

POLICY MANUAL

CHAPTER 3 - GAME RULES AND REGULATIONS

3.0 - INSTANT TICKET GAME RULES

3.01 APPLICABILITY OF THESE RULES

The Instant Game Rules and Regulations contain specific rules, regulations, procedures, instructions and directives that apply to Instant Games developed and offered for distribution and sale to the public by the Tennessee Education Lottery Corporation (TEL). The TEL will, from time to time, amend these Rules and Regulations and adopt new Rules and Regulations that pertain to all Instant Games as well as game specific items that will be incorporated into the Working Papers for each game. In the event of a conflict among the Tennessee Education Lottery Implementation Law (“Act”), the Instant Game Rules and Regulations, and the Retailer Contract, the Act will govern the Instant Game Rules and Regulations, and the Instant Game Rules and Regulations will govern the Retailer Contract; however, to the extent not in conflict with the Act, the Working Papers will govern the Instant Game Rules and Regulations as to the specific Instant Game being produced for distribution: further, however, to the extent not in conflict with the Act, any special rules, Draw Procedures or other Game Procedures adopted by the TEL and uniformly announced to all Retailers for a specific Instant Game (such as for a sales contest), will govern the Working Papers and the Instant Game Rules and Regulations as to that game.

3.02 DEFINITIONS

Capitalized terms used herein shall have the meanings set forth in Appendix A attached hereto, unless otherwise defined in context.

3.03 GENERAL RULES

- A. If the TEL, in its sole discretion, has authorized a Retailer to sell Tickets for Instant Games at one or more of its Retailer Business Locations, in addition to all provisions, terms and conditions of the Act, other Rules and Regulations, and the Retailer Contract, the Instant Game Rules and Regulations herein shall apply to all Instant Games.
- B. Each Retailer shall sell Instant Tickets for any and all Instant Games, as directed by the TEL, at each of its Retailer Business Locations listed in the Retailer Contract for which the TEL has authorized the sale of Tickets for Instant Games.
- C. Acceptance and Return of Instant Tickets:

- 1) Each Retailer shall have a fiduciary duty and responsibility to preserve and account for all Instant Tickets accepted from the TEL or its distributor, as well as cash proceeds from the sale of any lottery products.
- 2) Any Instant Tickets not properly accounted for by the Retailer upon termination of the Retailer Contract, upon demand by the TEL, or at the End of Game date for the corresponding Instant Game, regardless of the reason, shall be deemed to have been purchased by the Retailer.
- 3) Retailers shall confirm receipt of all Packs of Instant Tickets delivered, at the time of delivery, through the Lottery Terminal provided by the TEL. **Failure to confirm Tickets upon receipt could result in the Retailer Contract being revoked.** Retailers shall accept only complete Ticket orders assigned to them and will not be allowed to accept a part of the Ticket order delivered to them.
- 4) The TEL will accept full and partial Pack returns immediately following the termination, cancellation, suspension, revocation or non-renewal of a Retailer Contract with the TEL. A maximum of four (4) sequential breaks in Ticket Number sequence per Pack will be allowed. The returned Instant Tickets must be collected by or delivered directly to a Lottery sales representative or any other employee designated by the CEO. Instant Tickets not returned will be charged to the Retailer, less appropriate Retailer Commissions.
- 5) For special Instant Games that may have varying market appeal, as determined from time to time in the sole discretion of the CEO (such as seasonal, special interest and sports theme Instant Games), the TEL may accept full and partial Pack returns prior to the announced End of Game. A maximum of four (4) sequential breaks in Ticket Number sequence per Pack will be allowed. The returned Instant Tickets must be collected by or delivered directly to a Lottery sales representative or any other employee designated by the CEO. Instant Tickets not returned will be charged to the Retailer, less appropriate Retailer Commissions.
- 6) Prior to announcing the End of Game date for any particular Instant Game to the general public, the TEL will notify Retailers of a prior date at which the TEL expects the Retailer to cease selling Instant Tickets for that game. Thereafter, and on or before the End of Game date, the TEL sales representative, or any other employee designated by the CEO, will pick up any full and partial Packs of Tickets for that game remaining with the Retailer. A maximum of four (4) sequential breaks in Ticket Number sequence per Pack will be allowed. Instant Tickets not returned will be charged to the Retailer, less appropriate Retailer Commissions.

- 7) The foregoing notwithstanding, the TEL may, from time to time, adopt rules limiting the return and acceptance of full and partial Packs for specific Instant Games as a condition of Retailer participation in sales contests.

Amended 10.24.05, 2.23.11, 5.16.11

D. Stolen Instant Tickets:

Amended 4.25.05

- 1) The Retailer shall be responsible for securing Activated, non-Activated and Settled Packs of Instant Tickets. The Retailer shall report all stolen Instant Tickets to the TEL's Security department within 24 hours of the theft. The Retailer must provide TEL Security personnel with the correct **Game name and/or Number, the correct Pack number(s) and the exact range of Tickets stolen**. In addition, the Retailer shall file a police report for the stolen Tickets within 24 hours of the theft. The Retailer must mail or fax a copy of the police report to TEL Security within fourteen (14) calendar days of the initial report of the theft to the TEL.
- 2) For tickets reported stolen from Activated or settled Pack(s), the Retailer shall be financially responsible for the Instant Tickets; however, if the Retailer has complied with all of the reporting requirements contained in this Section 3.03.D and in the Retailer Rules and Regulations, the TEL, following a thorough review of all available information, i.e., police reports internal documents, investigative reports, etc., may refund the Retailer for Tickets accurately reported as stolen from Activated or Settled Pack(s) of Instant Tickets 45 days after the theft report was filed with the TEL as follows:

TEL will credit the Retailer the amount paid for stolen Instant-Tickets reported to the TEL, less a \$25.00 per Pack blocking fee if none of the stolen Instant Tickets from the Activated or Settled Pack(s) have been validated prior to the date and time the Retailer reports the Instant Tickets to the TEL as stolen.

Amended: 2.23.11, 5.16.11

- 3) For Instant Tickets reported stolen from non-Activated pack(s) the Retailer will be assessed a blocking fee of \$25 for each Pack. However, if the Retailer has complied with all the reporting requirements and there is clear evidence that the Pack was stolen as determined by the TEL, in the TEL's sole discretion, through a review of all available information, i.e., police reports, internal documents, investigative reports, etc., the \$25 blocking fee will be credited to the Retailer.

- 4) The Retailer must have a valid Retailer Contract with the TEL, be an active Retailer, and be current on all funds due to the TEL in order to qualify for any reimbursement for stolen Instant Tickets not recovered.

Amended: 2.23.11

E. Lost, Misplaced or Unaccounted for Instant Tickets:

The Retailer shall be responsible for lost, misplaced or unaccounted for non-activated Instant Tickets and may be charged the full price of the Tickets, less any applicable commission.

F. Damaged Instant Tickets:

- 1) If Instant Tickets are damaged in transit to the Retailer, the Retailer shall report the damage to the TEL within 24 hours after confirmation of delivery to be considered for credit. (A POLICE REPORT IS NOT REQUIRED FOR DAMAGED INSTANT TICKETS.) The TEL will accept the return of all Tickets damaged in shipment whenever possible.
- 2) The Retailer shall be responsible for Instant Tickets damaged after delivery and will be charged the full price of the Tickets less any applicable Commissions. Upon investigation by the TEL, the TEL may, in its sole discretion, elect to accept the return of Tickets damaged after delivery and reduce the Retailer's cost for the damaged Tickets to \$25 per Pack.

3.04 INSTANT GAME RULES

A. New Instant Game.

- 1) The CEO, at any time, may introduce a new individual Instant Game or series of Instant Games.
- 2) Each Instant Game shall include the manner and time of payment of prizes as authorized by the CEO and stated in the individual Working Papers.
- 3) The individual Working Papers for each Instant Game shall contain the number and amount of prizes as authorized by the CEO.
- 4) The odds of winning for each Instant Game, as authorized by the CEO and stated in the individual Working Papers, will be formatted for distribution to the public through the Retailer base and shall include the following:
 - a. Available prize tiers;
 - b. Consolidated odds of winning each available prize tier; and

c. Overall odds of winning.

B. Sale of Instant Tickets.

- 1) Only Retailers who have entered into a Retailer Contract with the TEL, and have been approved by the TEL, in the TEL's sole discretion, for the sale of Instant Games, are authorized to sell Instant Tickets. Instant Tickets may only be sold:
 - a. At the Retailer Business Location(s) listed in the Retailer Contract for which the TEL has authorized the sale of Tickets for Instant Games; and
 - b. At the Retailer Business Location where each Instant Ticket Pack is assigned by the TEL and accepted by the Retailer.
- 2) Each Instant Ticket shall sell for the retail sales price authorized by the CEO and stated in the individual Working Papers.

C. Determination of Prize Winner.

- 1) The Play Symbols shall be used by a player to determine eligibility for Instant Game prizes. Qualifying Play Symbols are stated in the Working Papers.
- 2) A player's eligibility to win a prize is subject to the Ticket validation requirements provided in subsection D of this section 3.04.
- 3) For each individual Instant Game, the player shall uncover the Play Area on the front of the Ticket to reveal the Play Symbols. Eligibility to win a prize is based on the approved Play Style as stated in the Working Papers. Prizes are subject to prior sales.

D. Ticket Validation Requirements.

- 1) Each Instant Ticket shall be validated according to validation procedures prior to payment of a prize.
- 2) An Instant Ticket shall comply with all of the following:
 - a. The Ticket shall not be stolen or appear on any list of omitted Tickets on file with the TEL.
 - b. The Ticket shall not be counterfeit or forged, in whole or in part.

- c. The Ticket shall not be mutilated, altered, unreadable, reconstituted, or tampered with in any manner.
- d. The Ticket shall have been issued by the TEL in an authorized manner.
- e. The Ticket shall have been received or recorded by the TEL by applicable redemption deadlines.
- f. The Ticket shall pass the confidential validation and security tests appropriate to the applicable Play Style.
- g. The Validation Number of an apparent winning Ticket shall appear on the TEL's official file of Validation Numbers of winning Tickets. A Ticket with that Validation Number shall not have been paid previously.
- h. The Ticket shall be intact, and not miscut, and have exactly one Play Symbol and exactly one Caption in each of the rub-off spots, exactly one Pack Number, exactly one Ticket Number, exactly one Retailer Validation Code, and exactly one Validation Number on the Ticket.
- i. The Game Number, Pack Number, Ticket Number, and Validation Number must be present in their entirety and be fully legible. The Validation Number shall correspond, using the TEL's codes, to the Play Symbols on the Ticket.
- j. The Play Symbols, Captions, Validation Number, Retailer Validation Code, Pack Number, and Ticket Number must be right side up and not reversed in any manner.
- k. The Ticket must not be blank or partially blank, misregistered, defective, or printed or produced in error.
- l. Each of the Play Symbols on the Instant Game Ticket must be exactly one of those described in that Instant Game's Working Papers, and each of the Captions must be exactly one of those described in the same Working Papers.
- m. Each of the Play Symbols on the Ticket must be printed in the correct symbol font and correspond precisely to the artwork on file at the TEL. Each of the Captions must be printed in the Caption font and must correspond precisely to the artwork on file at the TEL. The Retailer Validation Code must be printed in the Retailer Validation Code font and must correspond precisely to the artwork

on file at the TEL. The Validation Number must be printed in the Validation Number font and must correspond precisely to the artwork on file at the TEL.

n. The display printing must be regular in every respect and correspond precisely with the artwork on file at the TEL.

3) Any Ticket not passing all of the validation tests and requirements is void and ineligible for any prize and shall not be paid. The CEO may, at CEO's exclusive determination, replace the Ticket or reimburse the player for the cost of the void Ticket.

4) If a defective Ticket is purchased, the TEL's only liability shall be replacement of the Ticket or reimbursement for the cost of the void Ticket.

E. Ticket Responsibility.

1) The TEL shall not be responsible for lost, stolen, or destroyed Tickets.

2) The TEL shall not be responsible for erroneous or mutilated Tickets.

3) The TEL shall not be responsible for Tickets claimed by a player in error for a lower prize at a Retailer.

4) The TEL shall not pay prizes to any Claimant who purchases a Ticket from an unauthorized Retailer.

5) The TEL shall pay a prize to only one individual or entity.

6) A Ticket is a bearer instrument until signed on the back by the Ticket holder. If the signature area is defaced, altered, or signed by more than one person, the TEL reserves the right to refuse payment.

F. Disputed Ticket.

If a dispute arises between the TEL and a Ticket Claimant concerning whether the Ticket is a winning Ticket and if the Ticket prize has not been paid, the CEO may, exclusively at his/her determination, reimburse the Claimant for the cost of the disputed Ticket, or provide the Claimant a replacement Ticket of the same cost as the disputed Ticket. This shall be the Claimant's exclusive remedy.

G. End of Game and Prize Claim Period.

1) The CEO, at any time, may establish the End of Game date for an individual Instant Game or series of Instant Games.

- 2) The TEL sales representatives will be directed to contact all Retailers in order to have the Retailers properly account for and return for credit the unsold Instant Tickets from such Instant Games. Every reasonable effort shall be made to assure the return of all unsold Instant Tickets from each discontinuing Instant Game on or before the corresponding End of Game date. Instant Tickets not returned will be charged to the Retailer.
- 3) Instant Game prizes shall be redeemed or claimed no later than 90 days after the End of Game date of the individual Instant Game; the date of claim or redemption is the date of receipt by the TEL, thereafter, no claims shall be honored by the TEL.
- 4) When the End of Game date for an individual Instant Game or series of Instant Games has been established, the TEL sales and marketing department shall prepare and distribute an End of Game flyer to all TEL Retailers announcing the names of Instant Games which are ending, End of Game date, and last day to redeem date.
- 5) When the End of Game date for an individual Instant Game or series of Instant Games has been established, the TEL legal department shall prepare and publish, beginning on or before the End of Game date, a legal notice announcing the names of the Instant Games which are ending, the End of Game date for each such Instant Game, and the last date upon which prizes for each such Instant Game may be redeemed or claimed.

H. Governing Law.

In purchasing a Ticket, the customer or player agrees to comply with, and abide by, the Act, other applicable Tennessee laws, all Rules and Regulations and final decisions of the TEL, and all procedures and instructions established by the TEL or the CEO for the conduct of the game.

I. Purchase and Prize Restrictions.

No Instant Game Ticket may be purchased by and no prize shall be paid to any member of the Board; any officer or employee of the TEL; or any spouse, child, step-child, brother, sister, son-in-law, daughter-in-law, parent or grandparent residing as a member of the same household in the principal place of residence of any such person. Nor shall any Ticket be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of any Vendor, or any spouse, child, step-child, brother, sister, son-in-law, daughter-in-law, parent or grandparent residing as a member of the same household in the principal place of residence of any such person if such officer, employee, agent, or subcontractor has access to confidential information which may compromise the integrity of the TEL.

J. Taxes and Setoffs.

In accordance with the Act and other applicable laws:

- 1) All prizes are subject to applicable federal and state withholdings, and federal income taxes; and
- 2) Prizes of \$600.00 and above are subject to Debt Setoff collection by claimant agencies.

K. Coordination of Instant Game Rules and On-Line Game Rules.

If and when there is an issue or topic relevant to the Instant Game Rules and Regulations which is addressed in the On-Line Game Rules and Regulations, but which is not addressed in the Instant Ticket Game Rules and Regulations, then the provisions of the On-Line Game Rules and Regulations shall apply equally to the Instant Games for such issue or topic; however, in no case shall an Instant Game winner be allowed the option to receive in a lump sum the cash value equivalency in lieu of an annuitized prize unless that option is specifically provided for in the respective Instant Game Working Papers.

3.05 GRAND PRIZE DRAWING RULES

This section shall not apply to individual Instant Games that do not provide for a Grand Prize Drawing.

- A. Eligibility for a Grand Prize Drawing shall be determined by, but not limited to, a direct entry in a Grand Prize Drawing or an entry into a Preliminary Drawing as provided in the Draw Procedures. The CEO shall determine any prizes to be awarded and the method of payment that shall be stated in the Draw Procedures.
- B. Preliminary Drawings and Grand Prize Drawings shall be conducted at times and places and pursuant to the methods stated in the Draw Procedures.
- C. An entry in a Preliminary Drawing or Grand Prize Drawing submitted by a player in accordance with the applicable Draw Procedures is eligible to be included in a drawing as provided in the Draw Procedures.
- D. Entries in a Preliminary Drawing or Grand Prize Drawing shall be delivered to the address designated in the Draw Procedures no later than the last day of the time frame specified in the Draw Procedures.
- E. The number of Preliminary Drawing and Grand Prize Drawing winners selected to advance or to win a prize shall be specified in the Draw Procedures. The odds of winning an entry into these drawings for a prize of a specific amount need not be uniform throughout the game and are subject to change by the CEO.

- F. Each Grand Prize Drawing finalist shall submit a completed Claim Form and the winning Ticket to the TEL within the required claim-filing period. Failure to submit these items within the claim filing period and failure to have a Valid Ticket shall be cause for ineligibility to the Grand Prize Drawing.
- G. Each Grand Prize Drawing finalist will be notified by the TEL of the date of his/her appearance at the Grand Prize Drawing.
- H. If a dispute arises between the TEL and a Ticket Claimant concerning whether the Ticket is a winning Ticket and if the Ticket prize has not been paid, the CEO may exclusively at his/her determination, reimburse the Claimant for the cost of the disputed Ticket. This shall be the Claimant's exclusive remedy.

Amended: 11.5.12

3.06 VIP PLAYERS SUITE

- A. VIP Players Suite is a player loyalty rewards program. Players must create an account on a website designated for such purpose. Each non-winning Ticket shall be assigned a fixed number of points and Players must register their non-winning Tickets in their account. Once registered, the Player will receive the points allocated to the registered Ticket. Players may redeem their accumulated points to acquire merchandise from an on-line catalogue in the VIP Players Suite; or, as approved by the CEO, special marketing initiatives may be held in connection with the VIP Players Suite during which Players may use a designated amount of points to enter drawings for trips, prizes and promotional opportunities.
- B. The CEO (or designee) may prescribe, from time to time, such features and/or limitations as necessary, in such officer's discretion, to ensure the optimal performance of the VIP Players Suite. Further, the CEO (or designee) shall determine the merchandise to be made available in the VIP Players Suite, as well as prizes to be won during special marketing initiatives; and shall, from time to time, set the parameters for the allocation of points to non-winning Tickets.
- C. The TEL may discontinue the operation of VIP Players Suite at the discretion of the CEO.