

Retailer Contract

THIS RETAILER CONTRACT is between TENNESSEE EDUCATION LOTTERY CORPORATION (“TEL”), a public corporation created pursuant to the Tennessee Education Lottery Implementation Law (the “*Act*”), and the undersigned (“*Retailer*”). Capitalized terms used herein shall have the meanings set forth in Appendix A to the TEL’s Retailer Policies, unless otherwise defined in context. Retailer and the TEL hereby agree as follows:

1. **Retailer Rules.** Retailer agrees to comply with and to be bound by the Act, each of the TEL’s policies pertaining to retailers and to its lottery games (the “*TEL Retailer Policies*”), and all other applicable laws, rules, regulations, ordinances and orders (collectively, the “*Governing Law*”). It is the responsibility of the Retailer to know and to understand the TEL Retailer Policies. Retailer agrees at all times to meet the minimum qualifications for a TEL Retailer (as set forth in the Governing Law) and to notify the TEL of any changes in its business, as required in the Act and the TEL Retailer Policies. The TEL Retailer Policies may be amended from time to time, in the sole discretion of the TEL, and, as and when amended, shall be effective as against Retailer.
2. **Term; Termination.** The term of this Retailer Contract shall begin as of the date it is executed by Retailer, as shown below, and shall remain in effect until terminated or not renewed. This Retailer Contract may be terminated by either party in accordance with the requirements of the TEL Retailer Policies or the Act. The TEL may cancel, deny, revoke, or terminate this Retailer Contract for any of the reasons set forth in Exhibit A, attached hereto and incorporated herein by reference, or a breach of this Retailer Contract. The chief executive officer of the TEL (the “*CEO*”) may temporarily suspend Retailer’s rights under this Retailer Contract without prior notice (written or otherwise), pending any prosecution, hearing or investigation, in accordance with the Act.
3. **Ticket Sales.** Retailer agrees to sell lottery Tickets for all the games it is authorized by the TEL to sell, and only at the Retailer Business Locations for which the TEL has issued a Certificate of Authority or at such temporary locations as authorized by the TEL. Retailer agrees that it shall sell no lottery Tickets in the State of Tennessee, except those provided for sale by the TEL. Retailer shall not sell lottery Tickets or pay prizes to persons under the age of 18. Retailer agrees that it shall sell lottery Tickets only at the prices, and only subject to the terms and conditions, determined by the TEL. The TEL will pay Retailer Commissions and other compensation for certain lottery Tickets sold and for certain winning lottery Tickets paid by Retailer in accordance with the Act and the TEL Retailer Policies.
4. **Electronic Funds Transfer.** Retailer shall have a fiduciary duty to preserve and to account to the TEL for all proceeds from the sale of lottery Tickets collected by it and shall be responsible for and liable to the TEL for all such proceeds. All proceeds from the sale of lottery Tickets and all other funds due the TEL shall constitute a trust fund in favor of the TEL until paid to the TEL. The Retailer agrees that the TEL may at any time demand payment of proceeds from the sale of lottery Tickets due to the TEL. Subject to the Act and the TEL Retailer Policies, Retailer agrees: (i) to maintain a separate bank demand account in the name of the Retailer as “Trustee for the Tennessee Education Lottery Corporation,” with a bank, acceptable to TEL, which is a member of an automated clearing house association (ACH); (ii) to deposit daily into that bank account all proceeds from the sale of lottery Tickets and other funds due the TEL; (iii) to authorize the TEL to initiate Electronic Funds Transfer (“*EFT*”) to and from that account for the net settlement amount due to or from the TEL from the sale and cashing of lottery Tickets; and (iv) that sufficient funds shall be available in the designated account on the dates specified by the TEL to cover the amounts due the TEL, as determined by TEL. Retailer shall be liable for the TEL’s costs, including but not limited to, any interest charges, court costs, filing fees, and lawyer’s fees in connection with any legal action brought by the TEL to recover past due amounts from Retailer. Amounts not paid to the TEL will be subject to interest charges as permitted by law.
5. **Prize Payments.** Retailer agrees to validate all lottery Tickets and to pay cash prizes up to and including \$599. Such payment for winning Tickets shall not be in amounts greater or less than the amounts authorized by TEL, and shall never be subject to restrictions or conditions other than those imposed by TEL.
6. **Promoting Sales.** Retailer agrees to prominently display, in locations accessible to the public, point-of-sale advertising and other public information material and supplies provided from time to time by the TEL and its vendors and suppliers. Retailer agrees that one or more of its employees shall attend all training sessions, as requested from time to time by the TEL. The TEL and its vendors and suppliers may provide certain equipment (such as Lottery Terminals, instant ticket vending machines, Ticket dispensers, lighted signs, satellite dishes, play stations, etc.) to be held in the custody and control of Retailer without any transfer of ownership of such equipment to Retailer. Retailer agrees to return any such equipment and supplies upon request of the TEL or its owner or upon termination or suspension of this Retailer Contract and agrees to be financially liable and responsible for the use, preservation and protection of such equipment and supplies, normal wear and tear excepted.
7. **Acceptance and Return of Instant Tickets.** Subject to the conditions and reporting requirements more fully set forth in the TEL Retailer Policies, Retailer shall have a fiduciary duty and responsibility to preserve and to account for all Instant Tickets accepted by the Retailer (or an employee of Retailer) from the TEL or its vendor. Retailer shall be financially responsible for any Instant Ticket Packs it is unable to locate or account for. The TEL will accept full and partial Instant Ticket Pack returns within three (3) weeks of the termination, cancellation, suspension, revocation or non-renewal of this Retailer Contract.
8. **Service Fees.** Retailer agrees that it is responsible for and shall pay to the TEL a \$15 per week service fee for each Terminal utilized.
9. **Assignment; Transfer of Ownership.** This Retailer Contract and any of Retailer’s Certificate(s) of Authority may not be assigned or otherwise transferred by Retailer without prior notice to and approval of the TEL, in accordance with the TEL Retailer Policies.
10. **Approval of Retailer’s Application.** The obligations of the TEL under this Retailer Contract are expressly conditioned on the approval by the TEL of Retailer’s application. Upon execution of this Retailer Contract, Retailer agrees to be bound by the Governing Law and the terms of this Retailer Contract.
11. **Contract Changes.** This Retailer Contract, including the Act and the TEL Retailer Policies, is the entire contract between the TEL and Retailer. This Retailer Contract shall supersede and replace any prior contract between Retailer and the TEL in its entirety for each Retailer Business Location listed below or in Schedule B to Part 1, attached hereto and incorporated herein by reference. This Retailer Contract may not be modified or amended except by a writing signed by both parties hereto or by amendment to the Act or the TEL Retailer Policies. Any changes, revisions, or amendments to this Retailer Contract made by Retailer prior to its submission to the TEL shall cause this Retailer Contract to become null and void. In the event of any conflict, the provisions of the Act shall govern the TEL Retailer Policies, and the TEL Retailer Policies shall govern the Retailer Contract.

IN WITNESS WHEREOF, the TEL and the undersigned Retailer have executed, or caused their respective duly authorized representatives to execute, this Retailer Contract as of the ___ day of _____, 20__.

(Corporate or Legal Name)

By: _____
(signature)

Printed Name and Title

(Store Name or d/b/a)

(Address of store)

(Use Schedule B to Part 1 for multiple locations)

TENNESSEE EDUCATION LOTTERY CORPORATION

By: _____
Rebecca Paul, President & CEO

EXHIBIT A
to
Retailer Contract

Notice of Specific Reasons for which a Retailer Contract may be Terminated

TEL may cancel, deny, revoke, suspend, terminate, or refuse to renew any Retailer Contract if a Retailer or any of its owners:

- a. violates or fails to comply with a provision of this Retailer Contract, the Act, or the TEL Retailer Policies; or
- b. violates Tennessee Code Annotated Title 39, Chapter 17, Part 6, relative to lottery or gambling offenses; or
- c. is or has been, or retains an employee involved in the sale of lottery Tickets who is or has been, convicted of a criminal offense related to the security or integrity of TEL or a lottery in any other jurisdiction; or
- d. is or has been, or retains an employee involved in the sale of lottery Tickets who is, or has been, convicted of any criminal offense involving gambling, theft, computer offenses, forgery, dishonesty or, unless the person's civil rights have been restored or at least five (5) years have elapsed from the date of the completion of the sentence without a subsequent conviction of a crime described above; or
- e. is or has been, or retains an employee involved in the sale of lottery Tickets who is or has been, convicted of any criminal offense involving unlawfully selling or providing a product or substance to a minor unless the offense involves a license violation where any sentence has been completed and the license restored, or unless the person's civil rights have been restored or at least five (5) years have elapsed from the date of the completion of the sentence without a subsequent conviction for the same offense.
- f. commits fraud, misrepresentation or deceit; or
- g. provides false or misleading information to TEL; or
- h. acts in a manner prejudicial to the security or integrity, or the public confidence in the security or integrity, of TEL; or
- i. conducts business for the sole purpose of selling lottery Tickets; or
- j. is licensed to provide deferred presentment services pursuant to T.C.A. 45-17-101 et seq.; or
- k. operates as a pawnshop; or
- l. is delinquent in the filing or payment of any federal, state or local taxes owed by it; or
- m. changes any Retailer Business Location for which TEL has issued a Certificate of Authority under this Retailer Contract; or
- n. fails to accurately or timely account for proceeds or prizes from the sale of lottery Tickets; or
- o. fails to accurately or timely account for lottery Tickets received from TEL; or
- p. fails to maintain a minimum level of sales, as established by TEL from time to time; or
- q. changes the ownership of Retailer in violation of the TEL Retailer Policies without prior written notice to and consent of TEL; or,
- r. files for or is placed in bankruptcy, receivership, insolvency or similar proceedings or fails to pay its debts as they become due; or
- s. resides in the same household as any director, officer or employee of TEL; or
- t. contracts with any other person or entity for lottery goods or services to be used within the State of Tennessee without the prior written approval of TEL; or
- u. fails to meet any of the objective criteria in the Act or established by TEL for a Retailer to sell lottery Tickets at a Retailer Business Location, or
- v. in the event Retailer experiences any material change, as determined to be material in the sole discretion of TEL, in any matter considered by TEL in entering into this Retailer Contract; or
- w. fails to maintain the designated account from which Electronic Funds Transfers (EFT) payments are to be made, fails to authorize TEL to initiate EFT transactions to and from such designated account, or fails to have sufficient funds available in such designated account on the dates specified by TEL; or
- x. fails to operate lottery Terminal during the hours of operation of the lottery; or
- y. fails to pay cash winnings up to \$599; or
- z. fails, or has an employee who fails, to accurately and truthfully complete a Winners Claim Form when claiming a lottery prize of \$600 or more; or
- aa. sells lottery Tickets that has part or all of the play area defaced, scratched or in a condition whereby the play symbols have been revealed, in whole or in part; or
- ab. pays, or has an employee that pays, less than the full amount of a claim on a winning lottery Ticket or accepts remuneration in any form for the cashing of Tickets.