only accept a request for a play using a commission-approved [Texas Lottery-approved] method of play, and if the request is made in person.

(11) [Consecutive plays]

[(A) Subject to subparagraph (B) of this paragraph, a player may purchase one or more plays for any one or more of the next 12 drawings after the purchase and may purchase up to 12 consecutive night plays or 12 consecutive day plays.]

[(B)] A [Beginning on the date when Daily 4 drawings will be held four times a day pursuant to subsection (f)(1)(A) of this section; a] player may purchase one or more plays for any one or more of the next 24 drawings after the purchase and may purchase up to 24 consecutive plays for a particular drawing time.

(12) A retailer [An on-line retailer] shall issue a ticket as evidence of one or more plays. A ticket must show the numbers, play type and base play amount selected for each play; the number of plays, the draw date(s) for which the plays were purchased; and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued

in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(13) - (15) (No change.)

(e) Cancellation of plays.

[(+) A retailer [An on-line retailer] may cancel a Daily 4 play only in accordance with the following provisions:

(1) [(A)] The ticket evidencing the play must have been sold at the retail location at which it is cancelled;

(2) [(B)] The [on-line] retailer must have possession of the ticket evidencing the play;

(3) [(C)] All Daily 4 plays evidenced by a single ticket must be cancelled;

(4) [(D)] Cancellation must [may] occur no later than 60 minutes after sale of the ticket evidencing the play;

(5) [(E)] Cancellation must occur before the beginning of the next draw break after the sale of the ticket evidencing the play; and

(6) [(F)] Cancellation must occur before midnight on the day the ticket evidencing the play was sold.

[(2) An on-line retailer must retain the ticket and the cancellation receipt for the play(s) evidenced by that ticket for at least 30 days after the cancellation.]

(f) Drawings.

(1) [Subject to subparagraph (A) of this paragraph, Daily 4 drawings shall be held twice a day, Monday through Saturday, at 12:27 p.m. and 10:12 p.m., central time.]

[(A)] [Beginning on a date determined by the executive director, but no later than October 13, 2013,] Daily 4 drawings shall be held four times a day, Monday through Saturday, at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. [central time.]

[(B)] The executive director may change the drawing schedule, if necessary.

(2) (No change.)

(3) Numbers drawn and the order in which the numbers are drawn must be certified by the commission in accordance with the commission's draw [drawing] procedures.

(4) (No change.)

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing [commission drawings] representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(g) Prizes.

(1) - (2) (No change.)

(3) A Sum It [it] Up play is a separate play from the play with which it is connected.

(4) - (16) (No change.)

[(h) Start of Play. The executive director shall determine the start date for Daily 4. The start date shall be no later than August 31, 2008.]

(h) [(i)] The executive director may authorize promotions in connection with Daily 4. [Any current promotions must be posted on the commission's web site.]

(i) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.

§401.320. "All or Nothing" Draw [On-Line] Game Rule.

(a) "All or Nothing." The executive director is authorized to conduct a game known as "All or Nothing." The executive director may issue further directives for the conduct of "All or Nothing" that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw [On-Line] Game Rules (General)).

(b) (No change.)

(c) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply. [When used in this rule, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise.]

(1) - (3) (No change.)

(d) Plays and tickets.

(1) A ticket may be sold only by a retailer [an on-line retailer] and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer [an on-line retailer] is not valid.

(2) - (3) (No change.)

(4) A player may use a single playslip or other commission-approved [Texas Lottery-approved] method of play to purchase the same play(s) for up to 24 consecutive drawings, to begin with the next drawing after the purchase.

(5) Acceptable methods to select a play may include: [A person may only select a play:]

(A) [by] using a playslip to select numbers;

(B) requesting a retailer to use Quick Pick; [by selecting a Quick Pick and allowing a random number generator operated by the terminal to select numbers;]

(C) by requesting a retailer to manually enter numbers;

(D) by using a self-service terminal;

(E) by using a previously-generated "All or Nothing" ticket provided by the player; or

(F) by using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery.]

(6) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, [Texas Lottery;] is not valid.

(7) A retailer [An on-line retailer] may only accept a request for a play using a commission-approved [Texas Lottery-approved] method of play, and if the request is made in person.

(8) A retailer [An on-line retailer] shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays, the draw date(s) and time(s) for which the plays were purchased, the cost of the ticket and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued

in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(9) A playslip, or any document other than a ticket issued as described in paragraph (8) of this subsection, has no monetary value and is not evidence of a play.

(10) (No change.)

(11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements. [Neither the commission nor its sales agents shall be responsible for lost or stolen tickets.]

(12) The executive director may authorize promotions in connection with All or Nothing. [the "All or Nothing" On-Line game. Current promotions will be posted on the commission's web site, and published in the "In Addition" section of the *Texas Register*.]

(e) Drawings.

(1) "All or Nothing" drawings will be held four times a day, (at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time) six days a week (Monday through Saturday). The executive director may change the drawing schedule, if [; in the executive director's sole discretion;] it is deemed necessary. [or expedient.]

(2) (No change.)

(3) Numbers drawn must be certified by the commission in accordance with the commission's draw [drawing] procedures.

(4) - (5) (No change.)

(f) (No change.)

(g) Prizes.

(1) The Top Prize.

(A) (No change.)

(B) All payments shall be made upon completion of commission [Commission] validation procedures.

(C) A claim for any prize of \$600 or more must be presented at a [Texas Lottery] claim center.

(2) (No change.)

§401.322. "Texas Triple Chance" Draw Game Rule. [Lottery Game.]

(a) "Texas Triple Chance." The executive director is authorized to conduct a game known as "Texas Triple Chance." The executive director may issue further directives for the conduct of "Texas Triple Chance" that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw [On-Line] Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply. [When used in this rule, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise.]

(1) (No change.)

(2) Play--The three separate Chances, each representing an opportunity to win a prize in "Texas Triple Chance," and the purchase of a ticket evidencing same. The first Chance consists of 7 numbers either chosen by the player or by Quick Pick allowing a random number generator approved by the commission [operated by the terminal] to select the numbers. The remaining two Chances consist of two sets of 7 numbers always automatically selected by Quick Pick.

(3) - (4) (No change.)

(c) - (d) (No change.)

(e) Plays and tickets.

(1) A ticket may be sold only by a retailer [an on-line retailer] and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer [an on-line retailer] is not valid.

(2) - (3) (No change.)

(4) A player may use a single playslip or other commission-approved [Texas Lottery-approved] method of play to purchase the same play(s) for up to 12 consecutive drawings, to begin with the next drawing after the purchase.

(5) Acceptable methods to [A person may only] select a play may include: [as follows:]

(A) For the first Chance, the set of 7 numbers may be selected by:

(i) using a playslip; [playslip;]

(ii) requesting a retailer to use Quick Pick; [selecting a Quick Pick and allowing a random number generator operated by the terminal to select numbers;]

(iii) requesting a retailer to manually enter numbers;

(iv) using a self-service terminal;

(v) using a previously-generated "Texas Triple Chance" ticket provided by the player; or

(vi) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission. [Texas Lottery;]

(B) (No change.)

(6) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, [Texas Lottery;] is not valid.

(7) A retailer [An on-line retailer] may only accept a request for a play using a commission-approved [Texas Lottery-approved] method of play, and if the request is made in person.

(8) A retailer [An on-line retailer] shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays and the draw date(s) for which the plays were purchased, the cost of the ticket and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(9) - (10) (No change.)

(11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements. [Neither the commission nor its sales agents shall be responsible for lost or stolen tickets.]

(12) The executive director may authorize promotions in connection with "Texas Triple Chance." [the "Texas Triple Chance" game: Current promotions will be posted on the commission's web site.]

(f) Drawings.

(1) "Texas Triple Chance" drawings will be held daily at 10:12 p.m. Central Time, Monday through Saturday. The executive

director may change the drawing schedule if it is deemed necessary. [; in the executive director's sole discretion, it is deemed necessary or expedient.]

(2) (No change.)

(3) Numbers drawn must be certified by the commission in accordance with the commission's draw [drawing] procedures.

(4) - (5) (No change.)

(g) - (h) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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For further information, please call: (512) 344-5012



SUBCHAPTER E. RETAILER RULES

16 TAC §§401.353, 401.361, 401.364, 401.370

The amendments are proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery; and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code, Chapter 466.

§401.353. Retailer Settlements, Financial Obligations, and Commissions.

(a) (No change.)

(b) Each retailer shall maintain an account balance sufficient to cover monies due the commission [Commission] for the established billing period. The commission [Commission] shall withdraw by EFT the amount due the commission [Commission] on the day specified by the executive director. In the event a bank holiday falls on or before the day specified for withdrawal during the same business week, the withdrawal shall occur one day later in the week than normally scheduled. "Business week" means Sunday through Saturday. In the event the commission changes the beginning and ending days of the business week, the commission shall notify the retailers prior to the change.

(c) - (d) (No change.)

(e) If a retailer fails to maintain a sufficient account balance to cover monies due the commission [Commission] for the established billing period, the retailer's license shall be summarily suspended. If a retailer's license is summarily suspended for insufficient funds or non-transfer of funds four times in a 12-month period, the retailer's license shall be revoked.

(f) A retailer [An on-line retailer] must retain all sign-on slips for a minimum of seven weeks from the date the sign-on slip is produced. Sign-on slips must be surrendered to commission [Commission] security personnel upon request.

§401.361. Required Purchases of Lottery Tickets.

(a) (No change.)

(b) [Each retailer shall offer for sale to the public at all times at least two instant games, provided that the commission makes available at least two games.] The executive director may prohibit a retailer from using a method of marketing lottery games other than those methods provided by the commission.

(c) - (d) (No change.)

§401.364. Training.

Retailers shall be required to send at least one person to lottery training to be conducted by the commission and/or the lottery operator. All expenses or costs of attendance by employees of a retailer shall be paid by such retailer, including, but not limited to, costs of salaries, travel, lodging, meals, and materials. If employees of a retailer have previously attended lottery training, the commission may not require attendance of such employees. In this event, the retailer shall certify to the commission that at least one employee at the retailer's location has previously attended lottery training. Additionally, the commission may require a retailer to participate in [attend] lottery training as determined by the commission. [at any time if the executive]

§401.370. Retailer's Financial Responsibility for Lottery Tickets Received and Subsequently Stolen or Lost.

(a) (No change.)

(1) Available--The status in the lottery management system for a pack of scratch [instant] tickets that is stored in the scratch [instant] ticket distribution warehouse and is available to be assigned to a retailer's account. Scratch [Instant] tickets in a pack in this status shall not be sold to the public and prizes contained in scratch [instant] tickets in the pack cannot be validated.

(2) Issued--The status in the lottery management system for a pack of scratch [instant] tickets that has been assigned to a retailer's account and is pending confirmation of delivery to the retailer's location. Scratch [Instant] tickets in a pack in this status shall not be sold to the public and prizes contained in scratch [instant] tickets in the pack cannot be validated.

(3) Confirmed--The status in the lottery management system for a pack of scratch [instant] tickets that has been physically received at the retailer's location. A retailer is required to "confirm" receipt of a pack of scratch [instant] tickets upon delivery to the retailer's location. Scratch [Instant] tickets are confirmed using the lottery terminal located in the retailer's business location and the status is recorded in [on] the lottery management system. Scratch [Instant] tickets in a pack in this status shall not be sold to the public and prizes contained in scratch [instant] tickets in the pack cannot be validated.

(4) Active--The status in the lottery management system for a pack of scratch [instant] tickets that has been physically received at the retailer's location and that is being offered for sale to the public. A retailer is required to "activate" a pack of scratch [instant] tickets prior to selling the tickets to the public. A pack of scratch [instant] tickets is activated using the lottery terminal located in the retailer's location and the status is recorded on the lottery management system. A pack of scratch [instant] tickets shall be placed in this status prior to being sold to the public and prizes contained in scratch [instant] tickets in the pack may be validated.

(5) Settled--The status in the lottery management system for a pack of scratch [instant] tickets that has been physically received at the retailer's location, has been activated and the cost of the tickets in the pack has been or is being charged to the retailer's account. Scratch [Instant] tickets "settle" against a retailer's account and the value of the settled packs are swept from the retailer's [retailers'] bank account through an electronic funds transfer. Settled scratch [instant] tickets are recorded in the lottery management system. Scratch [Instant] tickets in

a pack in settled status may be sold to the public and prizes contained in scratch tickets [instant ticket] in the pack may be validated.

(6) Unactivated Scratch [Instant] Tickets--Unactivated scratch [instant] tickets are tickets in Available, Issued or Confirmed status. Unactivated tickets have never been activated or settled and no prizes have been validated. [for unactivated tickets.]

(b) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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SUBCHAPTER D. LOTTERY GAME RULES

16 TAC §401.305

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.305 "Lotto Texas" On-Line Game Rule. The purpose of the proposed amendments is to add Lotto Texas® Winner Take All®, a promotional play option the player may purchase for an additional one dollar (\$1.00), which will give player a chance to win the Lotto Texas Winner Take All Prize during bonus drawings. The bonus drawings for this promotion will be held on Mondays and Thursdays. The single prize, based upon the sales of the promotional play feature, will be divided equally among all holders of winning plays. The Commission anticipates the new Lotto Texas Winner Take All promotion to be implemented April 15, 2018.

The proposed amendments also include language to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems, including updating how tickets are printed on such systems. Finally, the proposed amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology, including changing the reference to the Lotto Texas game from "on-line" to "draw" and other clarifications of meanings and terms.

Kathy Pyka, Controller, has determined that for each year of the first five years the amendments will be in effect, there will be no significant fiscal impact for state or local governments as a result of the proposed amendments. There will be no adverse effect on small businesses or rural communities, micro businesses, or local or state employment. There will be no additional economic cost to persons required to comply with the amendments, as proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

Michael Anger, Director of Lottery Operations, has determined that for each year of the first five years the proposed amendments will be in effect, the public benefit anticipated is providing Texas Lottery players with notification of the changes to the