

11 VAC 5-30-10 et seq. - INSTANT GAME REGULATIONS

INSTANT GAME REGULATIONS

PART I

~~LICENSING OF RETAILERS FOR INSTANT GAMES.~~

11 VAC 5-30-10. ~~Definitions; licensing.~~

~~A. The words and terms, when used in any of the department's regulations, shall have the same meaning as defined in this chapter, unless the context clearly indicates otherwise:~~

~~B. Definitions for instant games are as follows:~~

~~"Altered ticket" means a lottery ticket which has been forged, counterfeited or altered.~~

~~"Bearer instrument" means a lottery ticket which has not been signed by or on behalf of a person or a legal entity. Any prize won on an unsigned ticket is payable to the holder, or bearer, of that ticket.~~

~~"Book" or "ticket book" means the same thing as "pack."~~

~~"Damaged ticket" means a lottery ticket pulled from distribution by the department due to poor quality, e.g., bent, torn or defaced, thereby rendering it unfit to play.~~

~~"Erroneous ticket" means a lottery ticket which contains an unintentional manufacturing or printing defect. A player holding such a lottery ticket is entitled to a replacement ticket of equal value.~~

~~"Game" means any individual or particular type of lottery authorized by the board.~~

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~~"Instant game" means a game that uses preprinted tickets with a latex covering over a portion of the ticket. The covering is scratched off by the player to reveal immediately whether the player has won a prize or entry into a prize drawing. An instant game may include other types of non-on-line lottery games.~~

~~"Instant ticket" means an instant game ticket with a latex covering the game symbols located in the play area. Each ticket has a unique validation number and ticket number.~~

~~"License approval notice" means the form sent to the retailer by the lottery department notifying him that his application for a license has been approved and giving him instructions for obtaining the required surety bond and setting up his lottery bank account.~~

~~"Lottery retailer" or "lottery sales retailer" or "retailer" means a person licensed by the director to sell and dispense lottery tickets, materials or lottery games for instant lottery games or for both instant and on-line lottery games.~~

~~"Low tier winner" or "low tier winning ticket" means an instant game ticket which carries a cash prize of \$25 or less or a prize of additional unplayed instant tickets.~~

~~"Manufactured omitted tickets" means those tickets pulled from distribution due to poor quality by the manufacturer prior to distribution to the department.~~

~~"Omitted tickets" means those tickets pulled from distribution by the department for testing purposes and quality assurance.~~

~~"Pack" generally means a set quantity of individually wrapped unbroken, consecutively numbered, fanfolded instant game tickets which all bear an identical book or pack number~~

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~~which is unique to that book or pack among all the tickets printed for a particular game.~~

~~"Player" means a person who is a lottery customer who has purchased or intends to purchase any lottery ticket or tickets for a specific lottery game or drawing, or an agent or representative of such person. Licensed lottery retailers and their employees may be a lottery customer; however, they may not act as agents or representatives of a player.~~

~~"Prize" means any cash or noncash award to holders of winning instant or on-line tickets.~~

~~"Retailer," as used in this chapter, means a licensed instant lottery retailer, unless the context clearly requires otherwise.~~

~~"Ticket" or "tickets" means a lottery instant game preprinted ticket which is identifiable to a particular game or drawing.~~

~~"Ticket number" means the preprinted unique number or combination of letters and numbers which identifies that particular ticket as one within a particular game or drawing.~~

~~"Validation" means the process of determining whether a lottery ticket is a winning ticket.~~

~~"Validation number" means the unique number or number and letter code printed on the front of an instant ticket sometimes under a latex covering bearing the words "Do not remove,"~~

~~"Void if removed" or similarly worded label, or the unique number assigned by the on-line central computer and printed on the front of each on-line ticket.~~

~~C. The director may license as lottery retailers for instant games persons who will best serve the public convenience and promote the sale of tickets and who meet the eligibility criteria and standards for licensing.~~

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~~For purposes of this part on licensing, "person" means an individual, association, partnership, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals. "Person" also means all departments, commissions, agencies and instrumentalities of the Commonwealth, including its counties, cities, and towns. [Repealed.]~~

~~11 VAC 5-30-20. Eligibility.~~

~~A. Any person who is 18 years of age or older and who is bondable may submit an application for licensure, except no person may submit an application for licensure:~~

- ~~1. Who will be engaged primarily in the business of selling lottery tickets;~~
- ~~2. Who is a board member, officer or employee of the State Lottery Department or who resides in the same household as a board member, officer or employee of the department; or~~
- ~~3. Who is a vendor of lottery tickets or material or data processing services, or whose business is owned by, controlled by, or affiliated with a vendor of lottery tickets or materials or data processing services.~~

~~B. The submission of an application for licensure does not in any way entitle any person to receive a license to act as a lottery retailer. [Repealed.]~~

~~11 VAC 5-30-30. Application procedure.~~

~~Any eligible person shall first file an application with the department on forms supplied for that purpose, along with the required fees as specified elsewhere in this chapter. The applicant shall~~

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~~complete all information on the application forms in order to be considered for licensing. The forms to be submitted include:~~

- ~~1. Retailer License Application;~~
- ~~2. Personal Data Form(s); and~~
- ~~3. Retailer Location Form. [Repealed.]~~

~~11 VAC 5-30-40. General standards for licensing.~~

~~A. The director may license those persons who, in his opinion, will best serve the public interest and public trust in the lottery and promote the sale of lottery tickets. The director will consider the following factors before issuing or renewing a license:~~

- ~~1. The financial responsibility and security of the applicant, to include:
 - ~~a. A credit and criminal background investigation;~~
 - ~~b. Outstanding delinquent state tax liability;~~
 - ~~c. Required business licenses, tax and business permits; and~~
 - ~~d. Physical security at the place of business, including insurance coverage.~~~~
- ~~2. The accessibility of his place of business to public, to include:
 - ~~a. The hours of operation;~~
 - ~~b. The availability of parking and transit routes, where applicable;~~
 - ~~c. The location in relation to major employers, schools, or retail centers;~~
 - ~~d. The population level and rate of growth in the market area; and~~
 - ~~e. The traffic density, including levels of congestion in the market area.~~~~

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~~3.—The sufficiency of existing lottery retailers to serve the public convenience, to include:~~

~~a.—The number of and proximity to other lottery retailers in the market area;~~

~~b.—The expected sales volume profitability of potentially competing lottery retailers;~~

~~and~~

~~c.—The adequacy of coverage of all regions of the Commonwealth with lottery retailers.~~

~~4.—The volume of expected lottery ticket sales, to include:~~

~~a.—Type and volume of the products and services sold by the retailer;~~

~~b.—Dollar sales volume of business;~~

~~c.—Sales history of business and market area; and~~

~~d.—Volume of customer traffic in place of business.~~

~~5.—The ability to offer high levels of customer service to instant lottery players, to include:~~

~~a.—Ability to display point of sale material;~~

~~b.—A favorable image consistent with lottery standards;~~

~~c.—Ability to pay prizes during maximum selling hours; and~~

~~d.—Commitment to authorize employee participation in all required instant lottery training.~~

~~B.—The director may develop and, by administrative order, publish additional criteria which, in his judgment, are necessary to serve the public interest and public trust in the lottery. [Repealed.]~~

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11 VAC 5-30-50. Bonding of lottery retailers.

~~A.—A lottery retailer approved for licensing shall obtain a surety bond from a surety company entitled to do business in Virginia. The purpose of the surety bond is to protect the Commonwealth from a potential loss in the event the retailer fails to perform his responsibilities.~~

~~1.—Unless otherwise provided under subsection C of this section, the surety bond shall be in the amount and penalty of \$5,000 and shall be payable to the State Lottery Department and conditioned upon the faithful performance of the lottery retailer's duties.~~

~~2.—Within 15 calendar days of receipt of the "License Approval Notice," the lottery retailer shall return the properly executed "Bonding Requirement" portion of the "License Approval Notice" to the State Lottery Department to be filed with his record.~~

~~B.—A lottery retailer whose license is being reviewed shall:~~

~~1.—Obtain a letter or certificate from the surety company to verify that the surety bond is being continued for the annual license review period; and~~

~~2.—Submit the surety company's letter or certificate with the required annual license fee to the State Lottery Department.~~

~~C.—The department may establish a sliding scale for surety bonding requirements based on the average volume of lottery ticket sales by a retailer to ensure that the Commonwealth's interest in tickets to be sold by a licensed lottery retailer is adequately safeguarded.~~

~~D.—The sliding scale for surety bonding requirements will become effective when the director determines that sufficient data on lottery retailer ticket sales volume activity are available. Any~~

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~~changes in a retailer's surety bonding requirements that result from instituting the sliding scale will~~

~~become effective only at the time of the retailer's next annual license review action.~~ [Repealed.]

~~11 VAC 5-30-60. Lottery bank accounts and electronic funds transfer (EFT) authorization.~~

~~A. A lottery retailer approved for licensing shall establish a separate bank account to be used exclusively for lottery business in a bank participating in the Automatic Clearing House (ACH) system.~~

~~B. The lottery account will be used by the retailer to make funds available to permit withdrawals and deposits initiated by the department through the electronic funds transfer (EFT) process to settle a retailer's account for funds owed or due from the purchase of tickets and the payment of prizes. All retailers shall make payments to the department through the electronic funds transfer (EFT) process unless the director designates another form of payment and settlement under terms and conditions he deems appropriate.~~

~~C. The retailer shall be responsible for payment of any fees or service charges assessed by the bank for maintaining the required account.~~

~~D. Within 15 calendar days of receipt of the "License Approval Notice," the lottery retailer shall return the properly executed "Electronic Funds Transfer Authorization" portion of the "License Approval Notice" to the department to record establishment of his account.~~

~~E. If a retailer finds it necessary to change his bank account from one bank account to another, he must submit a newly executed "Electronic Funds Transfer Authorization" form for the new bank account. The retailer may not discontinue use of his previously approved bank account until he~~

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~~receives notice from the department that the new account is approved for use.~~

~~F. — The director will establish a schedule for processing the EFT transactions against retailers' lottery bank accounts and issue instructions to retailers on how settlement of accounts will be made.~~

[Repealed.]

~~11 VAC 5-30-70. License term and annual review.~~

~~A. — A general license for an approved lottery retailer shall be issued on a perpetual basis subject to an annual determination of continued retailer eligibility and the payment of an annual fee fixed by the board.~~

~~B. — The annual fee shall be collected within the 30 days preceding a retailer's anniversary date. Upon receipt of the annual fee, the general license shall be continued so long as all eligibility requirements are met. The director may implement a staggered, monthly basis for annual license reviews and allow for the proration of annual license fees. This section shall not be deemed to allow for a refund of license fees when a license is terminated, revoked or suspended for any other reason.~~

~~C. — The annual fee for an amended license issued under the requirements of 11 VAC 5-30-90 will be due on the same date as the fee for the license it replaced.~~

~~D. — The director may issue special licenses to persons for specific events and activities. Special licenses shall be for a limited duration and under terms and conditions that he determines appropriate to serve the public interest. Instant game lottery retailers currently licensed by the department are not required to obtain an additional surety bond for the purposes of obtaining a special event license.~~

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~~E.—If the license of a lottery retailer is suspended, revoked or not continued from year to year, the lottery retailer shall surrender the license certificate upon demand. [Repealed.]~~

~~11 VAC 5-30-80. License fees.~~

~~A.—The fee for a license application for a lottery retailer general license to sell instant game tickets shall be \$25, unless otherwise determined by the board. The general license fee to sell instant game tickets shall be paid for each location to be licensed. This fee is nonrefundable.~~

~~B.—The annual fee for a lottery retailer general license to sell instant game tickets shall be an amount fixed by the board at its November meeting for all annual license reviews occurring in the next calendar year. The fee shall be designed to recover all or a portion of the annual costs of the department in providing services to the retailer. The fee shall be paid for each location for which a license is reviewed. This fee is nonrefundable. The fee shall be submitted within the 30 days preceding a retailer's anniversary date.~~

~~C.—The fee for processing an amended license application for a lottery retailer general license shall be an amount as approved by the board at its November meeting for all amendments occurring in the next calendar year. The amended license fee shall be paid for each location affected. This fee is nonrefundable. An amended license application shall be submitted in cases where a business change occurs as specified in 11 VAC 5-30-90 B. [Repealed.]~~

~~11 VAC 5-30-90. Transfer of license prohibited; invalidation of license.~~

~~A.—A license issued by the director authorizes a specified person to act as a lottery retailer at a specified location as set out in the license. The license is not transferrable to any other person or~~

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~~location.~~

~~B. A license shall become invalid for any of the following reasons:~~

- ~~1. Change in business location;~~
- ~~2. Change in business structure (e.g., from a partnership to a sole proprietorship); or~~
- ~~3. Change in the business owners listed in the original application form for which submission of a Personal Data Form is required under the license application procedure.~~

~~C. A licensed lottery retailer who anticipates a change as listed in subsection B of this section must notify the department of the anticipated change at least 30 calendar days before it takes place and submit an amended application. The director shall review the changed factors in the same manner that would be required for a review of an original application. [Repealed.]~~

11 VAC 5-30-100. ~~Display of license.~~

~~Every licensed lottery retailer shall conspicuously display his lottery license in an area visible to the general public where lottery tickets are sold. [Repealed.]~~

11 VAC 5-30-110. ~~Denial, suspension, revocation or noncontinuation of license.~~

~~A. The director may refuse to issue a license to a person if the person does not meet the eligibility criteria and standards for licensing as set out in this chapter or if:~~

- ~~1. The person has been convicted of a felony;~~
- ~~2. The person has been convicted of a crime involving moral turpitude;~~
- ~~3. The person has been convicted of any fraud or misrepresentation in any connection;~~
- ~~4. The person has been convicted of bookmaking or other forms of illegal gambling;~~

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~~5. The person has been convicted of knowingly and willfully falsifying, or misrepresenting, or concealing a material fact or makes a false, fictitious, or fraudulent statement or misrepresentation;~~

~~6. The person's place of business caters to or is frequented predominantly by persons under 18 years of age, but excluding family-oriented businesses;~~

~~7. The nature of the person's business constitutes a threat to the health or safety of prospective lottery patrons;~~

~~8. The nature of the person's business is not consonant with the probity of the Commonwealth;~~

~~9. The person has committed any act of fraud, deceit, misrepresentation, or conduct prejudicial to public confidence in the state lottery; or~~

~~10. The person has been suspended permanently from a federal or state program and that person exhausted all administrative actions pursuant to the respective agency's regulations.~~

~~B. The director may refuse to issue a license to any partnership or corporation if he finds that any general or limited partner or officer or director of the partnership or corporation does not meet the eligibility criteria and standards for licensing as set out in this chapter or if any general or limited partner or officer or director of the partnership or corporation has been convicted of any of the offenses cited in subsection A of this section.~~

~~C. Any person refused a license under subsection A or B of this section may appeal the director's decision in the manner provided by 11 VAC 5-20-150.~~

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~~D.—The director may suspend, revoke, or refuse to continue a license for any of the following reasons:~~

~~1.—Failure to properly deposit the proceeds of the sale of lottery tickets or to properly account for lottery tickets received or for prizes claimed and paid;~~

~~2.—Failure to file or maintain the required bond or the required lottery bank account;~~

~~3.—Failure to comply with applicable laws, instructions, terms and conditions of the license, or rules and regulations of the department concerning the licensed activity, especially with regard to the prompt payment of claims;~~

~~4.—Conviction, following the approval of the license, of any of the offenses cited in subsection A of this section;~~

~~5.—Failure to file any return or report or to keep records or to pay any fees or other charges as required by the state lottery law or the rules and regulations of the department;~~

~~6.—Commission of any act of fraud, deceit, misrepresentation, or conduct prejudicial to public confidence in the state lottery;~~

~~7.—Failure to maintain lottery ticket sales at a level sufficient to meet the department's administrative costs for servicing the retailer, provided that the public convenience is adequately served by other retailers;~~

~~8.—Failure to notify the department of a material change, after the license is issued, of any matter required to be considered by the director in the licensing application process;~~

~~9.—Failure to comply with lottery game rules;~~

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~~10. Failure to meet minimum point of sale standards;~~

~~11. The person's place of business caters to or is frequented predominantly by persons under 18 years of age, but excluding family-oriented businesses;~~

~~12. The nature of the person's business constitutes a threat to the health or safety of prospective lottery patrons;~~

~~13. The nature of the person's business is not consonant with the probity of the Commonwealth; or~~

~~14. Permanent revocation or suspension from any federal or state program whereby all administrative procedures pursuant to the respective agency's regulations were exhausted.~~

~~E. Before taking action under subsection D of this section, the director will notify the retailer in writing of his intent to suspend, revoke or deny continuation of the license. The notification will include the reason or reasons for the proposed action and will provide the retailer with the procedures for requesting a hearing before the board. Such notice shall be given to the retailer at least 14 calendar days prior to the effective date of suspension, revocation or denial.~~

~~F. If the director deems it necessary in order to serve the public interest and maintain public trust in the lottery, he may temporarily suspend a license without first notifying the retailer. Such suspension will be in effect until any prosecution, hearing or investigation into possible violations is concluded.~~

~~G. A retailer shall surrender his license to the director by the date specified in the notice of revocation or suspension. The retailer shall also surrender the lottery property in his possession and~~

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~~give a final lottery accounting of his lottery activities by the date specified by the director.~~

[Repealed.]

11 VAC 5-30-120. ~~Responsibility of lottery retailers.~~

~~Each retailer shall comply with all applicable state and federal laws, rules and regulations of the department, license terms and conditions, specific rules for all applicable lottery games, and directives and instructions which may be issued by the director.~~ [Repealed.]

11 VAC 5-30-130. ~~Display of material.~~

~~A. Lottery retailers shall display lottery point of sale material provided by the director in a manner which is readily seen by and available to the public.~~

~~B. A lottery retailer may use or display his own promotional and point of sale material, provided it has been submitted to and approved for use by the department in accordance with instructions issued by the director.~~

~~C. The director may require removal of any retailer's lottery material that has not been approved for use by the department.~~ [Repealed.]

11 VAC 5-30-140. ~~Inspection of premises.~~

~~Each lottery retailer shall provide access during normal business hours or at such other times as may be required by the director or state lottery representatives to enter the premises of the licensed retailer. The premises include the licensed location where lottery tickets are sold or any other location under the control of the licensed retailer where the director may have good cause to believe lottery materials or tickets are stored or kept in order to inspect the lottery materials or tickets and~~

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~~the licensed premises. [Repealed.]~~

11 VAC 5-30-150. ~~Examination of records; seizure of records.~~

~~A.—Each lottery retailer shall make all books and records pertaining to his lottery activities available for inspection, auditing or copying as required by the director between the hours of 8 a.m. and 5 p.m., Mondays through Fridays and during the normal business hours of the licensed retailer.~~

~~B.—All books and records pertaining to the licensed retailer's lottery activities may be seized with good cause by the director without prior notice. [Repealed.]~~

11 VAC 5-30-160. ~~Audit of records.~~

~~The director may require a lottery retailer to submit to the department an audit report conducted by an independent certified public accountant on the licensed retailer's lottery activities. The retailer shall be responsible for the cost of only the first such audit in any one license term. [Repealed.]~~

11 VAC 5-30-170. ~~Reporting requirements and settlement procedures.~~

~~Before a retailer may begin lottery sales, the director will issue to him instructions and report forms that specify the procedures for (i) ordering tickets; (ii) paying for tickets purchased; (iii) reporting receipts, transactions and disbursements pertaining to lottery ticket sales; and (iv) settling the retailer's account with the department. [Repealed.]~~

11 VAC 5-30-180. ~~Deposit of lottery receipts; interest and penalty for late payment; dishonored electronic funds transfer (EFT) transfers or checks.~~

~~A.—Each lottery retailer shall purchase the tickets distributed to him. The moneys for payment of these tickets shall be deposited to the credit of the State Lottery Fund by the department. The~~

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~~retailer shall make payments to the department by Electronic Funds Transfers (EFT); however, the director reserves the right to specify one or more of the following alternative forms of payment under~~

~~such conditions as he deems appropriate:~~

- ~~1.—Cash;~~
- ~~2.—Cashier's check;~~
- ~~3.—Certified check;~~
- ~~4.—Money order; or~~
- ~~5.—Business check.~~

~~B.—Payments shall be due as specified by the director in the instructions to retailers regarding the purchasing and payment of tickets and the settlement of accounts.~~

~~C.—Any retailer who fails to make payment when payment is due will be assessed an interest charge on the moneys due plus a \$25 penalty. The interest charge will be equal to the "Underpayment Rate" established pursuant to §6621(a)(2) of the Internal Revenue Code of 1954 (26 USC § 6621(a)(2)), as amended. The interest charge will be calculated beginning the date following the retailer's due date for payment through the day preceding receipt of the late payment by the department for deposit.~~

~~D.—The director will assess a service charge of \$25 against any retailer whose payment through electronic funds transfer (EFT) or by check is dishonored.~~

~~E.—If the department refers a debt of any retailer to the Attorney General, the Department of~~

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~~Taxation or any other central collection unit of the Commonwealth, the retailer owing the debt shall be liable for an additional service charge which shall be in the amount of the administrative costs associated with the collection of the debt that are incurred by the department and the agencies to which the debt is referred.~~

~~F. The service charge, interest and penalty charges may be waived when the event which would otherwise cause a service charge, interest or penalty to be assessed is not in any way the fault of the lottery retailer. For example, a waiver may be granted in the event of a bank error or lottery error. [Repealed.]~~

~~11 VAC 5-30-190. Training of retailers and their employees.~~

~~Each retailer or his designated representative or representatives is required to participate in training given by the department in the operation of each game. The director may consider nonparticipation as grounds for suspending or revoking the retailer's license. [Repealed.]~~

~~11 VAC 5-30-200. License termination by retailer.~~

~~The licensed retailer may voluntarily terminate his license with the department by first notifying the department in writing at least 15 calendar days before the proposed termination date. The department will then notify the retailer of the date by which settlement of the retailer's account will take place. The retailer shall maintain his bond and the required accounts and records until settlement is completed and all lottery property belonging to the department has been surrendered. [Repealed.]~~

~~PART II.~~

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~~INSTANT GAMES.~~

11 VAC 5-30-210. ~~Development of instant games.~~

~~The director shall select, operate, and contract for the operation of instant games which meet the general criteria set forth in this chapter. The board shall determine the specific details of each instant game after consultation with the director. These details include, but are not limited to:~~

- ~~1. Prize amounts and prize structure,~~
- ~~2. Types of noncash prizes, if any, and~~
- ~~3. The amount and type of any jackpot or grand prize which may be awarded.~~

~~The actual number of prizes and prize structure may vary from that adopted by the board because of the omission of defective tickets in the manufacturing process, an increase or decrease in the number of tickets ordered, or the removal of tickets from inventory to perform the department's quality control inspection procedures. [Repealed.]~~

11 VAC 5-30-220. ~~Prize structure.~~

~~A. Unless otherwise determined by the board, the prize structure for any instant game shall be designed to return to winners approximately 50% of gross sales.~~

~~B. The specific prize structure for each instant game shall be approved in advance by the board.~~

~~C. Prizes may be cash or noncash awards, including instant game tickets. [Repealed.]~~

11 VAC 5-30-230. ~~Ticket price.~~

~~A. The sale price of a lottery ticket for each game will be determined by the board. Lottery~~

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~~retailers may not discount the sale price of instant game tickets or offer free tickets as a promotion with the sale of instant tickets. This section shall not prevent a retailer from providing free instant tickets with the purchase of other goods or services customarily offered for sale at the retailer's place of business; provided, however, that such promotion shall not be for the primary purpose of inducing persons to participate in the lottery.~~

~~B. This section shall not apply to the redemption of a winning instant ticket the prize for which is another free ticket. [Repealed.]~~

11 VAC 5-30-250. ~~Chances of winning.~~

~~The director shall publicize the overall chances of winning a prize in each instant game. The chances may be printed on the ticket or contained in informational materials, or both. [Repealed.]~~

11 VAC 5-30-260. ~~End of game.~~

~~Each instant game will end on a date announced in advance by the director. The director may suspend or terminate an instant game without advance notice if he finds that this action will serve and protect the public interest. [Repealed.]~~

11 VAC 5-30-270. ~~Sale of tickets from expired games prohibited.~~

~~No instant game tickets shall be sold after that game ends. [Repealed.]~~

11 VAC 5-30-280. ~~Licensed retailers' compensation.~~

~~A. Unless otherwise determined by the board, licensed retailers shall receive 5.0% compensation on all instant game tickets purchased from the department for resale by the retailer.~~

~~B. The director may award cash bonuses or other incentives to retailers. The board shall~~

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~~approve any bonus or incentive system. The director will publicize any such system by administrative order.~~

~~C. Retailers may not accept any compensation for the sale of lottery tickets other than compensation approved under this section, regardless of source. [Repealed.]~~

11 VAC 5-30-290. Price for ticket packs.

~~For each pack, retailers shall pay the retail value, less the 5.0% retailer compensation and less the value of the low tier winning tickets in the pack. [Repealed.]~~

11 VAC 5-30-300. Purchase of instant tickets.

~~A. Retailers shall purchase packs of tickets directly from the department or through designated depositories.~~

~~B. Retailers shall pay for tickets via an electronic funds transfer (EFT) initiated by the department.~~

~~1. The department will initiate the EFT after tickets are delivered to the retailer. The schedule will be determined by the director.~~

~~2. If an electronic funds transfer is refused, the retailer shall be assessed service charge, interest and penalty charges as provided for in this chapter. The service charge, interest and penalty charges may be waived under 11 VAC 5-30-180 F.~~

~~3. The director may approve another form of payment for designated retailers under conditions to be determined by the director.~~

~~4. If the director permits payment by check and if payment on any check is denied, the~~

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~~retailer shall be assessed service charge, interest and penalty charges as provided for in this chapter.~~

~~C. Once tickets are accepted by a retailer, the department will not replace mutilated or~~

~~damaged tickets, unless specifically authorized by the director.~~

~~D. Ticket sales to retailers are final.~~

~~1. The department will not accept returned tickets except as provided for elsewhere in this chapter or with the director's advance approval.~~

~~2. The retailer is responsible for lost, stolen or destroyed tickets unless otherwise approved by the director. [Repealed.]~~

11 VAC 5-30-310. Retailers' conduct.

~~A. Retailers shall sell instant tickets at the price fixed by regulation, unless the board allows reduced prices or ticket give-aways.~~

~~B. All ticket sales shall be for cash, check, cashier's check, traveler's check or money order at the discretion of and in accordance with the licensed retailer's policy for accepting payment by such means. A ticket shall not be purchased with credit cards, food stamps or food coupons.~~

~~C. All ticket sales shall be final. Retailers shall not accept ticket returns except as allowed by department regulations or policies or with the department's specific approval.~~

~~D. Tickets shall be sold during all normal business hours unless the director approves otherwise.~~

~~E. Tickets shall be sold only at the location listed on each retailer's license from the~~

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department.

~~F.—Retailers shall not sell instant tickets after the announced end of an instant game.~~

~~G.—Retailers shall not break apart ticket packs to sell instant tickets except to sell tickets from~~

~~the same pack at separate selling stations within the same business establishment.~~

~~H.—Retailers shall not exchange ticket packs or tickets with one another or sell ticket packs or tickets to one another.~~

~~I.—On the back of each instant ticket sold by a retailer, the retailer shall print or stamp the retailer's name, address and retailer number. This shall be done in a manner that does not conceal any of the preprinted material.~~

~~J.—No retailer or his employee or agent shall try to determine the numbers or symbols appearing under the removable latex coverings or otherwise attempt to identify unsold winning tickets. However, this shall not prevent the removal of the covering over the validation code or validation number after the ticket is sold and a prize is claimed.~~

~~K.—Unsupervised retailer employees who sell or otherwise vend lottery tickets must be at least 18 years of age. Employees not yet 18 but at least 16 years of age may sell or vend lottery tickets so long as they are supervised by a person 18 years of age or older. [Repealed.]~~

11 VAC 5-30-320. Return of unsold tickets.

~~A.—Each retailer may return for credit full, unbroken ticket packs to the department at any time before the announced end of the game and before the return of any partial packs.~~

~~B.—After the twelfth week of any instant game, each retailer may return broken partial packs of~~

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~~tickets to the department for credit. Partial pack returns are limited to one pack return per register where tickets have been sold for that game. At the same time partial packs are returned, the retailer must return all eligible partial packs and all full packs for that game remaining in his inventory. No additional partial packs or full packs will be accepted from the retailer by the department for credit after partial packs have been returned.~~

~~C. All tickets in the possession of a retailer remaining unsold at the announced end of the game, the return of which are not prohibited by 11 VAC 5-30-320 B, whether partial pack or full pack, must be returned to the department not later than 21 calendar days after the announced end of each instant game or any final prize drawing or no credit will be allowed to the retailer for tickets remaining unsold by that retailer. [Repealed.]~~

PART III.

PAYMENT OF PRIZES FOR INSTANT GAMES.

11 VAC 5-30-330. ~~Prize-winning tickets.~~

~~Prize-winning instant tickets are those that have been validated and determined in accordance with the rules and regulations of the department to be official prize winners. Consistent with this chapter, criteria and specific rules for winning prizes shall be published and posted by the director for each instant game and made available for all players. Final validation and determination of prize-winning tickets remains with the department. [Repealed.]~~

11 VAC 5-30-340. ~~Unclaimed prizes.~~

~~All instant game winning tickets must be received for payment as prescribed in this chapter~~

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~~within 180 days after the announced end of the game or of the event which caused the ticket to be a winning entry, whichever is later. In the event that the 180th day falls on a Saturday, Sunday or legal holiday, a claimant may redeem his prize winning ticket on the next business day. Tickets which~~

~~have been mailed in an envelope bearing a United States Postal Service postmark on or before the 180th day will be deemed to have been received on time.~~

~~A. Any non low tier instant game cash prize which has been won as a result of a drawing but which is not claimed within 180 days after the instant game drawing shall revert to the State Literary Fund.~~

~~B. Any non low tier instant game cash prize which has been won other than by drawing, but which is not claimed within 180 days after the announced end of the instant game shall revert to the State Literary Fund.~~

~~C. Any instant game low tier prize winning ticket which has been purchased but which is not claimed within 180 days after the announced end of the instant game shall revert as a bonus compensation to the account of the retailer which sold the instant game low tier prize winning ticket.~~

~~D. In accordance with the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 USCA Appx § 525), any person while in active military service may claim exemption from the 180-day ticket redemption requirement. Such person, however, must claim his winning ticket or share as soon as practicable and in no event later than 180 days after discharge from active military service.~~

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[Repealed.]

11 VAC 5-30-350. ~~Using winners' names.~~

~~The department shall have the right to use the names of prize winners and the city, town or county in which they live. Photographs of prize winners may be used with the written permission of the winners. No additional consideration shall be paid by the department for this purpose unless otherwise determined by the director.~~ [Repealed.]

11 VAC 5-30-370. ~~Where prizes claimed.~~

~~Winners may claim instant game prizes from the retailer from whom the ticket was purchased or the department in the manner specified in this chapter or in game rules.~~ [Repealed.]

11 VAC 5-30-380. ~~Validating winning tickets.~~

~~A. Winning tickets shall be validated by the retailer or the department as set out in this chapter or in any other manner which the director may determine.~~

~~B. Any instant lottery cash prize or free ticket (at its equivalent value) resulting from a ticket which is purchased by or claimed by a person ineligible to play the lottery game is invalid and reverts to the State Lottery Fund.~~ [Repealed.]

11 VAC 5-30-390. ~~How prize claim entered.~~

~~A. A prize claim shall be entered in the name of an individual person or legal entity. If the prize claimed is \$601 or greater, the person or entity also shall furnish a tax identification number.~~

~~B. An individual shall provide his social security number if a claim form is required by this chapter.~~

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~~C.—A claim may be entered in the name of an organization only if the organization is a legal entity and possesses a federal employer's identification number (FEIN) issued by the Internal Revenue Service.~~

~~1.—If the department, a retailer or this chapter requires that a claim form be filed, the FEIN must be shown on the claim form.~~

~~2.—A group, family unit, club or other organization which is not a legal entity or which does not possess a FEIN may file Internal Revenue Service (IRS) Form 5754, "Statement by Person(s) Receiving Gambling Winnings," with the department. This form designates to whom winnings are to be paid and the person(s) to whom winnings are taxable.~~

~~3.—A group, family unit, club or other organization which is not a legal entity or which does not possess a FEIN and which does not file IRS Form 5754 with the department shall designate one individual in whose name the claim shall be entered and that person's social security number shall be furnished.~~

~~4.—A group, family unit, club or other organization wishing to divide a jackpot prize shall complete an "Agreement to Share Ownership and Proceeds of Lottery Ticket" form. The filing of this form is an irrevocable election which may only be changed by an appropriate judicial order. [Repealed.]~~

11 VAC 5-30-410. ~~No accelerated payments.~~

~~The director shall not accelerate payment of a prize for any reason. [Repealed.]~~

11 VAC 5-30-420. ~~Liability ends with prize payment.~~

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~~All liability of the Commonwealth, its officials, officers and employees, and of the department, the director and employees of the department, terminates upon payment of a lottery prize.~~

[Repealed.]

11 VAC 5-30-430. ~~Delay of payment allowed.~~

~~The director may refrain from making payment of the prize pending a final determination by the director under any of the following circumstances:~~

- ~~1. If a dispute occurs or it appears that a dispute may occur relative to any prize;~~
- ~~2. If there is any question regarding the identity of the claimant;~~
- ~~3. If there is any question regarding the validity of any ticket presented for payment; or~~
- ~~4. If the claim is subject to any set off for delinquent debts owed to any agency eligible to participate in the Setoff Debt Collection Act if the agency has registered such debt with the Virginia Department of Taxation and timely notice of the debt has been furnished by the Virginia Department of Taxation to the State Lottery Department.~~

~~No liability for interest for any such delay shall accrue to the benefit of the claimant pending payment of the claim. The department is neither liable for nor has it any responsibility to resolve disputes between competing claimants.~~ [Repealed.]

11 VAC 5-30-440. ~~When periodic prize payment may be delayed.~~

~~The director may, at any time, delay any payment in order to review a change in circumstance relative to the prize awarded, the payee, the claim, or any other matter that has been brought to the department's attention. All delayed payments shall be brought up to date immediately upon the~~

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~~director's confirmation. Delayed payments shall continue to be paid according to the original payment schedule after the director's decision is given. No liability for interest for any such delay shall accrue to the benefit of the claimant pending payment of the claim.~~ [Repealed.]

11 VAC 5-30-450. ~~Ticket is bearer instrument.~~

~~A ticket that has been legally issued by a lottery retailer is a bearer instrument until the ticket has~~

~~been signed. The person who signs the ticket is considered the bearer of the ticket.~~ [Repealed.]

11 VAC 5-30-460. ~~Payment made to bearer.~~

~~Payment of any prize will be made to the bearer of the validated winning ticket for that prize upon presentation of proper identification and the submission of a prize claim form if one is required, unless otherwise delayed in accordance with this chapter.~~ [Repealed.]

11 VAC 5-30-470. ~~Marking tickets prohibited; exceptions.~~

~~Marking of tickets in any way is prohibited except by a player to claim a prize or by the department or a retailer to identify or to void the ticket.~~ [Repealed.]

11 VAC 5-30-490. ~~Lost, stolen, or destroyed tickets.~~

~~The department is not liable for lost, stolen, or destroyed tickets.~~

~~The director may honor a prize claim of an apparent winner who does not possess the original ticket if the claimant is in possession of information which demonstrates that the original ticket meets the following criteria and can be validated through other means. The exception does not apply to an instant game ticket the prize for which is a free ticket or is \$25 or less.~~

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~~1.—The claim form, if required, and a photocopy of the ticket, or photocopy of the original claim form, if required, and ticket, are timely filed with the department;~~

~~2.—The prize for which the claim is filed is an unclaimed winning prize as verified in the department's records;~~

~~3.—The prize has not been claimed within the required redemption period; and~~

~~4.—The claim is filed within 180 days of the drawing or within the redemption period, as~~

~~established by game rules. [Repealed.]~~

~~11 VAC 5-30-500. Erroneous or mutilated ticket.~~

~~The department is not liable for erroneous or mutilated tickets. The director, at his option, may replace an erroneous or mutilated ticket with an unplayed ticket for the same or a later instant game.~~

~~[Repealed.]~~

~~11 VAC 5-30-510. Retailer to pay low tier prizes.~~

~~Low tier prizes (those of \$25 or less in cash or free instant game tickets) shall be paid by the retailer who sold the winning ticket, or by the department at the option of the ticket holder, or by the department when the ticket cannot be validated by the retailer. [Repealed.]~~

~~11 VAC 5-30-520. Retailers' prize payment procedures.~~

~~Procedures for prize payments by retailers are as follows:~~

~~1.—Retailers may pay cash prizes in cash, by certified check, cashier's check, business check, or money order, or by any combination of these methods.~~

~~2.—If payment of a prize by a check presented to a claimant by a retailer is denied for any~~

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~~reason, the retailer is subject to the same service charge, interest and penalty payments that would apply if the check were made payable to the department. A claimant whose prize check is denied shall notify the department to obtain the prize.~~

~~3. Retailers shall pay claims for low tier prizes during all normal business hours.~~

~~4. Prize claims shall be paid only at the location specified on the license.~~

~~5. The department will reimburse a retailer for prizes from \$26 to and including \$600 paid up~~

~~to 180 days after an instant game ends.~~

~~6. In no case shall a retailer impose a fee, or additional charge, for cashing a winning lottery instant game ticket. [Repealed.]~~

11 VAC 5-30-530. ~~Retailer to validate winning ticket.~~

~~Before paying a prize claim, the retailer should validate the winning ticket. The retailer should follow validation procedures listed in this chapter or obtained from the department. Retailers who pay claims without validating the ticket do so at their own financial risk. [Repealed.]~~

11 VAC 5-30-540. ~~When retailer cannot validate ticket.~~

~~If, for any reason, a retailer is unable to validate a prize winning ticket, the retailer shall instruct the ticket holder on how to file a claim with the department. [Repealed.]~~

11 VAC 5-30-550. ~~No reimbursement for retailer errors.~~

~~The department shall not reimburse retailers for prize claims paid in error. [Repealed.]~~

11 VAC 5-30-560. ~~Retailer to void winning ticket.~~

~~After a winning ticket is validated and signed by the ticket holder, the retailer shall physically~~

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~~void the ticket to prevent it from being redeemed more than once. The manner of voiding the ticket will be prescribed by the director. [Repealed.]~~

11 VAC 5-30-570. Prizes of \$600 or less.

~~A retailer may elect to pay instant prizes from \$26 to and including \$600 won on tickets validated and determined by the department to be official prize winners, regardless of where the tickets were sold. If the retailer elects to pay prizes of \$600 or less, the following terms and~~

~~conditions apply:~~

- ~~1. The retailer shall execute an agreement with the department to pay higher prize limits.~~
- ~~2. The retailer shall pay all prizes agreed to up to and including \$600 on validated tickets presented to that retailer.~~
- ~~3. The retailer shall display special informational material provided by or approved by the department informing the public of the exceptional prize payments available from that retailer.~~
- ~~4. Nothing in this section shall be construed to prevent the department from accepting an agreement from a retailer to pay prize amounts \$26 or more but less than \$601. [Repealed.]~~

11 VAC 5-30-580. Additional validation requirements.

~~Before paying any prize from \$26 to and including \$600, the retailer or the department should:~~

- ~~1. Inspect the ticket to assure that it conforms to each validation criterion listed in these regulations and to any additional criteria the director may specify;~~
- ~~2. Report to the department the ticket number, validation code and validation number of the ticket; and~~

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~~3.—Obtain an authorization number for prize payment from the department. [Repealed.]~~

11 VAC 5-30-590. ~~When prize shall be claimed from the department.~~

~~The department will pay prizes in any of the following circumstances:~~

~~1.—If a retailer cannot validate a claim which the retailer otherwise would pay, the ticket holder shall present the signed ticket at any department office or mail the signed ticket to the department headquarters.~~

~~2.—If a ticket holder is unable to return to the retailer from which the ticket was purchased to claim a prize which the retailer otherwise would pay, the ticket holder may present the signed ticket at any department office or mail the signed ticket to the department headquarters.~~

~~3.—If the prize amount is over the limit paid by the retailer from which the ticket was purchased, the ticket holder may present the signed ticket to any department office or mail the signed ticket to the department headquarters.~~

~~4.—The department may require a claim form as provided in 11 VAC 5-30-620. [Repealed.]~~

11 VAC 5-30-600. Prizes of \$25,000 or less.

~~Prizes of \$25,000 or less may be claimed from any of the department's regional offices. Regional offices will pay prizes by check after tickets are validated and after any other applicable requirements contained in this chapter are met. [Repealed.]~~

11 VAC 5-30-610. Prizes of more than \$25,000.

~~Unless otherwise determined by the department, prizes of more than \$25,000 and noncash prizes other than free lottery tickets may be claimed from the department's headquarters in~~

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~~Richmond. The headquarters will pay cash prizes by check, after tickets are validated and after any other applicable requirements contained in this chapter are met. [Repealed.]~~

11 VAC 5-30-620. ~~When claim form required.~~

~~A claim form for a winning ticket may be obtained from any department office.~~

~~Claim forms may be required to claim any prize from the department's offices. [Repealed.]~~

11 VAC 5-30-630. ~~Department action on claims for prizes submitted to department.~~

~~A. The department shall validate the winning ticket claim according to procedures contained in this chapter.~~

~~B. If the claim is not valid, the department will notify the ticket holder promptly.~~

~~C. If the claim is mailed to the department and the department validates the claim, a check for the prize amount will be mailed to the winner.~~

~~D. If an individual presents a claim to the department in person and the department validates the claim, a check for the prize amount will be presented to the bearer. [Repealed.]~~

11 VAC 5-30-640. ~~Withholding, notification of prize payments.~~

~~A. When paying any prize of \$601 or more, the department shall:~~

~~1. File the appropriate income reporting form(s) with the state Department of Taxation and the federal Internal Revenue Service; and~~

~~2. Withhold any federal and state taxes from any winning ticket in excess of \$5,001.~~

~~B. Additionally, when paying any prize of \$101 or more, the department shall withhold any moneys due for delinquent debts listed with the Commonwealth's Setoff Debt Collection Act, Article~~

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~~21 (§ 58.1-520 et seq.) of Chapter 3 of Title 58.1 of the Code of Virginia. [Repealed.]~~

11 VAC 5-30-650. ~~Grand prize event.~~

~~If an instant game includes a grand prize or jackpot event, the following general criteria shall be used:~~

~~1.—Entrants in the event shall be selected from tickets which meet the criteria stated in specific game rules set by the director.~~

~~2.—Participation in the drawing(s) shall be limited to those tickets which are actually received and validated by the department on or before the date announced by the director.~~

~~3.—If, after the event is held, the director determines that a ticket should have been entered into the event, the director may place that ticket into a grand prize drawing for the next equivalent instant game. That action is the extent of the department's liability.~~

~~4.—The director shall determine the date(s), time(s) and procedures for selecting grand prize winner(s) for each instant game. The proceedings for selection of the winners shall be open to members of the news media and to either the general public or entrants or both. [Repealed.]~~

11 VAC 5-30-660. ~~Director may postpone drawing.~~

~~The director may postpone any drawing to a certain time and publicize the postponement if he finds that the postponement will serve and protect the public interest. [Repealed.]~~

11 VAC 5-30-670. ~~Valid ticket described.~~

~~To be valid, a Virginia lottery ticket must meet all of the validation requirements contained in the rules for the specific instant game and listed here:~~

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- ~~1. The ticket shall have been issued by the department in an authorized manner.~~
- ~~2. The ticket shall not be altered, unreadable, reconstructed, or tampered with in any way.~~
- ~~3. The ticket shall not be counterfeit in whole or in part.~~
- ~~4. The ticket shall not have been stolen or appear on any list of void or omitted tickets on file with the department.~~
- ~~5. The ticket shall be complete and not blank or partly blank, miscut, misregistered, defective, or printed or produced in error.~~
- ~~6. The ticket shall have exactly one play symbol and exactly one caption under each of the rub-off spots, exactly one ticket number, exactly one validation code, and exactly one validation number. These items shall be present in their entirety, legible, right side up, and not reversed in any manner.~~
- ~~7. The validation number of an apparent winning ticket shall appear on the department's official list of validation numbers of winning tickets provided by the vendor of the instant tickets. A ticket with that validation number shall not have previously been paid.~~
- ~~8. The ticket shall pass all additional confidential validation requirements set by the department. [Repealed.]~~

11 VAC 5-30-680. ~~Invalid ticket.~~

~~An instant ticket which does not pass all the validation requirements listed in this chapter and any validation requirements contained in the rules for its instant game is invalid. An invalid ticket is not eligible for any prize. [Repealed.]~~

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11 VAC 5-30-690. ~~Replacement of ticket.~~

~~The director may replace an invalid ticket with an unplayed ticket from the same or another instant game. If a defective ticket is purchased, the department's only liability or responsibility shall be to replace the defective ticket with an unplayed ticket from the same or another instant game or to refund the purchase price, at the department's option. [Repealed.]~~

11 VAC 5-30-700. ~~When ticket is partially mutilated or not intact.~~

~~If an instant ticket is partially mutilated or if the ticket is not intact but can still be validated by other validation tests, the director may pay the prize for that ticket. [Repealed.]~~

11 VAC 5-30-710. ~~Director's decision final.~~

~~All decisions of the director regarding ticket validation shall be final. [Repealed.]~~

11 VAC 5-30-720. ~~When prize payable over time.~~

~~Unless the rules for any specific instant game provide otherwise, any cash prize of \$100,001 or more will be paid in multiple payments over time. The schedule of payments shall be designed to pay the winner equal dollar amounts in each year, with the exception of the first, until the total payments equal the prize amount. [Repealed.]~~

11 VAC 5-30-730. ~~Rounding total prize payment.~~

~~When a prize or share is to be paid over time, except for the first payment, the director may round the actual amount of the prize or share to the nearest \$1,000 to facilitate purchase of an appropriate funding mechanism. [Repealed.]~~

11 VAC 5-30-740. ~~When prize payable for "life."~~

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~~If a prize is advertised as payable for the life of the winner, only an individual may claim the prize. If a claim is filed on behalf of a group, company, corporation or any other type of organization, the life of the claim shall be 20 years.~~ [Repealed.]