

Minnesota Attorney General: Administrative Rules Proceedings

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.

Version 3
August 20, 2018

TSX041290

1	6143	030890	02.0001.0481	.4
2			MTG RON GRIMM	
2			05.0002	
3	6143	030890	02.0009.0050	.5
4			CITIZEN INQUIRY RULE PROCEDURES	
5	2177	030590	02.F741.0050	.1
6			C W LOUIS HOFFMAN	
7	6143	030190	02.J222.0050	.4
8	4265	031290	05.0009.0015	.3
9			RE LOTTERY RULES	
10	4265	030890	05.0009.0015	3.0
11			RULES; CONFR	
12	4265	031390	05.0009.0015	.8
13			RULES	
14	4024	022890	05.0009.0015	1.6
15	2026	030890	05.0009.0015	.5
16			RULES CONF	
17	2026	022890	05.1W59.0430	.1
18			P/C D JOHNSON RE RFA	
19	2026	030190	05.1W59.0430	.7
20			REV RFA STATUTE & RULES RE DELEGATION	
21	2026	030990	05.335B.0185	.9
22			REV SBL COUNSEL OP P/C SB COUNCEL	
23	2026	031290	05.3W96.0564	1.0
24			PREP AMEND P/C BOUTHRELIT	
25	2026	030190	05.J225.0050	2.0
26	2109	030190	10.8X68.0050	8.5
27			MCCARRON BRIEF; RVW	
28	2109	022890	10.8X68.0050	.7
29			EXEC COMMITTEE CALL	
30	2109	022890	10.8X68.0050	7
31			AP BRIEF/REDRAFT	
32	2109	030290	10.8X68.0050	6

160 160 29 160 43 35

Note: 0015 is invalid client code; However, I think you're using both the 0009 (rule review) and 0015 (rulemaking)

Activity codes - which would both be used exclusively as the center 4 digits, client

The lottery code is 0097 (see attached). I leave it up to you the correct center 4 digits. Call me if you're still confused. SG (6-7022)

STATE OF MINNESOTA

DEPARTMENT OF GAMING

DIVISION OF THE LOTTERY

In the Matter of the Proposed Rules Governing Prize Payments

DECLARATION OF COUNSEL

I, Kevin P. Staunton, Special Assistant Attorney General, do hereby declare that I have examined the above-captioned rule, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules, chapter 2010 have been followed. Any exceptions are listed below. For Attorney General billing purposes, the four-digit docket client code is 0015.

KEVIN P. STAUNTON
Special Assistant
Attorney General

Dated: February 26, 1990

FILE COPY

SF-00006-05 (4/86)

DEPARTMENT : ATTORNEY GENERAL

STATE OF MINNESOTA

Office Memorandum

DATE : March 14, 1990

TO : KEVIN STAUNTON
Special Assistant Attorney General
1100 Bremer Tower

FROM : CHARLENE HATCHER ch
Special Assistant Attorney General
525 Park Street, Suite 404 (55103)

PHONE : 296-9422

SUBJECT : In the Matter of the Adopted Permanent Rule Relating to Prize Payments

The above-referenced Permanent rule has been approved as to its legality by the Attorney General on March 13, 1990.

Enclosed is your copy of the approved rule. This office has already filed two copies with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submissions or comments along with any extra copies of documents which you submitted to the Attorney General.

Your next step is to arrange for publication of the Notice of Adoption in the State Register. In a day or two, you should receive from the Revisor's Office three copies of the notice of adoption of your rule. You should submit two copies of the Notice of Adoption to the State Register for publication. A permanent rule without a hearing does not become effective until five days after a notice of adoption is published in the State Register in accordance with Minn. Stat. § 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. § 14.34.

If you have any questions in this regard please contact me.

CH:bbl
Enclosures
cc: William Brown, Chief Judge (memo only)
MaryAnn Hruby " "

all new material

CH

RULE REVIEW CHECKLIST

File No. 1672 Docket No. 05-0009-0015

DATE RECEIVED 2-27-90 ADOPTED W/O HEARING X

REVIEW DATE 3-8-90 EMERGENCY RULE _____

DUE DATE 3-13-90 To Revisor: 2-27-90 only

REVISOR APPROVED 3-7-90

APPROVED 3-13-90 REVISOR DISAPPROVED _____ Rec 2 copy

DISAPPROVED _____ FILED W/SEC. OF STATE _____

WITHDRAWN _____ RETURNED TO AGENCY _____

---

4 Rule as adopted (4 copies)

_____ Notice to Solicit Outside Information/Opinion (if applicable)
- _____ Date published in State Register
- _____ Comments

_____ Petition for Adoption of a Rule (if applicable)

_____ Board's Authorizing Resolution ~~should~~ have don't need
- _____ Date adopted ~~missing~~

✓ Proposed Rule
- ✓ Revisor's Certificate

✓ Notice of Intent to Adopt Rule Dual Notice of Hearing
- 349A.05 Statutory Authority
- ✓ Small Business Statement
- N/A Expenditure of public money statement
- Dec 19, 1989 Signature

✓ Statement of Need and Reasonableness (if applicable)
- ✓ Small Business Statement don't impact small business
- N/A Fees - § 16A.128

✓ Affidavit of Mailing Notice of Intent to Adopt Rule
- Dec 22, 1989 Date 30/25 days before adoption
- ✓ Notice attached no certificate of mailing list
- _____ Copy of rule or summary attached

✓ Publication in State Register
- Jan 2, 1990 Date 30/25 days before adoption

_____ 180-day deadline from:
- N/A Effective date of law requiring rule (14.12) (both rules) Not mandatory
- ✓ end of comment period (§ 14.26) (rules without hearing)
- _____ effective date of statutory authority (§ 14.29) (emergency rules)

✓ Resolution Adopting
- _____ Date adopted undated

✓ Findings of Fact, Conclusions & Order Adopting
- Feb 26, 1990 Date undated

✓ Written requests, submissions or comments

✓ Declaration of attorney
- Kevin Staunton Name of SAAG representing agency

_____ Notice of Submission to Atty. Gen. (if applicable)

_____ Aff. of Mailing Notice to Atty. Gen. (if applicable)

3-8-90 Called Revisors need one more copy of adopted

SF-00006-05 (4/86)

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT : ATTORNEY GENERAL
1100 Bremer Tower

DATE : PATTY NOLTE
Legal Assistant

TO :

KEVIN P. STAUNTON
Special Assistant
FROM : Attorney General

296-1408

PHONE : Lottery Prize Payment Rules

SUBJECT :

Received 2-27-90

Attached please find the following documents as required by Minn. R. pt. 2010.0300 for review of a rule adopted without a public hearing:

1. A copy of the proposed rule with a certificate of approval as to form by the revisor of statutes attached.
2. The notice of intent to adopt a rule without a public hearing as mailed.
3. The statement of need and reasonableness in support of the proposed rule.
4. The affidavit of mailing of the notice of intent to adopt a rule without a public hearing and the Certificate that no persons have requested their names be placed on file with the Lottery pursuant to Minn. Stat. § 14.14, subd. 1a (1988).
5. A copy of the notice of intent to adopt the rule without a public hearing as published in the State Register.
6. Four copies of the rule as adopted.
7. The Findings of Fact, Conclusions, and Order adopting the rule.
8. Copies of all written requests, submissions, or comments on the rule received by the agency.
9. Declaration of counsel.

Please advise me if you need further information or have any questions.

KPS/psaw8
Attachments

Minnesota State Lottery

Adopted Permanent Rules Relating to Prize Payments

Rules as Adopted

7857.2000 DISCLOSURE OF PURCHASE.

The lottery reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

7857.2010 TICKETS LOST OR STOLEN.

The lottery reserves the right to withhold prize money pending the findings of an investigation, when the claimed ticket for that prize has been reported stolen or lost by a retailer.

7857.3000 PURCHASE RESTRICTIONS.

Subpart 1. **Lottery employee.** A lottery ticket may not be purchased by, nor a prize awarded to the director, board member, employee of the lottery, or any spouse, child, brother, sister, or parent residing in the same household as the director, board member, or employee of the lottery.

Subp. 2. **Vendor.** A lottery ticket may not be purchased, or prize awarded, to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved in supplying goods or services to the lottery under a lottery procurement contract as determined by law.

Subp. 3. **Minors.** A lottery ticket may not be sold to a person under the age of 18 years, although a person 18 years old or older may purchase a ticket for the purpose of making a gift to a person under 18 years of age.

7857.3010 SALES ARE FINAL.

All ticket sales are final and no ticket returns may be accepted by a retailer, except as provided for in game procedures.

Approved by Revisor

7857.4000 CLAIM VERIFICATION.

The retailer shall verify the information on the claim form and give a copy of the claim form to the claimant. The retailer shall forward the winning ticket and the claim form to the lottery for validation. Upon validation by the lottery, a check will be forwarded to the claimant in payment of the amount due subject to the restrictions of payment provided by law. In the event that the claim is not validated, the claim must be denied and the claimant will be notified.

7857.4010 CLAIMING A PRIZE.

Subpart 1. **Payment by retailers.** Retailers are authorized and required to pay instant game prizes as determined by the game procedures adopted by the director, consistent with the retailer's security requirements, as approved by the director.

Subp. 2. **Claim form.** Prizes over $1,000 must be paid by filing a claim form provided by the lottery. The claimant shall prepare and submit a claim form and the apparent winning ticket to the retailer or a lottery office for processing.

7857.4020 INFORMATION TO BE FURNISHED BY CLAIMANT.

A potential claimant must complete a claim form, supplying the required information, and surrender the apparent winning ticket. The director may require that additional information be supplied by the claimant <u>as necessary to verify the validity of the ticket and the identity of the claimant</u>.

7857.4030 TIME OF PAYMENT.

Payment of prizes will be awarded only after a claim has been filed, verified, fully validated and checks made as required by law. The claimant must further provide identification to the satisfaction of the director.

7857.4040 MANNER OF PAYMENT.

Payment of prizes may be by check, draft, or a free ticket.

7857.4050 DISCHARGE OF LIABILITY.

The state and its agents, officers, and employees, the

Approved
by Revisor _____

lottery and its agents and employees shall be discharged of any and all liability upon payment of a prize to the holder of a winning ticket.

7857.5000 OWNERSHIP OF LOTTERY TICKETS.

A lottery ticket is considered to be owned by the person who has physical possession of the ticket until a name is imprinted or placed on the rear portion of the lottery ticket in the area designated. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The lottery will only make payment of a prize to the name on the back of the ticket, notwithstanding any name submitted on the claim form. If one or more names appear on the rear of the ticket, one of those persons will be designated to receive payment by indicating on the claim form and by signature on the claim form of all other persons whose names appear on the rear of the ticket. The person or persons appearing for payment shall be the same as that which appears on the lottery ticket in the designated area.

7857.5010 UNCLAIMED PRIZES.

Unclaimed prize money on a winning ticket will be retained by the lottery for payment to the person entitled to the prize for one year after the drawing in which the prize was won or for one year after the announced end of the game. If no claim is made within that time, the prize money will be used pursuant to law and the holder of the winning ticket shall have no further claim to the prize.

7857.6000 PRIZES PAYABLE AFTER DEATH OF PRIZE WINNER.

Subpart 1. **General.** All prizes or portions of prizes due will remain payable at the time of death of the prize winner. Upon payment as provided under this chapter, the lottery will be absolved of any further liability. The payment of a prize may not be accelerated before the normal date of tender or payment because of the death of the prize winner or for any reason.

Approved
by Revisor _____

Subp. 2. **Prizes not payable over time.** Prizes or a portion of a prize not payable over time will be payable to any designated beneficiary which the deceased prize winner may appoint by will. If the deceased prize winner fails to designate any party specifically or by residuary clause, or fails to exercise any power of appointment in a will, the payment then will be made directly to those parties who would succeed to the assets of the deceased prize winner under Minnesota Statutes, chapter 524.

Subp. 3. **Prizes paid over time.** All prizes or portions of prizes payable over time will be payable to the party designated as a beneficiary on the latest valid beneficiary statement filed with the lottery. If a winner of a prize or portion of a prize dies before completing a valid beneficiary statement or does not have a valid beneficiary statement on file with the lottery at the time of death, then the prize or portion of the prize will be payable according to subpart 2.

7857.6010 PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS OF AGE.

~~If a prize is under $5,000, the director may make payment prizes to a person under the age of 18, or to the person's parent, guardian, or adult member of the person's family. If the prize is $5,000 or over, the director shall deposit the prize with the district court as required by Minnesota Statutes, section 349A.08, subdivision 3, clause (2).~~ The following provisions govern the payment of a lottery prize to a person under age 18:

A. if the prize is less than $5,000, the director may give a draft, payable to the order of the person under age 18, to the person's parents, custodial parent if one parent has custody, guardian, or other adult member of the person's family; and

B. if the prize is $5,000 or more, the director shall deposit the prize with the district court and Minnesota Statutes, section 540.08, applies to the investment and distribution of the money.

Approved
by Revisor _____

7857.6020 ASSIGNABILITY OF PRIZES.

Prizes in the lottery are not assignable except:

A. if the prize winner dies before the prize is paid the director shall pay the prize as required under law; or

B. pursuant to an appropriate court order, which order shall not include an order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

7857.7000 PROMOTIONAL PRIZES.

Independently of, or concurrently with, the operation of the lottery, the director may establish special drawings, bonuses, or additional prizes. The nature and number of prizes will be determined by the director. The drawing for promotional prizes may be held independently of the regular prize drawings or may be incorporated with those drawings. The director will make a public announcement to inform the public of the promotions.

Approved
by Revisor _____

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

MAR 14 1990

Joan Anderson Growe

Secretary of State

3:12 PM

APPROVED AS TO LEGALITY

March 13, 19 90

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY Charlene K. Hatcher
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA

DEPARTMENT OF GAMING

DIVISION OF THE LOTTERY

In the Matter of the Proposed Rules Governing Prize Payments

SUPPLEMENTAL FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING THE RULE AS AMENDED WITHOUT A PUBLIC HEARING

The above-entitled matter came before George Andersen, Director of the Division of Lottery on March 9, 1990. In accordance with statutory requirements regarding the adoption of non-controversial rules, after considering the Statement of Need and Reasonableness and after considering all the evidence in the rulemaking record, the Director hereby adopts the following Supplemental Findings of Fact, Conclusions and Order:

FINDINGS OF FACT

1. This matter originally came before the Director on February 26, 1990. At that time, the Director issued Findings of Fact, Conclusions, and an Order Adopting the Proposed Rules. The Findings, Conclusions and Order are attached hereto as Exhibit A and incorporated herein by reference.

2. Since the time the Findings, Conclusions, and Order referred to in paragraph 1 were adopted, two amendments have been made to the rule.

3. Rule 7857.4020 has been changed to read:

> A potential claimant must complete a claim form, supplying the required information and surrender the apparent winning ticket. The

> Director may require that additional information be supplied by the claimant as necessary to verify the validity of the ticket and the identity of the claimant.

The underlined portion is the portion that has been added to the rule as amended. The amendment has been made to clarify when the Director may require additional information to be supplied by a claimant.

4. Rule 7857.6010 has been deleted and replaced by:

> The following provisions govern the payment of a lottery prize to a person under age 18:
>
> (1) if the prize is less than $5,000 the Director may give a draft, payable to the order of the person under age 18, to the person's parents, custodial parent if one parent has custody, guardian, or other adult member of the person's family; and
>
> (2) if the prize if $5,000 or more, the Director shall deposit the prize with the district court and section 540.08 applies to the investment and distribution of the money.

This rule has been amended to more accurately mirror the statutory provision.

5. No requests for Notice of Submission to the Attorney General have been received by the division since the original submission of the rules.

6. On March 9, 1990, the Lottery Board reviewed and approved the rules in their entirety pursuant to Minn. Stat. § 349A.05 (Supp. 1989). The resolution reviewing and approving the rules is attached hereto as Exhibit B.

CONCLUSIONS

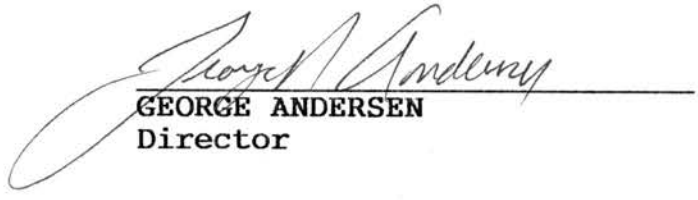
1. The proposed changes identified in the Findings of Fact are necessary and reasonable and supported by the record.

2. The proposed changes are not substantial because they do not affect a class of persons who could not reasonably have been expected to comment on the proposed rules as originally noticed, introduce new subject matter which a reasonable person would not have anticipated would occur during the rulemaking proceeding, or make major substantive changes that would have invited a reaction had they been included in the proposed rules as originally noticed. Rather, the changes limit the Director's discretion to require additional information from a claimant (7857.4020) and more accurately mirror the requirements of the statute (7857.6010).

ORDER

NOW, THEREFORE, IT IS ORDERED that the rules governing prize payments as modified are adopted this 9th day of March, 1990, pursuant to the authority vested in me by Minnesota Statutes § 349A.05 (Supp. 1989).

MINNESOTA DEPARTMENT OF GAMING
DIVISION OF THE LOTTERY



GEORGE ANDERSEN
Director

EXHIBIT A

STATE OF MINNESOTA

DEPARTMENT OF GAMING

DIVISION OF LOTTERY

In the Matter of the Proposed Rules Governing Prize Payments

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING PROPOSED RULES

The above-entitled matter came before George Andersen, Director of the Division of Lottery, on February 26, 1990. In accordance with statutory requirements regarding the adoption of non-controversial rules, after considering the Statement of Need and Reasonableness and after considering all the evidence in the rulemaking record, the Director hereby adopts the following Findings of Fact, Conclusions and Order:

FINDINGS OF FACT

1. Notice of the Division of Lottery's intent to adopt the above-entitled rules without a public hearing was sent by mail to persons within the Division's discretion pursuant to Minn. Stat. § 14.14, subd. 1a (1988) on December 22, 1989, and was published in the State Register on January 2, 1990 (14 S.R. 1657). No persons have registered with the Division for the purpose of receiving notice of rule hearings pursuant to Minn. Stat. §§ 14.14, subd. 1a and 14.22 (1988).

2. The Statement of Need and Reasonableness was prepared prior to mailing and publication of the Notice and was made available to the public.

3. All persons were given an opportunity to submit comment on the rules for 30 days after the notice of proposed rulemaking. The 30 day comment period as set out in the Notice expired on February 1, 1990.

4. The comment period for the proposed rules regarding lottery prize payments coincided with a comment period for proposed rules regarding lottery retailers.

5. During the comment period, the Division received 29 requests for public hearing. However, 19 of those requests were meant only to refer to the retailer rules. Therefore, the Division did not receive requests for public hearing on the proposed rules governing prize payments from 25 or more persons.

6. No requests for Notice of the Submission to the Attorney General were received by the Division.

7. The Division has found that no modifications are necessary to the proposed rules.

8. On February 16, 1990, the Lottery Board reviewed and approved the rules in their entirety pursuant to Minn. Stat. § 349A.05 (Supp. 1989).

CONCLUSIONS

1. The Department of Gaming, Division of Lottery has duly acquired and has jurisdiction over this proceeding.

2. The Division published and served due, timely, and adequate Notice of Intent to Adopt the Rules Without a Public Hearing.

3. All relevant legal and procedural requirements of statute and rule have been complied with.

4. The proposed rules are necessary and reasonable and supported by the record.

ORDER

NOW, THEREFORE, IT IS ORDERED that the rules governing prize payments are adopted pursuant to the authority vested in the Director by Minn. Stat. § 349A.05 (Supp. 1989).

DIVISION OF THE LOTTERY
MINNESOTA DEPARTMENT OF GAMING

_____

GEORGE ANDERSEN
Director

av7

EXHIBIT B

RESOLUTION OF THE
MINNESOTA LOTTERY BOARD
REGARDING PROPOSED RULES RELATING
TO PRIZE PAYMENTS

WHEREAS, Minn. Stat. § 349A.05 provides that the director may adopt rules regarding the payment of prizes; and

WHEREAS, the director has proposed rules regarding the payment of prizes; and

WHEREAS, the Board reviewed and approved the proposed rules on February 16, 1990, and

WHEREAS, amendments have been made to Rules 7857.4020 and 7857.6010 regarding information to be furnished by prize claimants and payments to persons under 18 years of age, and

WHEREAS, the director has complied with the provisions of Minn. Stat. §§ 14.22-25 (1988) and is preparing to adopt the rules as amended; and

WHEREAS, Minn. Stat. § 349A.05 requires that before adopting a rule the director shall submit the rule to the Board for its review and comment; and

WHEREAS, the director has submitted the proposed rules as amended to the Board for its review and comment;

THEREFORE, LET IT BE RESOLVED THAT

The Board has reviewed the rules and approves of them in their entirety.

Gene Bier

GENE BIER
Chair
Minnesota Lottery Board

3-9-90

Date

Lottery Rules

under what can will they be asking for addl'l info as necessary for the dir to evaluate the claim

Documents

ok

establish one

Affidavit of Mailing

: no certificate of mailing list (that mailing list is accurate complete and current as of Dec. 22, 1989)

Findings state that Lottery d/n have a registered list b/c no persons have registered

1. was the rule mailed?
<if no - you must include a summary

Notice of Intent (Rules)

p. 2

: d/n state that a free copy can be obtained (14.22; 2010.0300 E(11) or that one is attached just cites to where it c/b found when published in State Register

: see Patty's comments re giving copies of the Stmt to public (per 2010.0300 E(12)

Findings, Conclusions and Order

: not dated; matter came b/4 Director on Febr. 26, 1990; Rules d/n state it has to be dtd. see form @ .9930

New Order

mkin

— do they need to add adoption date in last para.

To Do: adopt para. added (use the stnd form)

: not a subst change.

w/d not be a sub

Rules

: as necessary to stnd criteria

If D/4 deadline

1. mke changes in the rule
   - call the Revisors office and get 2 changes made in Rule
     it's a busy time

To agency — obj explain the change + justify

1. Supplemental Findings of Fact

need by Tuesday + Rule from Revisors

for each change

say the A.G. has ptd out 2 changes

last ¶ stnd form
it is needed + reasonable

signed by the orig conclusions of law

Stat. Authority 349A.05 (1988)

The director may adopt rules, including emergency rules under chapter 14 governing the following elements of the lottery.

(8) payment of prizes

Notice of Intent

Comment period ends Feb 1, 1990

E. (11) doesn't say the rule is attached - indicates they are in the State Reg. of 1-2-90 Indicates a copy of the rules can be obtained but not free per 14.22

F (12) indicates SONAR may be reviewed at the Lottery - rule indicates SONAR is available to the public - doesn't say they have to give it to you.

2010.0300 (G) mailing list - no certificate that the mailing list is accurate, complete and current - Conclusion indicates they have no signature but see 1. Conclusions + Order

Resolution adopting = no date

(J) rules do not mandate the resolution has to be dated - indicates in Finding of Fact Board reviewed and approved the rules on Feb 16 1990

X(C) no authorizing resolution to sign the notice of intent - resolution must be adopted at a meeting - don't need per 349A.05 (3-6-90)

Conclusion undated rule adopted not when Conclusions were adopted is this O.K.? Talked to Keven about it told him I would get back to him if

Rules

~~7857.2010 subd. 3 doesn't make sense~~

7857.4020

Vague what information will the director request

7857.6010

Under $5000 Vague when will they make them to the minor or to the parents - doesn't indicate any criteria in making the decision

3-6-90 per Keven Staunton

Lottery Board advisory

349A.05

Dept of Gaming

Gambling Horses } Divisions don't need authorizing resolution

Lotto Board advisory

only need resolution per 349A.05 adopting the rules

STATE OF MINNESOTA

DEPARTMENT OF GAMING

DIVISION OF LOTTERY

In the Matter of the Proposed Rules Governing Prize Payments

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING PROPOSED RULES

(9) The above-entitled matter came before George Andersen, Director of the Division of Lottery, on February 26, 1990. In accordance with statutory requirements regarding the adoption of non-controversial rules, after considering the Statement of Need and Reasonableness and after considering all the evidence in the rulemaking record, the Director hereby adopts the following Findings of Fact, Conclusions and Order:

FINDINGS OF FACT

(1) 1. Notice of the Division of Lottery's intent to adopt the above-entitled rules without a public hearing was sent by mail to persons within the Division's discretion pursuant to Minn. Stat. § 14.14, subd. 1a (1988) on December 22, 1989, and was published in the State Register on January 2, 1990 (14 S.R. 1657). No persons have registered with the Division for the purpose of receiving notice of rule hearings pursuant to Minn. Stat. §§ 14.14, subd. 1a and 14.22 (1988).

(2) 2. The Statement of Need and Reasonableness was prepared prior to mailing and publication of the Notice and was made available to the public.

3. All persons were given an opportunity to submit comment on the rules for 30 days after the notice of proposed rulemaking. The 30 day comment period as set out in the Notice expired on February 1, 1990.

4. The comment period for the proposed rules regarding lottery prize payments coincided with a comment period for proposed rules regarding lottery retailers.

5. During the comment period, the Division received 29 requests for public hearing. However, 19 of those requests were meant only to refer to the retailer rules. Therefore, the Division did not receive requests for public hearing on the proposed rules governing prize payments from 25 or more persons.

6. No requests for Notice of the Submission to the Attorney General were received by the Division.

7. The Division has found that no modifications are necessary to the proposed rules.

8. On February 16, 1990, the Lottery Board reviewed and approved the rules in their entirety pursuant to Minn. Stat. § 349A.05 (Supp. 1989).

CONCLUSIONS

1. The Department of Gaming, Division of Lottery has duly acquired and has jurisdiction over this proceeding.

2. The Division published and served due, timely, and adequate Notice of Intent to Adopt the Rules Without a Public Hearing.

3. All relevant legal and procedural requirements of statute and rule have been complied with.

4. The proposed rules are necessary and reasonable and supported by the record.

ORDER

(9) NOW, THEREFORE, IT IS ORDERED that the rules governing prize payments are adopted pursuant to the authority vested in the Director by Minn. Stat. § 349A.05 (Supp. 1989).

DIVISION OF THE LOTTERY
MINNESOTA DEPARTMENT OF GAMING

GEORGE ANDERSEN
Director

av7

MINNESOTA STATE LOTTERY

In the Matter of the
Proposed Adoption of
Rules Relating to
Lottery Prize Payments

STATEMENT OF
NEED AND REASONABLENESS

I. GENERAL

In an effort to ensure the integrity and security of the Minnesota State Lottery (hereinafter referred to as the "Lottery"), and also to ensure the efficient operation and administration of the lottery, the Director of the lottery (hereinafter referred to as the "Director") proposes rules relating to prize payments. The proposed rules more specifically define the duties of the Director, and the requirements for persons purchasing lottery tickets and claiming prizes. The Director believes that the proposed rules are necessary and that they are reasonable. The burdens imposed on the public by these rules are not undue but will result in more efficient operation of the lottery as far as both the lottery and the public are concerned.

II. STATUTORY AUTHORITY

The Director is empowered by Minnesota Statutes, Section 349A.05(1989, Supplement) to adopt rules governing (1) the number and types of lottery retailers' locations; (2) qualification of lottery retailers and application procedures for lottery retailer contracts; (3) investigation of lottery retailer applicants; (4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts; (5) compensation of lottery retailers; (6) accounting for and deposit of lottery revenues by lottery retailers; (7) procedures for issuing lottery procurement contracts and for investigation of bidders on those contracts; (8) payment of prizes; (9) procedures needed to ensure the integrity and security of the lottery; and (10) other rules as necessary for the efficient operation and administration of the lottery.

7857.2000 Disclosure of Purchase

The requirement that a claimant for a lottery prize disclose, on request of the lottery, the location where the ticket was purchased is necessary for security reasons to ensure that the ticket was sold by a lottery retailer currently under contract. This requirement is reasonable to the extent that it does not cause any undue hardship on a claimant to disclose where the ticket was purchased.

7857.2010 Tickets Lost or Stolen

The requirement that the lottery may withhold prize money pending the funding of an investigation if the ticket has been reported stolen is necessary in order to prevent prizes from being paid for stolen tickets as required by Minnesota Statutes, Section 349A.08, subdivision 7, paragraph (b) (1989, Supplement).

This requirement is reasonable since the ticket was not purchased by the holder of the ticket, the holder has no right to the prize.

7857.3000 Purchase Restrictions

The provision defining which family members cannot purchase tickets is necessary in order to clarify the provision under Minnesota Statutes, Section 349A.08, subdivision 7, paragraph (a), and 349A.11, paragraph (a), clause (a) (1989, Supplement) that prohibits family members of the lottery employee from purchasing lottery tickets or receiving lottery prizes. This provision is reasonable that immediate family is usually limited to spouse, child, brother, sister, or parent.

Subpart 2. Vendor

This provision is necessary to prevent vendors who are under contract from purchasing lottery tickets in order to ensure the integrity of the lottery. This requirement is reasonable because under Minnesota Statutes, Section 349A.08, subdivision 7, paragraph (a) (1989, Supplement) those persons are prohibited from receiving a prize from a lottery ticker.

Subpart 3. Minors

The provision is necessary and reasonable since under Minnesota Statutes, Section 349A.12, subdivision 1 (1989, Supplement) persons under the age of 18 may not purchase lottery tickets but under Section 349A.08, subdivision 3 it is clear that prizes may be paid to minors if those tickets have not been purchased by them.

7857.3010 Sales are Final

The requirement that sales are final is necessary from an accounting and efficiency standpoint. It is essential for the operation of the lottery that it know that once a ticket has been purchased it may not be refunded, except under limited circumstances determined in game procedures. This provision is reasonable to the extent that it does not cause any undue hardship on the public so long as they realize that all sales are final.

7857.4000 Claim Verification

This requirement is necessary so that the lottery can receive the necessary information to pay the holder of a winning ticket. This requirement is reasonable since it does not cause an undue hardship to forward claims.

7857.4010 Claiming a Prize

Subpart 1. Payment by Retailers

The payment of prizes by retailers is necessary so that players can redeem prizes as conveniently as possible. This requirement is reasonable since payments will be made consistent with the retailer's security requirements.

Subpart 2. Claim Form.

It is necessary and reasonable that claimants of prizes over $1,000 file a claim form with the lottery to properly verify the claim and conduct the proper checks on the claimant for any debts owed to the state as required under Minnesota Statutes, Section 349A.08, subdivision 8 (1989, Supplement).

7857.4020 Information To Be Furnished by Claimant

It is necessary for claimants to fill out a claim form so that the lottery can check the claimant as stated above. Also, the apparent winning ticket should be surrendered so that the lottery can verify if the ticket is fraudulent or has been altered. This provision is reasonable in that it causes little undue hardship for the claimant.

7857.4030 Time of Payment

This requirement is necessary and reasonable to ensure that only valid claims for prizes are paid by the Lottery.

7857.4040 Manner of Payment

Payment of prizes by the Lottery of prizes by check, draft or free ticket is necessary and reasonable to the extent that because the Lottery should not handle cash for security reasons.

7857.4050 Discharge of Liability

The requirement that payment discharges liability of the Lottery is necessary and reasonable because it is required under Minnesota Statutes, Section 349A.08, subdivision 4 (1989, Supplement).

7857.5000 Ownership of Tickets

Lottery tickets are bearer instruments. Anyone who legally holds the ticket owns it and may file a claim if the ticket is a winning ticket. Because of the nature of a lottery ticket this rule is necessary to make clear that the person who possesses the ticket owns it and makes a claim for the prize by endorsing the ticket. Similar to a check, the Lottery will make payment if the ticket is valid, to the person whose name appears on that ticket. For efficiency purposes it is necessary to limit payment to a single person, so that if more than one person's name appears on the ticket, the claim form must designate who should receive payment. This rule is reasonable since it does not cause any undue hardship on a claimant.

7857.5010 Unclaimed Prizes

This rule allowing a person one year after a drawing or end of a game to claim a lottery prize is necessary and reasonable because it is required under Minnesota Statutes, Section 349A.08, subdivision 5 (1989, Supplement).

5857.6000 Prizes Payable After Death of Prize Winner

Subpart 1. General.

This provision is necessary in order to clarify that any prize due, or portion of prize due, to a person that dies will remain payable even after death according to the same time schedule set for payment. It is necessary not to accelerate payment for accounting and tax purposes. This provision is reasonable since if a prize winner dies that person's estate should receive the benefit of the prize.

Subpart 2. Prizes Not Payable Over Time.

This provision is necessary in order for the Lottery to be able to determine to whom a prize that is not payable over time should be paid if the claimant dies before the prize is paid. This provision is reasonable since it provides that the Lottery will pay the prize to the person designated in the person's will or if no will exists, according to intestate succession under Minnesota Statutes, chapter 524 (1988).

Subpart 3. Prizes Paid Over Time.

This provision is necessary in order for the Lottery to determine to whom a prize that is paid over time should be paid if the prize winner dies before all of the payments are made. This provision is reasonable since the prize winner will be able to designate the beneficiary with the Lottery. If a beneficiary has not been so designated the prize will be paid to the designated beneficiary under the person's will, or if no will exists under the intestate succession provisions under Minnesota Statutes, chapter 524 (1988).

7857.6010 Payment of Prizes to Persons Under 18 Years of Age

This rule is necessary and reasonable because it is required under Minnesota Statutes, section 349A.08, subdivision 3 (1989, Supplement).

7857.6020 Assignability of Prizes

This rule is necessary in order to prevent persons from assigning prizes in violation of Minnesota Statutes, section 349A.08, subdivision 2 (1989, Supplement). Part B of this rule is further necessary in order to prevent individuals from circumventing the prohibition against assigning through assigning a prize to another and then getting a court order to enforce that assignment. This provision is reasonable because the prize has been awarded to one individual and Minnesota Statutes, Section 349A.08, subdivision 2 (1989, Supplement) prevents it from being assigned.

If persons were allowed to circumvent this prohibition the person might be susceptible to unscrupulous individuals who may attempt to buy the prize, which is normally to be paid over time, for an immediate payment up front which is for less than the value of the prize. Further, if the Internal Revenue Service determined that prizes could be readily assigned, then they would tax the full value of the prize at the time it is won, not in each year that the prize is normally received. This possible interpretation by the I.R.S. would be extremely detrimental to winners who did not assign their prize.

7857.7000 Promotional Prizes

This provision is necessary in order to give the Director the flexibility to offer special prizes. This provision is reasonable because it will be required that the public be informed of such promotional prizes or drawings prior to it being conducted.

IV. OTHER STATUTORY REQUIREMENTS

Minnesota Statute, Section 14.115 (1988) requires agencies, when proposing a new rule or amending an existing rule which may effect small businesses, to consider certain methods for reducing the impact of the rule on small businesses. The proposed rules to not impact small businesses.

Minnesota Statute, Section 14.11, subdivision 2, is inapplicable because the proposed rules will not have any direct and substantial adverse impact on agricultural land. Section 115.43, subdivision 1, 116.07, subdivision 6, and 144A.29, subdivision 4 are not applicable. Likewise, a fiscal note is not required pursuant to Section 3.892 as the rule will not force any local agency or school district to incur costs.

CONCLUSION

Based on the foregoing, the Director's proposed rules are both necessary and reasonable.

George R. Andersen
Director, Minnesota State Lottery

Date: January 2, 1990

RECEIVED
JAN 19 1990
ADMINISTRATIVE
HEARINGS

MINNESOTA STATE LOTTERY

Proposed Rules Governing Prize Payments

Notice of Intent to Adopt Rules Without a Public Hearing, Notice of Intent to Adopt Rules with a Public Hearing if 25 or More Persons Request a Hearing With Respect to Proposed Rules, and Notice of Intent to Cancel Hearing on the Proposed Rules if Fewer Than 25 Persons Request a Hearing With Respect to the Proposed Rules.

I. EXPLANATION OF ALTERNATIVE NOTICES

The Minnesota State Lottery (hereinafter "Lottery") hereby gives notice of its intent to adopt rules without a public hearing under the noncontroversial rulemaking procedure of Minnesota Statutes Sections 14.22 to 14.28 (1988). However, in the event 25 or more persons request a hearing with respect to the proposed amendments to the rule, thereby necessitating that one be held pursuant to Minnesota Statutes Section 14.25 (1988), and in order to expedite the rulemaking process should that occur, the Lottery is at the same time giving notice of a hearing on the proposed rule amendments pursuant to Minnesota Statutes Sections 14.131 to 14.20 (1988). The hearing on the proposed rules will, of course, be cancelled if 25 or more people do not request that a hearing be held with respect to the proposed rules. With the comment period closing on February 1, 1990, there will be seven days before the scheduled hearing date. This seven day period will give interested persons time to contact the Lottery to find out whether the hearing will be held or cancelled.

II. NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING

(1) NOTICE IS HEREBY GIVEN that the Minnesota State Lottery (hereinafter "Lottery") proposes to adopt the above-captioned rules without a public hearing unless 25 or more persons submit written requests for a public hearing with respect to the proposed rules. The Lottery has determined that the proposed rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes Sections 14.22 to 14.28 (1988).

(2) Interested persons shall have 30 days from the date this notice is published in the State Register to submit comments in support of or in opposition to the proposed rules. The 30 days will expire on February 1, 1990. Comment is encouraged.
(3) Each comment should identify the portion of the rules being addressed, the reason for the comment, and any change proposed

to the rules by the comment. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Lottery and do not result in a substantial change in the proposed language.

In addition to submitting comments, interested persons may request in writing during the 30-day comment period that a hearing be held on the proposed rules. Any person requesting a hearing should state his or her name, address, and telephone number and is encouraged to identify the portion of the proposed rules addressed, the reason for the request, and any changes they want made to the proposed rules. If a person desires that a hearing be held on only a portion of the proposed rules, it is requested that the Lottery be informed of the specific portion of the rules on which a hearing is being requested at the time that the hearing request is made. This will enable the Lottery to limit the hearing, if one is held, to the specific issues of concern. A public hearing will be held only if 25 or more persons submit in writing requests for a hearing on the proposed rules or a portion thereof by February 1, 1990. If a hearing is required, it will be held in accordance with the provisions of Minnesota Statutes Sections 14.131 to 14.20 (1988) and the hearing notice provided below.

Comments or written requests for a public hearing should be submitted to:

Dale L. McDonnell
Legal Counsel
Minnesota State Lottery
Second Floor Centennial Building
658 Cedar Street
St. Paul, MN 55155

The statutory authority of the Lottery to adopt the proposed rules is contained in Minnesota Statutes Section, 349A.05 (1989 Supplement).

not attached

The proposed rules will be published in the State Register issue of January 2, 1990, and a copy of the rules may be obtained from the Lottery by writing Dale L. McDonnell at the address listed above.

A statement of need and reasonableness that describes the need for and reasonableness of each provision of the proposed rules and identifies the data and information relied upon to support the proposed rules has been prepared and may be reviewed at the Lottery by contacting Dale L. McDonnell at the address listed above.

viewed at the Lottery

Promulgation of the proposed rules will not result in the expenditure of public monies by local public bodies nor have an impact on agricultural land; therefore, no further information need be provided under Minnesota Statutes Section 14.11 (1988).

The Lottery is subject to Minnesota Statutes Section 14.115 (1988) regarding small business considerations in rulemaking. The Lottery's evaluation of the applicability of the methods contained in Minnesota Statutes Section 14.115, subd. 2 (1988), for reducing the impact of the proposed rules on small business are addressed in the statement of need and reasonableness.

Upon completion of proposed rules without a public hearing, the rules as proposed, this notice, the statement of need and reasonableness, all written comments received, the rules as adopted, and a statement explaining any differences between the rules as proposed and as adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General or who wish to receive a copy of the rules as adopted should submit a written request to Dale L. McDonnell at the address listed above.

III. NOTICE OF INTENT TO ADOPT RULES WITH A PUBLIC HEARING ON THE PROPOSED RULES IF 25 OR MORE PERSONS REQUEST A HEARING WITH RESPECT TO THE PROPOSED RULES.

NOTICE IS HEREBY GIVEN that a public hearing in the above-captioned matter will be held pursuant to Minnesota Statutes Sections 14.131 to 14.20 (1988) on February 9, 1990 commencing at 2:00 p.m. in Room 300 North, State Office Building, St. Paul, Minnesota.

The hearing will continue, if necessary, at additional times and places as determined during the hearing by the administrative law judge.

All interested or affected persons, including representatives of associations or other interested groups, will have an opportunity to participate. Such persons may present their views either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should be pertinent to the matter at hand. Written material not submitted at the time of the hearing which is to be included in the hearing may be mailed to George Beck, Administrative Law Judge, Office of Administrative Hearings, 500 Flour Exchange Building, 310 Fourth Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601.

Unless a longer period, not to exceed 20 calendar days, is ordered by the administrative law judge at the hearing, the hearing record will remain open for the inclusion of written material for five working days after the hearing ends. Written material received during this period will be available for review at the Office of Administrative Hearings. The Lottery and interested persons may respond in writing within three business days after the submission period ends to any new information submitted. No additional evidence may be submitted during the three day period. This rule hearing procedure is governed by Minnesota Statutes Sections 14.131 to 14.20 (1988) and by Minnesota Rules, Pts. 1400.0200 to 1400.1200 (1986). Questions about procedure may be directed to the administrative law judge.

The proposed rules will be published in the State Register issue of January 2, 1990, and a copy of the rules may be obtained from the Lottery by writing Dale L. McDonnell at the address listed above in Part II of this notice.

The statutory authority of the Lottery to adopt the proposed rules is contained in Minnesota Statutes Section 349A.05 (1989, Supplement).

The proposed rules may be modified as a result of the rule hearing process. Those who are potentially affected in any manner by the substance of the proposed rules are therefore encouraged to participate in the process.

Minnesota Statutes, ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minnesota Statutes Section 10A.01, subd. 11 as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including his own travel expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statutes provides certain exceptions. Questions should be directed to the Ethical Practices Board, 625 North Robert Street, St. Paul, Minnesota 55101-2520, telephone: (612) 296-5148.

NOTICE IS HEREBY GIVEN that a statement of need and reasonableness is now available for review at the Lottery and at the Office of Administrative Hearings. This statement of need and reasonableness includes a summary of all the evidence which the Lottery anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules amendments. The statement of need and reasonableness may be reviewed at the Lottery by contacting Dale L. McDonnell at the address listed above in Part II of this Notice or it may be reviewed at the Office of Administrative Hearings, and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

PLEASE NOTE that any person may request notification of the date on which the administrative law judge's report will be available, after which date the Lottery may not take any final action on the rule amendments for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the administrative law judge. Any person may require notification of the date on which any rule amendments were adopted and filed with the Secretary of State. The notice must be mailed on the same day that the rules are filed. If you want to be so notified, you may so indicate at the hearing or send a request in writing to the Lottery at any time prior to the filing of the rules with the Secretary of State.

Promulgation of the proposed rules will not result in the expenditure of public monies by local public bodies nor have any impact on agricultural land; therefore, no further information need be provided under Minnesota Statutes Section 14.11 (1988).

The Lottery is subject to Minnesota Statutes Section 14.115 (1988) regarding small business considerations in rulemaking. The Lottery's evaluation of the applicability of the methods contained in Minnesota Statutes Section 14.115, subd. 2 (1988) for reducing the impact of the proposed rule amendments on small business are addressed in the statement of need and reasonableness.

IV. NOTICE OF INTENT TO CANCEL THE HEARING WITH RESPECT TO THE RULES IF FEWER THAN 25 PERSONS REQUEST A HEARING WITH RESPECT TO THE PROPOSED RULES

PLEASE NOTE THAT THE HEARING, NOTICE OF WHICH IS GIVEN IN PART III ABOVE, WILL BE CANCELLED WITH RESPECT TO THE PROPOSED RULES IF FEWER THAN 25 PERSONS REQUEST A HEARING WITH RESPECT TO THE PROPOSED RULES IN RESPONSE TO THE NOTICE GIVEN IN PART II ABOVE.

To be informed whether a hearing noticed in Part III above will be held, please contact Dale L. McDonnell at the address listed above in Part II of the Notice before February 1, 1990 and provide your name, address, and telephone number. You will be notified after February 1, 1990 if the hearing has been cancelled. You may also call Mr. McDonnell at (612) 297-7100 after February 1, 1990 for oral confirmation regarding the scheduled hearing.

Dated: December 19, 1989

George R. Andersen
Director
Minnesota State Lottery

Minnesota State Lottery

Adopted Permanent Rules Relating to Prize Payments

Rules as Adopted

7857.2000 DISCLOSURE OF PURCHASE.

The lottery reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

7857.2010 TICKETS LOST OR STOLEN.

The lottery reserves the right to withhold prize money pending the findings of an investigation, when the claimed ticket for that prize has been reported stolen or lost by a retailer.

7857.3000 PURCHASE RESTRICTIONS.

Subpart 1. **Lottery employee.** A lottery ticket may not be purchased by, nor a prize awarded to the director, board member, employee of the lottery, or any spouse, child, brother, sister, or parent residing in the same household as the director, board member, or employee of the lottery.

Subp. 2. **Vendor.** A lottery ticket may not be purchased, or prize awarded, to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved in supplying goods or services to the lottery under a lottery procurement contract as determined by law.

Subp. 3. **Minors.** A lottery ticket may not be sold to a person under the age of 18 years, although a person 18 years old or older may purchase a ticket for the purpose of making a gift to a person under 18 years of age.

7857.3010 SALES ARE FINAL.

All ticket sales are final and no ticket returns may be accepted by a retailer, except as provided for in game procedures.

7857.4000 CLAIM VERIFICATION.

The retailer shall verify the information on the claim form and give a copy of the claim form to the claimant. The retailer shall forward the winning ticket and the claim form to the lottery for validation. Upon validation by the lottery, a check will be forwarded to the claimant in payment of the amount due subject to the restrictions of payment provided by law. In the event that the claim is not validated, the claim must be denied and the claimant will be notified.

7857.4010 CLAIMING A PRIZE.

Subpart 1. **Payment by retailers.** Retailers are authorized and required to pay instant game prizes as determined by the game procedures adopted by the director, consistent with the retailer's security requirements, as approved by the director.

Subp. 2. **Claim form.** Prizes over $1,000 must be paid by filing a claim form provided by the lottery. The claimant shall prepare and submit a claim form and the apparent winning ticket to the retailer or a lottery office for processing.

7857.4020 INFORMATION TO BE FURNISHED BY CLAIMANT.

A potential claimant must complete a claim form, supplying the required information, and surrender the apparent winning ticket. The director may require that additional information be supplied by the claimant.

7857.4030 TIME OF PAYMENT.

Payment of prizes will be awarded only after a claim has been filed, verified, fully validated and checks made as required by law. The claimant must further provide identification to the satisfaction of the director.

7857.4040 MANNER OF PAYMENT.

Payment of prizes may be by check, draft, or a free ticket.

7857.4050 DISCHARGE OF LIABILITY.

The state and its agents, officers, and employees, the lottery and its agents and employees shall be discharged of any

and all liability upon payment of a prize to the holder of a winning ticket.

7857.5000 OWNERSHIP OF LOTTERY TICKETS.

A lottery ticket is considered to be owned by the person who has physical possession of the ticket until a name is imprinted or placed on the rear portion of the lottery ticket in the area designated. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The lottery will only make payment of a prize to the name on the back of the ticket, notwithstanding any name submitted on the claim form. If one or more names appear on the rear of the ticket, one of those persons will be designated to receive payment by indicating on the claim form and by signature on the claim form of all other persons whose names appear on the rear of the ticket. The person or persons appearing for payment shall be the same as that which appears on the lottery ticket in the designated area.

7857.5010 UNCLAIMED PRIZES.

Unclaimed prize money on a winning ticket will be retained by the lottery for payment to the person entitled to the prize for one year after the drawing in which the prize was won or for one year after the announced end of the game. If no claim is made within that time, the prize money will be used pursuant to law and the holder of the winning ticket shall have no further claim to the prize.

7857.6000 PRIZES PAYABLE AFTER DEATH OF PRIZE WINNER.

Subpart 1. **General.** All prizes or portions of prizes due will remain payable at the time of death of the prize winner. Upon payment as provided under this chapter, the lottery will be absolved of any further liability. The payment of a prize may not be accelerated before the normal date of tender or payment because of the death of the prize winner or for any reason.

Subp. 2. **Prizes not payable over time.** Prizes or a

portion of a prize not payable over time will be payable to any designated beneficiary which the deceased prize winner may appoint by will. If the deceased prize winner fails to designate any party specifically or by residuary clause, or fails to exercise any power of appointment in a will, the payment then will be made directly to those parties who would succeed to the assets of the deceased prize winner under Minnesota Statutes, chapter 524.

Subp. 3. **Prizes paid over time.** All prizes or portions of prizes payable over time will be payable to the party designated as a beneficiary on the latest valid beneficiary statement filed with the lottery. If a winner of a prize or portion of a prize dies before completing a valid beneficiary statement or does not have a valid beneficiary statement on file with the lottery at the time of death, then the prize or portion of the prize will be payable according to subpart 2.

7857.6010 PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS OF AGE.

If a prize is under $5,000, the director may make payment prizes to a person under the age of 18, or to the person's parent, guardian, or adult member of the person's family. If the prize is $5,000 or over, the director shall deposit the prize with the district court as required by Minnesota Statutes, section 349A.08, subdivision 3, clause (2).

7857.6020 ASSIGNABILITY OF PRIZES.

Prizes in the lottery are not assignable except:

A. if the prize winner dies before the prize is paid the director shall pay the prize as required under law; or

B. pursuant to an appropriate court order, which order shall not include an order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

7857.7000 PROMOTIONAL PRIZES.

Independently of, or concurrently with, the operation of

the lottery, the director may establish special drawings, bonuses, or additional prizes. The nature and number of prizes will be determined by the director. The drawing for promotional prizes may be held independently of the regular prize drawings or may be incorporated with those drawings. The director will make a public announcement to inform the public of the promotions.

Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Prize Payments

AGENCY: Minnesota State Lottery

MINNESOTA RULES: Chapter 7857

The attached rules are approved for
filing with the Secretary of State

Paul M. Marinac
Assistant Deputy Revisor

RESOLUTION OF THE
MINNESOTA LOTTERY BOARD
REGARDING PROPOSED RULES RELATING
TO PRIZE PAYMENTS

WHEREAS, Minn. Stat. § 349A.05 provides that the director may adopt rules regarding the payment of prizes; and

WHEREAS, the director has proposed rules regarding the payment of prizes; AND

WHEREAS, the director has complied with the provisions of Minn. Stat. §§ 14.22-.25 (1988) and is preparing to submit the rules as proposed for adoption; and

WHEREAS, Minn. Stat. § 349A.05 requires that before adopting a rule the director shall submit the rule to the Board for its review and comment; and

WHEREAS, the director has submitted the proposed rule to the Board for its review and comment;

THEREFORE, LET IT BE RESOLVED THAT

The Board has reviewed the rules and approves of them in their entirety.

Gene Bier
Chair
Minnesota Lottery Board

STATE OF MINNESOTA
MINNESOTA STATE LOTTERY

RECEIVED
JAN 19 1990
ADMINISTRATIVE
HEARINGS

In the Matter of the Proposed Adoption of Rules Relating to Prize Payments

AFFIDAVIT OF MAILING

Dale L. McDonnell, being duly sworn, deposes and says:

That on the 22nd day of December, 1989, at the City of St. Paul, County of Ramsey, State of Minnesota, he served the attached Notice of and Order for Hearing by depositing in the State of Minnesota Central Mail System or in the United States mail for first class mailing at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the Minnesota State Lottery for the purpose of receiving notice of the proposed adoption of rules by the Minnesota State Lottery and on those persons and associations on the attached list to whom the Minnesota State Lottery has, at its own discretion, pursuant to Minn. Stat. § 14.14, subd. 1a (1988), chosen to give notice.

Dale L. McDonnell
Legal Counsel

Subscribed and sworn to
before me this 19th day of
January, 1990.

Notary Public

ROGER K. VOLK
NOTARY PUBLIC — MINNESOTA
DAKOTA COUNTY
My commission expires 11-6-91

RECEIVED
JAN 19 1990
ADMINISTRATIVE
HEARINGS

LOTTERY RETAILERS ASSOCIATIONS

Minnesota Grocers Association

Joel Hoiland, President and
John Olson, Government Affairs
(612) 228-0973
533 St. Clair Avenue
St. Paul, Minnesota 55102

Minnesota Service Station Association

Brian Ettesvold, Executive Director
(612) 487-1983
1705 Marion Street
Roseville, MN 55113

Minnesota Licensed Beverage Association

John Berglund, Executive Director
(612) 522-9495
800 - 42nd Avenue North
Minneapolis, MN 55412

Minnesota Retail Merchants Association

Judy Cook, President
(612) 227-6631
405 Sibley Street, Suite 150
St. Paul, MN 55101

Minnesota State Pharmaceutical Association

Bill Bond, Executive Director
(612) 378-1414
2221 University Avenue S.E., Suite 326
Minneapolis, MN 55414

Northwest Petroleum Association

Bob Krogman, Executive Director
(612) 484-7227
2345 Rice Street, Suite 173
St. Paul, MN 55113

Minnesota Dakotas Retail Hardware Association

Mac Hardin
(612) 933-2026
1011 First Street South, Suite 490
Hopkins, MN 55343

Minnesota Motel Association

Al Brodie, Executive Vice President
(612) 432-2228
Minnesota Association of Campground Operato
1000 East 146th Street, Suite 121
Burnsville, MN 55337

Upper Midwest Hospitality Association

Arnold Hughes, Executive Vice President
(612) 222-7401
871 Jefferson Avenue
St. Paul, MN 55102

RECEIVED
JAN 19 1990
ADMINISTRATIVE
HEARINGS

STATE OF MINNESOTA
MINNESOTA STATE LOTTERY

In the Matter of the Proposed Adoption of Rules Relating to Prize Payments

CERTIFICATE

I hereby certify that, as of 1:00 p.m., this 19th day of January, 1990, no persons, associations, or other interested groups have requested pursuant to Minnesota Stat. § 14.14 (1988) that their names be placed on file with the Minnesota State Lottery (Lottery) for the purpose of receiving notice of the proposed adoption of rules by the Lottery.

Dale L. McDonnell
Legal Counsel

Minnesota State Lottery amended

Adopted Permanent Rules Relating to Prize Payments

Rules as Adopted

7857.2000 DISCLOSURE OF PURCHASE.

The lottery reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

7857.2010 TICKETS LOST OR STOLEN.

The lottery reserves the right to withhold prize money pending the findings of an investigation, when the claimed ticket for that prize has been reported stolen or lost by a retailer.

7857.3000 PURCHASE RESTRICTIONS.

Subpart 1. **Lottery employee.** A lottery ticket may not be purchased by, nor a prize awarded to the director, board member, employee of the lottery, or any spouse, child, brother, sister, or parent residing in the same household as the director, board member, or employee of the lottery.

Subp. 2. **Vendor.** A lottery ticket may not be purchased, or prize awarded, to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved in supplying goods or services to the lottery under a lottery procurement contract as determined by law.

Subp. 3. **Minors.** A lottery ticket may not be sold to a person under the age of 18 years, although a person 18 years old or older may purchase a ticket for the purpose of making a gift to a person under 18 years of age.

7857.3010 SALES ARE FINAL.

All ticket sales are final and no ticket returns may be accepted by a retailer, except as provided for in game procedures.

7857.4000 CLAIM VERIFICATION.

The retailer shall verify the information on the claim form and give a copy of the claim form to the claimant. The retailer shall forward the winning ticket and the claim form to the lottery for validation. Upon validation by the lottery, a check will be forwarded to the claimant in payment of the amount due subject to the restrictions of payment provided by law. In the event that the claim is not validated, the claim must be denied and the claimant will be notified.

7857.4010 CLAIMING A PRIZE.

Subpart 1. **Payment by retailers.** Retailers are authorized and required to pay instant game prizes as determined by the game procedures adopted by the director, consistent with the retailer's security requirements, as approved by the director.

Subp. 2. **Claim form.** Prizes over $1,000 must be paid by filing a claim form provided by the lottery. The claimant shall prepare and submit a claim form and the apparent winning ticket to the retailer or a lottery office for processing.

7857.4020 INFORMATION TO BE FURNISHED BY CLAIMANT.

A potential claimant must complete a claim form, supplying the required information, and surrender the apparent winning ticket. The director may require that additional information be supplied by the claimant.

7857.4030 TIME OF PAYMENT.

Payment of prizes will be awarded only after a claim has been filed, verified, fully validated and checks made as required by law. The claimant must further provide identification to the satisfaction of the director.

7857.4040 MANNER OF PAYMENT.

Payment of prizes may be by check, draft, or a free ticket.

7857.4050 DISCHARGE OF LIABILITY.

The state and its agents, officers, and employees, the lottery and its agents and employees shall be discharged of any

and all liability upon payment of a prize to the holder of a winning ticket.

7857.5000 OWNERSHIP OF LOTTERY TICKETS.

A lottery ticket is considered to be owned by the person who has physical possession of the ticket until a name is imprinted or placed on the rear portion of the lottery ticket in the area designated. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The lottery will only make payment of a prize to the name on the back of the ticket, notwithstanding any name submitted on the claim form. If one or more names appear on the rear of the ticket, one of those persons will be designated to receive payment by indicating on the claim form and by signature on the claim form of all other persons whose names appear on the rear of the ticket. The person or persons appearing for payment shall be the same as that which appears on the lottery ticket in the designated area.

7857.5010 UNCLAIMED PRIZES.

Unclaimed prize money on a winning ticket will be retained by the lottery for payment to the person entitled to the prize for one year after the drawing in which the prize was won or for one year after the announced end of the game. If no claim is made within that time, the prize money will be used pursuant to law and the holder of the winning ticket shall have no further claim to the prize.

7857.6000 PRIZES PAYABLE AFTER DEATH OF PRIZE WINNER.

Subpart 1. **General.** All prizes or portions of prizes due will remain payable at the time of death of the prize winner. Upon payment as provided under this chapter, the lottery will be absolved of any further liability. The payment of a prize may not be accelerated before the normal date of tender or payment because of the death of the prize winner or for any reason.

Subp. 2. **Prizes not payable over time.** Prizes or a

portion of a prize not payable over time will be payable to any designated beneficiary which the deceased prize winner may appoint by will. If the deceased prize winner fails to designate any party specifically or by residuary clause, or fails to exercise any power of appointment in a will, the payment then will be made directly to those parties who would succeed to the assets of the deceased prize winner under Minnesota Statutes, chapter 524.

Subp. 3. **Prizes paid over time.** All prizes or portions of prizes payable over time will be payable to the party designated as a beneficiary on the latest valid beneficiary statement filed with the lottery. If a winner of a prize or portion of a prize dies before completing a valid beneficiary statement or does not have a valid beneficiary statement on file with the lottery at the time of death, then the prize or portion of the prize will be payable according to subpart 2.

7857.6010 PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS OF AGE.

If a prize is under $5,000, the director may make payment prizes to a person under the age of 18, or to the person's parent, guardian, or adult member of the person's family. If the prize is $5,000 or over, the director shall deposit the prize with the district court as required by Minnesota Statutes, section 349A.08, subdivision 3, clause (2).

7857.6020 ASSIGNABILITY OF PRIZES.

Prizes in the lottery are not assignable except:

A. if the prize winner dies before the prize is paid the director shall pay the prize as required under law; or

B. pursuant to an appropriate court order, which order shall not include an order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

7857.7000 PROMOTIONAL PRIZES.

Independently of, or concurrently with, the operation of

the lottery, the director may establish special drawings, bonuses, or additional prizes. The nature and number of prizes will be determined by the director. The drawing for promotional prizes may be held independently of the regular prize drawings or may be incorporated with those drawings. The director will make a public announcement to inform the public of the promotions.

Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Prize Payments

AGENCY: Minnesota State Lottery

MINNESOTA RULES: Chapter 7857

The attached rules are approved for
filing with the Secretary of State

Paul M. Marinac
Assistant Deputy Revisor

Minnesota State Lottery

Adopted Permanent Rules Relating to Prize Payments

Rules as Adopted

7857.2000 DISCLOSURE OF PURCHASE.

The lottery reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

7857.2010 TICKETS LOST OR STOLEN.

The lottery reserves the right to withhold prize money pending the findings of an investigation, when the claimed ticket for that prize has been reported stolen or lost by a retailer.

7857.3000 PURCHASE RESTRICTIONS.

Subpart 1. **Lottery employee.** A lottery ticket may not be purchased by, nor a prize awarded to the director, board member, employee of the lottery, or any spouse, child, brother, sister, or parent residing in the same household as the director, board member, or employee of the lottery.

Subp. 2. **Vendor.** A lottery ticket may not be purchased, or prize awarded, to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved in supplying goods or services to the lottery under a lottery procurement contract as determined by law.

Subp. 3. **Minors.** A lottery ticket may not be sold to a person under the age of 18 years, although a person 18 years old or older may purchase a ticket for the purpose of making a gift to a person under 18 years of age.

7857.3010 SALES ARE FINAL.

All ticket sales are final and no ticket returns may be accepted by a retailer, except as provided for in game procedures.

7857.4000 CLAIM VERIFICATION.

The retailer shall verify the information on the claim form and give a copy of the claim form to the claimant. The retailer shall forward the winning ticket and the claim form to the lottery for validation. Upon validation by the lottery, a check will be forwarded to the claimant in payment of the amount due subject to the restrictions of payment provided by law. In the event that the claim is not validated, the claim must be denied and the claimant will be notified.

7857.4010 CLAIMING A PRIZE.

Subpart 1. **Payment by retailers.** Retailers are authorized and required to pay instant game prizes as determined by the game procedures adopted by the director, consistent with the retailer's security requirements, as approved by the director.

Subp. 2. **Claim form.** Prizes over $1,000 must be paid by filing a claim form provided by the lottery. The claimant shall prepare and submit a claim form and the apparent winning ticket to the retailer or a lottery office for processing.

7857.4020 INFORMATION TO BE FURNISHED BY CLAIMANT.

A potential claimant must complete a claim form, supplying the required information, and surrender the apparent winning ticket. The director may require that additional information be supplied by the claimant.

7857.4030 TIME OF PAYMENT.

Payment of prizes will be awarded only after a claim has been filed, verified, fully validated and checks made as required by law. The claimant must further provide identification to the satisfaction of the director.

7857.4040 MANNER OF PAYMENT.

Payment of prizes may be by check, draft, or a free ticket.

7857.4050 DISCHARGE OF LIABILITY.

The state and its agents, officers, and employees, the lottery and its agents and employees shall be discharged of any

and all liability upon payment of a prize to the holder of a winning ticket.

7857.5000 OWNERSHIP OF LOTTERY TICKETS.

A lottery ticket is considered to be owned by the person who has physical possession of the ticket until a name is imprinted or placed on the rear portion of the lottery ticket in the area designated. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The lottery will only make payment of a prize to the name on the back of the ticket, notwithstanding any name submitted on the claim form. If one or more names appear on the rear of the ticket, one of those persons will be designated to receive payment by indicating on the claim form and by signature on the claim form of all other persons whose names appear on the rear of the ticket. The person or persons appearing for payment shall be the same as that which appears on the lottery ticket in the designated area.

7857.5010 UNCLAIMED PRIZES.

Unclaimed prize money on a winning ticket will be retained by the lottery for payment to the person entitled to the prize for one year after the drawing in which the prize was won or for one year after the announced end of the game. If no claim is made within that time, the prize money will be used pursuant to law and the holder of the winning ticket shall have no further claim to the prize.

7857.6000 PRIZES PAYABLE AFTER DEATH OF PRIZE WINNER.

Subpart 1. **General.** All prizes or portions of prizes due will remain payable at the time of death of the prize winner. Upon payment as provided under this chapter, the lottery will be absolved of any further liability. The payment of a prize may not be accelerated before the normal date of tender or payment because of the death of the prize winner or for any reason.

Subp. 2. **Prizes not payable over time.** Prizes or a

portion of a prize not payable over time will be payable to any designated beneficiary which the deceased prize winner may appoint by will. If the deceased prize winner fails to designate any party specifically or by residuary clause, or fails to exercise any power of appointment in a will, the payment then will be made directly to those parties who would succeed to the assets of the deceased prize winner under Minnesota Statutes, chapter 524.

Subp. 3. **Prizes paid over time.** All prizes or portions of prizes payable over time will be payable to the party designated as a beneficiary on the latest valid beneficiary statement filed with the lottery. If a winner of a prize or portion of a prize dies before completing a valid beneficiary statement or does not have a valid beneficiary statement on file with the lottery at the time of death, then the prize or portion of the prize will be payable according to subpart 2.

7857.6010 PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS OF AGE.

If a prize is under $5,000, the director may make payment prizes to a person under the age of 18, or to the person's parent, guardian, or adult member of the person's family. If the prize is $5,000 or over, the director shall deposit the prize with the district court as required by Minnesota Statutes, section 349A.08, subdivision 3, clause (2).

7857.6020 ASSIGNABILITY OF PRIZES.

Prizes in the lottery are not assignable except:

A. if the prize winner dies before the prize is paid the director shall pay the prize as required under law; or

B. pursuant to an appropriate court order, which order shall not include an order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

7857.7000 PROMOTIONAL PRIZES.

Independently of, or concurrently with, the operation of

the lottery, the director may establish special drawings, bonuses, or additional prizes. The nature and number of prizes will be determined by the director. The drawing for promotional prizes may be held independently of the regular prize drawings or may be incorporated with those drawings. The director will make a public announcement to inform the public of the promotions.

K. acted in a manner that the director finds that the retailer's participation as a lottery retailer is inconsistent with the public interest, convenience, and necessity;

L. sold lottery tickets to a person who the retailer knows or has reason to know will resell the tickets to other persons;

M. had an employee who has been involved in the sales of lottery tickets who has been convicted of a gambling-related offense or crime of moral turpitude, if contracting with that retailer would endanger the security or integrity of the lottery; or

N. sold, bartered, furnished, or given alcoholic beverages to a person under 21 years of age in violation of *Minnesota Statutes*, section 349A.06, subdivision 2, clause (1), two or more times within a two-year period.

Subp. 3. **Material change.** A retailer may be canceled, suspended, or not renewed if it is determined by the director that there has been a material change in any of the qualifications for a retailer's contract or factors to be considered under part 7856.2020.

7856.7010 DEPOSIT OF FUNDS.

Lottery retailers shall deposit in a separate account in a designated bank, to the credit of the lottery, all money received by the retailer from the sale of lottery tickets, less the amount retained as compensation for the sale of tickets, credit for direct payment of prizes, and money authorized to be retained for payment of prizes.

7856.7020 INTEREST.

If a retailer fails to pay any amount due to the lottery within the time required, the retailer shall owe interest on the unpaid amount due during each fiscal year at the rate of five percent in excess of the discount rate on 90-day commercial paper in effect on the previous July 1 at the Federal Reserve Bank in the Federal Reserve District encompassing Minnesota.

7856.7030 FILING REPORTS.

Lottery retailers shall file with the lottery, or its designated representatives, reports of the retailer's receipts and transactions in the sale of lottery tickets on a form or in a manner as the lottery may require.

7856.7040 AGENTS RESPONSIBLE FOR TICKETS.

Tickets accepted by the retailer from the lottery, or its authorized representatives, are considered to have been purchased by the retailer, unless returned within the time specified. The retailer is responsible for lost, stolen, missing, or loose tickets not returned in sequential order.

7856.7050 TICKETS UNACCOUNTED FOR.

Tickets that are not accounted for by the retailer on the final settlement date, regardless of reason, shall be deemed to have been sold to the retailer.

7856.7060 CONSIGNMENT OF TICKETS.

Lottery tickets delivered by the lottery on consignment to the retailer must be returned to the lottery upon cancellation, suspension, or nonrenewal of the contract, or upon demand by the director.

7856.7070 PRICE RESTRICTIONS.

A retailer may not sell a lottery ticket at a price other than the price set by the director under the game procedures for the game.

Minnesota State Lottery

Proposed Permanent Rules Relating to Prize Payments

Notice of Intent to Adopt Rules Without a Public Hearing, Notice of Intent to Adopt Rules with a Public Hearing if 25 or More Persons Request a Hearing with Respect to Proposed Rules, and Notice of Intent to Cancel Hearing on the Proposed Rules if Fewer Than 25 Persons Request a Hearing With Respect to the Proposed Rules

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

I. Explanation of Alternative Notices

The Minnesota State Lottery (hereinafter "Lottery") hereby gives notice of its intent to adopt rules without a public hearing under the noncontroversial rulemaking procedure of *Minnesota Statutes* Section 14.22 to 14.28 (1988). However, in the event 25 or more persons request a hearing with respect to the proposed amendments to the rule, thereby necessitating that one be held pursuant to *Minnesota Statutes* Section 14.25 (1988), and in order to expedite the rulemaking process should that occur, the Lottery is at the same time giving notice of a hearing on the proposed rule amendments pursuant to *Minnesota Statutes* Sections 14.131 to 14.20 (1988). The hearing on the proposed rules will, of course, be cancelled if 25 or more people do not request that a hearing be held with respect to the proposed rules. With the comment period closing on February 1, 1990, there will be seven days before the scheduled hearing date. This seven day period will give interested persons time to contact the Lottery to find out whether the hearing will be held or cancelled.

II. Notice of Intent to Adopt Rules without a Public Hearing

NOTICE IS HEREBY GIVEN that the Minnesota State Lottery (hereinafter "Lottery") proposes to adopt the above-captioned rules without a public hearing unless 25 or more persons submit written requests for a public hearing with respect to the proposed rules. The Lottery has determined that the proposed rules will be noncontroversial in nature and has elected to follow the procedures set forth in *Minnesota Statutes* Section 14.22 to 14.28 (1988).

Interested persons shall have 30 days from the date this notice is published in the *State Register* to submit comments in support of or in opposition to the proposed rules. The 30 days will expire on February 1, 1990. Comment is encouraged. Each comment should identify the portion of the rules being addressed, the reason for the comment, and any change proposed to the rules by the comment. The proposed rules may be modified if the modifications are supported by the data and views submitted to the Lottery and do not result in a substantial change in the proposed language.

In addition to submitting comments, interested persons may request in writing during the 30-day comment period that a hearing be held on the proposed rules. Any person requesting a hearing should state his or her name, address, and telephone number and is encouraged to identify the portion of the proposed rules addressed, the reason for the request, and any changes they want made to the proposed rules. If a person desires that a hearing be held on only a portion of the proposed rules, it is requested that the Lottery be informed of the specific portion of the rules on which a hearing is being requested at the time that the hearing request is made. This will enable the Lottery to limit the hearing, if one is held, to the specific issues of concern. A public hearing will be held only if 25 or more persons submit ***in writing*** requests for a hearing on the proposed rules or a portion thereof by February 1, 1990. If a hearing is required, it will be held in accordance with the provisions of *Minnesota Statutes* Sections 14.131 to 14.20 (1988) and the hearing notice provided below.

Comments or written requests for a public hearing should be submitted to:

Dale L. McDonnell
Legal Counsel
Minnesota State Lottery
Second Floor Centennial Building
658 Cedar Street
St. Paul, MN 55155

The statutory authority of the Lottery to adopt the proposed rules is contained in *Minnesota Statutes* Section 349A.05 (1989 Supplement).

The proposed rules will be published in the *State Register* issue of January 2, 1990, and a copy of the rules may be obtained from the Lottery by writing Dale L. McDonnell at the address listed above.

A STATEMENT OF NEED AND REASONABLENESS that describes the need for and reasonableness of each provision of the proposed rules and identifies the data and information relied upon to support the proposed rules has been prepared and may be reviewed at the Lottery by contacting Dale L. McDonnell at the address listed above.

Promulgation of the proposed rules will not result in the expenditure of public monies by local public bodies nor have an impact on agricultural land; therefore, no further information need be provided under *Minnesota Statutes* Section 14.11 (1988).

The Lottery is subject to *Minnesota Statutes* Section 14.115 (1988) regarding small business considerations in rulemaking. The Lottery's evaluation of the applicability of the methods contained in *Minnesota Statutes* Section 14.115, subd. 2 (1988), for reducing the impact of the proposed rules on small business are addressed in the statement of need and reasonableness.

Upon completion of proposed rules without a public hearing, the rules as proposed, this notice, the statement of need and reasonableness, all written comments received, the rules as adopted, and a statement explaining any differences between the rules as proposed and as adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General or who wish to receive a copy of the rules as adopted should submit a written request to Dale L. McDonnell at the address listed above.

III. Notice of Intent to Adopt Rules with a Public Hearing on the Proposed Rules if 25 or More Persons Request a Hearing with Respect to the Proposed Rules

NOTICE IS HEREBY GIVEN that a public hearing in the above-captioned matter will be held pursuant to *Minnesota Statutes* Sections 14.131 to 14.20 (1988) on February 9, 1990 commencing at 2:00 p.m. in Room 300 North, State Office Building, St. Paul, Minnesota.

The hearing will continue, if necessary, at additional times and places as determined during the hearing by the administrative law judge.

All interested or affected persons, including representatives or associations or other interested groups, will have an opportunity to participate. Such persons may present their views either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should be pertinent to the matter at hand. Written material not submitted at the time of the hearing which is to be included in the hearing may be mailed to George Beck, Administrative Law Judge, Office of Administrative Hearings, 500 Flour Exchange Building, 310 Fourth Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601.

Unless a longer period, not to exceed 20 calendar days, is ordered by the administrative law judge at the hearing, the hearing record will remain open for the inclusion of written material for five working days after the hearing ends. Written material received during this period will be available for review at the Office of Administrative Hearings. The Lottery and interested persons may respond in writing within three business days after the submission period ends to any new information submitted. No additional evidence may be submitted during the three day period. This rule hearing procedure is governed by *Minnesota Statutes* Sections 14.131 to 14.20 (1988) and by *Minnesota Rules*, Pts. 1400.0200 to 1400.1200 (1986). Questions about procedure may be directed to the administrative law judge.

The proposed rules will be published in the *State Register* issue of January 2, 1990, and a copy of the rules may be obtained from the Lottery by writing Dale L. McDonnell at the address listed above in Part II of this notice.

The statutory authority of the Lottery to adopt the proposed rules is contained in *Minnesota Statutes* Section 349A.05 (1989, Supplement).

The proposed rules may be modified as a result of the rule hearing process. Those who are potentially affected in any manner by the substance of the proposed rules are therefore encouraged to participate in the process.

Minnesota Statutes, ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in *Minnesota Statutes* Section 10A.01, subd. 11 as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including his own travel expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statutes provides certain exceptions. Questions should be directed to the Ethical Practices Board, 625 North Robert Street, St. Paul, Minnesota 55101-2520, telephone (612) 296-5148.

NOTICE IS HEREBY GIVEN that a statement of need and reasonableness is now available for a review at the Lottery and at the Office of Administrative Hearings. This statement of need and reasonableness includes a summary of all the evidence which the Lottery anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules amendments. The statement of need and reasonableness may be reviewed at the Lottery by contacting Dale L. McDonnell at the address listed above in Part II of this Notice or it may be reviewed at the Office of Administrative Hearings, and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

PLEASE NOTE that any person may request notification of the date on which the administrative law judge's report will be available, after which date the Lottery may not take any final action on the rule amendments for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the administrative law judge. Any person may require notification of the date on which any rule amendments were adopted and filed with the Secretary of State. The notice must be mailed on the same day that the rules are filed. If you want to be so notified, you may so indicate at the hearing or send a request in writing to the Lottery at any time prior to the filing of the rules with the Secretary of State.

KEY: **PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

Promulgation of the proposed rules will not result in the expenditure of public monies by local public bodies nor have any impact on agricultural land; therefore, no further information need be provided under *Minnesota Statutes* Section 14.11 (1988).

The Lottery is subject to *Minnesota Statutes* Section 14.115 (1988) regarding small business considerations in rulemaking. The Lottery's evaluation of the applicability of the methods contained in *Minnesota Statutes* Section 14.115, subd. 2 (1988) for reducing the impact of the proposed rule amendments on small business are addressed in the statement of need and reasonableness.

IV. Notice of Intent to Cancel the Hearing with Respect to the Rules if Fewer than 25 Persons Request a Hearing with Respect to the Proposed Rules

PLEASE NOTE that the hearing, notice of which is given in Part III above, will be cancelled with respect to the proposed rules if fewer than 25 persons request a hearing with respect to the proposed rules in response to the notice given in Part II above

To be informed whether a hearing noticed in Part III above will be held, please contact Dale L. McDonnell at the address listed above in Part II of the Notice before February 1, 1990 and provide your name, address, and telephone number. You will be notified after February 1, 1990 if the hearing has been cancelled. You may also call Mr. McDonnell at (612) 297-7100 after February 1, 1990 for oral confirmation regarding the scheduled hearing.

Dated: 19 December 1989

George R. Andersen
Director
Minnesota State Lottery

Rules as Proposed (all new material)

7857.2000 DISCLOSURE OF PURCHASE.

The lottery reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

7857.2010 TICKETS LOST OR STOLEN.

The lottery reserves the right to withhold prize money pending the findings of an investigation, when the claimed ticket for that prize has been reported stolen or lost by a retailer.

7857.3000 PURCHASE RESTRICTIONS.

Subpart 1. **Lottery employee.** A lottery ticket may not be purchased by, nor a prize awarded to the director, board member, employee of the lottery, or any spouse, child, brother, sister, or parent residing in the same household as the director, board member, or employee of the lottery.

Subp. 2. **Vendor.** A lottery ticket may not be purchased, or prize awarded, to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved in supplying goods or services to the lottery under a lottery procurement contract as determined by law.

Subp. 3. **Minors.** A lottery ticket may not be sold to a person under the age of 18 years, although a person 18 years old or older may purchase a ticket for the purpose of making a gift to a person under 18 years of age.

7857.3010 SALES ARE FINAL.

All ticket sales are final and no ticket returns may be accepted by a retailer, except as provided for in game procedures.

7857.4000 CLAIM VERIFICATION.

The retailer shall verify the information on the claim form and give a copy of the claim form to the claimant. The retailer shall forward the winning ticket and the claim form to the lottery for validation. Upon validation by the lottery, a check will be forwarded to the claimant in payment of the amount due subject to the restrictions of payment provided by law. In the event that the claim is not validated, the claim must be denied and the claimant will be notified.

7857.4010 CLAIMING A PRIZE.

Subpart 1. **Payment by retailers.** Retailers are authorized and required to pay instant game prizes as determined by the game procedures adopted by the director, consistent with the retailer's security requirements, as approved by the director.

Subp. 2. **Claim form.** Prizes over $1,000 must be paid by filing a claim form provided by the lottery. The claimant shall prepare and submit a claim form and the apparent winning ticket to the retailer or a lottery office for processing.

7857.4020 INFORMATION TO BE FURNISHED BY CLAIMANT.

A potential claimant must complete a claim form, supplying the required information, and surrender the apparent winning ticket. The director may require that additional information be supplied by the claimant.

7857.4030 TIME OF PAYMENT.

Payment of prizes will be awarded only after a claim has been filed, verified, fully validated and checks made as required by law. The claimant must further provide identification to the satisfaction of the director.

7857.4040 MANNER OF PAYMENT.

Payment of prizes may be by check, draft, or a free ticket.

7857.4050 DISCHARGE OF LIABILITY.

The state and its agents, officers, and employees, the lottery and its agents and employees shall be discharged of any and all liability upon payment of a prize to the holder of a winning ticket.

7857.5000 OWNERSHIP OF LOTTERY TICKETS.

A lottery ticket is considered to be owned by the person who has physical possession of the ticket until a name is imprinted or placed on the rear portion of the lottery ticket in the area designated. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The lottery will only make payment of a prize to the name on the back of the ticket, notwithstanding any name submitted on the claim form. If one or more names appear on the rear of the ticket, one of those persons will be designated to receive payment by indicating on the claim form and by signature on the claim form of all other persons whose names appear on the rear of the ticket. The person or persons appearing for payment shall be the same as that which appears on the lottery ticket in the designated area.

7857.5010 UNCLAIMED PRIZES.

Unclaimed prize money on a winning ticket will be retained by the lottery for payment to the person entitled to the prize for one year after the drawing in which the prize was won or for one year after the announced end of the game. If no claim is made within that time, the prize money will be used pursuant to law and the holder of the winning ticket shall have no further claim to the prize.

7857.6000 PRIZES PAYABLE AFTER DEATH OF PRIZE WINNER.

Subpart 1. **General.** All prizes or portions of prizes due will remain payable at the time of death of the prize winner. Upon payment as provided under this chapter, the lottery will be absolved of any further liability. The payment of a prize may not be accelerated before the normal date of tender or payment because of the death of the prize winner or for any reason.

Subp. 2. **Prizes not payable over time.** Prizes or a portion of a prize not payable over time will be payable to any designated beneficiary which the deceased prize winner may appoint by will. If the deceased prize winner fails to designate any party specifically or by residuary clause, or fails to exercise any power of appointment in a will, the payment then will be made directly to those parties who would succeed to the assets of the deceased prize winner under *Minnesota Statutes*, chapter 524.

Subp. 3. **Prizes paid over time.** All prizes or portions of prizes payable over time will be payable to the party designated as a beneficiary on the latest valid beneficiary statement filed with the lottery. If a winner of a prize or portion of a prize dies before completing a valid beneficiary statement or does not have a valid beneficiary statement on file with the lottery at the time of death, then the prize or portion of the prize will be payable according to subpart 2.

7857.6010 PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS OF AGE.

If a prize is under $5,000, the director may make payment prizes to a person under the age of 18, or to the person's parent, guardian, or adult member of the person's family. If the prize is $5,000 or over, the director shall deposit the prize with the district court as required by *Minnesota Statutes*, section 349A.08, subdivision 3, clause (2).

7857.6020 ASSIGNABILITY OF PRIZES.

Prizes in the lottery are not assignable except:

A. if the prize winner dies before the prize is paid the director shall pay the prize as required under law; or

B. pursuant to an appropriate court order, which order shall not include an order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

7857.7000 PROMOTIONAL PRIZES.

Independently of, or concurrently with, the operation of the lottery, the director may establish special drawings, bonuses, or additional prizes. The nature and number of prizes will be determined by the director. The drawing for promotional prizes may be held independently of the regular prize drawings or may be incorporated with those drawings. The director will make a public announcement to inform the public of the promotions.

Pollution Control Agency

Water Quality Division

Proposed Permanent Rules Relating to Water Quality Program Development

Notice of Hearing

NOTICE IS HEREBY GIVEN that the Minnesota Pollution Control Agency (Agency) will hold public hearings on the above-entitled matter. The hearings will be held on the dates and in the locations indicated below:

Date	Location	Time
February 1, 1990	MPCA Board Room 520 Lafayette Road St. Paul, Minnesota	9:30 a.m.
February 5, 1990	Southwest State University Building IL, Room 214 Marshall, Minnesota	7:00 p.m.
February 6, 1990	Detroit Lakes Public Library 1000 Washington Avenue Detroit Lakes, Minnesota	7:00 p.m.
February 7, 1990	County Services Building Room 1 Laurel Street Brainerd, Minnesota	7:00 p.m.
February 12, 1990	St. Louis County Courthouse County Board Room Duluth, Minnesota	7:00 p.m.
February 14, 1990	Friedel Building 1220 South Broadway Rooms 120 A & B Rochester, Minnesota	7:00 p.m.

Additional days of hearing will be scheduled if necessary. All interested or affected persons will have an opportunity to participate by submitting either oral or written statements or arguments. Statements or briefs may be submitted without appearing at the hearing.

The matter will be heard before Administrative Law Judge Richard Luis whose address and phone number are: Office of Administrative Hearings, 500 Flour Exchange Building, 310 Fourth Avenue South, Minneapolis, Minnesota 55415, (612) 349-2542. The rule hearing procedure is governed by *Minnesota Statutes* §§ 14.131 to 14.20 (1988) and by the rules of the Office of Administrative Hearings, *Minnesota Rules* parts 1400.0200 to 1400.1200 (1989). Questions concerning the rule hearing procedure should be directed to the Administrative Law Judge at the address and telephone number stated above.

The subject of the hearing will be the proposed amendments to *Minnesota Rules* ch. 7050. These rules classify all surface waters of the State and establish both numerical water quality standards for those waters and detailed procedures for the development of additional standards. The standards specified in or developed under these rules provide the bases for MPCA surface water discharge permits which are issued to point source discharges such as industrial plants, animal feedlots, and municipal wastewater treatment facilities. The major amendments proposed at this time are:

1. Add a detailed set of procedures to determine numerical standards applicable to surface waters. The standards will protect from the harmful effects of toxic substances 1) fish and other aquatic organisms, 2) the human consumers of fish and other edible aquatic life; and 3), the wildlife consumers of aquatic life.

STATE OF MINNESOTA
MINNESOTA STATE LOTTERY

In the Matter of Proposed
Adoption of Rules
Relating to Prize Payments

AFFIDAVIT

Dale L. McDonnell, being duly sworn, deposes and says:

1. That on January 2, 1990 the Minnesota State Lottery published two sets of rules, one relating to Lottery Retailers and the other relating to Prize Payments.

2. That a number of letters received requesting a hearing were unclear whether the person was requesting a hearing on the Retailer Rules or the Prize Payment Rules even though the letters came from retailers and the comments addressed the Retailer Rules.

3. That on February 1, 1990, he contacted the Minnesota Grocer's Association to determine whether the letters they solicited, namely the 19 letters from Coborn's Incorporated, were meant to request a hearing on the Prize Payment Rules. Mr. John Olson of the Grocers Association indicated that the letters were meant to only refer to the Retailer Rules.

Dale L. McDonnell
Legal Counsel

Johnene Bednarek

Subscribed and sworn to
before me this 16th day
of February, 1990.

JOHNENE BEDNAREK
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
My Comm. xpires Feb. 1, 1996

GATEWAY FOODS.

Retail Foods of Minnesota • Office: (612) 935-2060 • FAX: (612) 935-30
5720 Smetana Drive • Suite 300 • Minnetonka, MN 55343

January 11, 1990

Mr. Dale McDonnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Dale McDonnell,

Brooks Food Markets request that a public hearing be held to answer questions regarding the State Lottery Rules. Some areas of concern are:

1. The proposed rules are to vague and leave to much flexibility with the director and his staff.

2. Inadequate commission structure.

3. Selection of Lottery outlets.

These are only a few of our concerns regarding the proposed Lottery Rules.

Sincerely,

Dennis C. Carlson
Director of Operations
Brooks Food Markets

GJ's
SUPER VALU
5327 Lyndale Avenue South • Minneapolis, MN • 55419

RECEIVED

JAN 19 1990

Minnesota State Lottery

Minn State Lottery
658 Cedar Street
St Paul Minn 55155

1/15/90

Dale McDonnell:

I would like to go on Record as Requesting a Public Hearing on the forth coming State Lottery — I have concerns about how this will effect me & my stores — to this date very little information has been forthcoming — I do Request a Public Hearing — Note we have 4 stores

Jon M. Vranical
Jon M. Vranical
President

612•822•2935

Ashland

ASHLAND OIL, INC. • 1240 W. 98TH STREET • BLOOMINGTON, MINNESOTA 55431 • (612) 887-6100

RECEIVED
JAN 31 1990
Minnesota State Lottery

JAMES R. BUTLER
Associate Director
State Government Relations

January 30, 1990

Mr. Dale McDonnell
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55101

RE: Proposed Retailer Rules

Dear Mr. McDonnell:

SuperAmerica has received the proposed rules issued by the Minnesota State Lottery for lottery operations. Many questions remain about how the lottery will be operated and, therefore, we request a public hearing to discuss these matters.

Sincerely,

J. R. Butler

JRB:kjm

Two Inlets Country Store

Bob & Patti Stulich
HC05 Box 264
Park Rapids, MN 56470

Dale McDonnell
Legal Counsel
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

January 4, 1990

Dear Mr. McDonnell,

We are requesting that you have a public hearing regarding the rules for the Minnesota State Lottery. This allows all interested individuals to attend and have their questions answered publicly by the lottery officials.

Thank you for your consideration of this request.

Sincerely,

Robert L. Stulich

Patricia A. Stulich

Patricia A. Stulich
Two Inlets Country Store
HC05 Box 264
Park Rapids, MN 56470
218-732-5235

VINCE'S FAMILY FOODS
15 E. 5TH STREET
LITCHFIELD, MN 55355

1-8-90

Dale McDonnell
Legal Counsel
Minn. State Lottery
658 Cedar St.
St. Paul, Mn.

Dear Mr. McDonnell,

I request a public hearing concerning the Minn. State Lottery.

Sincerly
Vincent Caron Pres.
A.+ S. Foods Inc.
D.B.A. Vince's Family Foo
15 E. 5th. St.
Litchfield, Mn.
55355

Valley Food MKJ IGA
P.O. Box 128
384 St Croix Trails
Lakeland, MN 55043

RECEIVED
JAN 16 1990
Minnesota State Lottery

Dear Mr. Mc Donnell,

Because of all the unanswered Policy & rules of the Lottery I would like to requist a public hearing on this matter

Valley Food Mkt. I.G.A.
384 St. Croix Trail So
Lakeland Minn. 55043

Sincerely;
Thomas McLaughlin

McLEOD COUNTY
State of Minnesota

Edward Ide
County Auditor

830 11th Street East
Glencoe, Minnesota 55336-2270
Phone (612) 864-5551

January 3, 1990

George R. Anderson
State Lottery Director
Centennial Office Building
St. Paul, MN 55155

Dear Mr. Anderson:

I have been reading the proposed rules for the Minnesota Lottery in the State Register. I have been listening to whatever news accounts I could glean from the media regarding the lottery. Today I finally decided to put my two cents worth of ideas down in the form of this letter.

My suggestion is to utilize the County Auditors' Offices in all Minnesota Counties as being the office to act as distribution points for the pull-tab type. My reasoning is that the County Auditors are already the distributors for all Game and Fish Licenses in Minnesota.

The computer software which we use for game and fish licenses would lend itself well to accounting for lottery tickets. The personnel are also well acquainted with proper policies and procedures to implement such a distributorship.

It would be my recommendation, however, that no over the counter sales would be allowed.

Thank you for consideration of my ideas.

Respectfully,

Edward Ide

Edward Ide,
McLeod County Auditor

EI:ll

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

JAN 31 1990

Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Mark Reimer

Mark Reimer
Store Manager, Little Dukes Sunrise, St. Cloud

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Wayne Starman

Wayne Starman
Store Manager, Cash Wise Foods, Owatonna

-O -- N'-
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Henry Hilsgen

Henry Hilsgen
Store Manager, Coborn's Liquor, St. Cloud

- -- CORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Ken Warzecha
Store Manager, Cash Wise Liquor, Willmar

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lotte

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Ann Westre

Ann Westre
Store Manager, Little Dukes West, St. Cloud

-C -- N's
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Gale Ruprecht

Gale Ruprecht
Store Manager, Cash Wise Foods, New Ulm

INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Glenn Woelfel

Glenn Woelfel
Store Manager, Cash Wise Foods, Hutchinson

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Larry Warhol

Larry Warhol
Store Manager, Cash Wise Foods, Waite Park

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Jeff Malikowski

Jeff Malikowski
Store Manager, Little Dukes East, St. Cloud

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Tom Stephany

Tom Stephany
Store Manager, Coborn's Liquor, Clearwater

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Dan Moe

Daniel Moe
Store Manager, Coborn's Liquor, Little Falls

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Charles Binsfeld

Charles Binsfeld
Store Manager, Coborn's Sartell

-O O N's
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Larry Loesch
Store Manager, Cash Wise Liquor, St. Cloud

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Tom Gebhardt

Tom Gebhardt
Store Manager, Coborn's, St. Cloud

INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Dick Schulstad

Dick Schulstad
Store Manager, Coborn's Little Falls

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Don Lenzen

Don Lenzen
Store Manager, Coborn's, St. Cloud

INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Brad Michelson

Brad Michelson
Store Manager, Cash Wise Foods, Willmar

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Gene Ziehl

Gene Ziehl
Store Manager, Coborn's Sauk Rapids

COBORN'S
INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Ron Kedrowski

Ron Kedrowski
Store Manager, Coborn's Clearwater

INCORPORATED
Corporate Office: 1445 East Highway 23, P.O. Box 6146, St. Cloud, MN 56302
Telephone (612) 252-4222

RECEIVED
JAN 31 1990
Minnesota State Lottery

January 30, 1990

Mr. Dale Mc Donnell
Legal Council
Minnesota State Lottery
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Mc Donnell:

I, as an applicant to the State of Minnesota Lottery, request that a public hearing be held to discuss some of the provisions and proposed rules of the Minnesota State Lottery.

I am concerned about fair and equitable treatment for lottery applicants as well as proposed compensation and registration fees.

Very truly yours,

COBORN'S, INCORPORATED

Al Foss
Store Manager, Coborn's, Foley

Christy's Maplewood
Country Store
Corporate Office
1740 Van Dyke
Maplewood. MN 55109
612-777-3677

Christy's FOODS

Christy's Sun Ray
Country Store
2117 Hudson Road
St. Paul. MN 55119
612-735-3100

January 15, 1990

RECEIVED
JAN 17 1990
Minnesota State Lottery

Minnesota Lottery
658 Cedar Street
St. Paul, MN 55155

Attn: Mr. Dale McDonnell

Dear Mr. McDonnell:

Please be advised that as owners of two SuperValu supermarkets, one in St. Paul and onein Maplewood, we request that the public hearing regarding the lottery be held on February 9, 1990 as scheduled.

Our concerns are that there be a fair and open process for all retailers. We would appreciate notification of the date and time of this public hearing.

Sincerely,

Dorothy Beavens

Dorothy Beavens
Owner/Treasurer

CHRISTY'S FOODS
1740 Van Dyke
Maplewood, Minnesota 55109

/dab
cc: Robert Christensen
President/Owner

Minnesota Restaurant Association
871 Jefferson Avenue, St. Paul, Minnesota 55102 • (612) 222-7401

January 15, 1990

Mr. Dale L. McDonnell
Legal Counsel
Minnesota State Lottery
Second Floor Centennial Building
658 Cedar Street
St. Paul, MN 55155

Dear Mr. McDonnell:

The Minnesota Restaurant Association would like to request that a public hearing be held February 9 in regard to the proposed rules governing lottery retailers. We feel that such a hearing would be beneficial to all concerned parties and would, in the long run, strengthen the state's new lottery.

Our Association, representing 1,100 restaurants and 200 allied members, believes that the proposed rules place too much authority and power in the hands of the lottery director and the Lottery Board. We are especially concerned about the lack of an appeal process if a retailer is denied participation. We feel these and other issues need to be discussed at the February 9 public hearing.

Please let us know if such a hearing will be held and we will be prepared to present testimony on behalf of our members.

Sincerely,

Bill Naegele
President

Arnold J. Hewes
Executive Vice President

AJH/sjg

Minnesota State Lottery

Adopted Permanent Rules Relating to Prize Payments

Rules as Adopted

7857.2000 DISCLOSURE OF PURCHASE.

The lottery reserves the right to request a claimant of a winning ticket to disclose the location or person from whom the claimant purchased the ticket.

7857.2010 TICKETS LOST OR STOLEN.

The lottery reserves the right to withhold prize money pending the findings of an investigation, when the claimed ticket for that prize has been reported stolen or lost by a retailer.

7857.3000 PURCHASE RESTRICTIONS.

Subpart 1. **Lottery employee.** A lottery ticket may not be purchased by, nor a prize awarded to the director, board member, employee of the lottery, or any spouse, child, brother, sister, or parent residing in the same household as the director, board member, or employee of the lottery.

Subp. 2. **Vendor.** A lottery ticket may not be purchased, or prize awarded, to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved in supplying goods or services to the lottery under a lottery procurement contract as determined by law.

Subp. 3. **Minors.** A lottery ticket may not be sold to a person under the age of 18 years, although a person 18 years old or older may purchase a ticket for the purpose of making a gift to a person under 18 years of age.

7857.3010 SALES ARE FINAL.

All ticket sales are final and no ticket returns may be accepted by a retailer, except as provided for in game procedures.

7857.4000 CLAIM VERIFICATION.

The retailer shall verify the information on the claim form and give a copy of the claim form to the claimant. The retailer shall forward the winning ticket and the claim form to the lottery for validation. Upon validation by the lottery, a check will be forwarded to the claimant in payment of the amount due subject to the restrictions of payment provided by law. In the event that the claim is not validated, the claim must be denied and the claimant will be notified.

7857.4010 CLAIMING A PRIZE.

Subpart 1. **Payment by retailers.** Retailers are authorized and required to pay instant game prizes as determined by the game procedures adopted by the director, consistent with the retailer's security requirements, as approved by the director.

Subp. 2. **Claim form.** Prizes over $1,000 must be paid by filing a claim form provided by the lottery. The claimant shall prepare and submit a claim form and the apparent winning ticket to the retailer or a lottery office for processing.

7857.4020 INFORMATION TO BE FURNISHED BY CLAIMANT.

A potential claimant must complete a claim form, supplying the required information, and surrender the apparent winning ticket. The director may require that additional information be supplied by the claimant.

7857.4030 TIME OF PAYMENT.

Payment of prizes will be awarded only after a claim has been filed, verified, fully validated and checks made as required by law. The claimant must further provide identification to the satisfaction of the director.

7857.4040 MANNER OF PAYMENT.

Payment of prizes may be by check, draft, or a free ticket.

7857.4050 DISCHARGE OF LIABILITY.

The state and its agents, officers, and employees, the lottery and its agents and employees shall be discharged of any

and all liability upon payment of a prize to the holder of a winning ticket.

7857.5000 OWNERSHIP OF LOTTERY TICKETS.

A lottery ticket is considered to be owned by the person who has physical possession of the ticket until a name is imprinted or placed on the rear portion of the lottery ticket in the area designated. When a name is placed in the designated area, the person whose name appears in that area is the owner of the ticket and is entitled to any prize attributable to that ticket. The lottery will only make payment of a prize to the name on the back of the ticket, notwithstanding any name submitted on the claim form. If one or more names appear on the rear of the ticket, one of those persons will be designated to receive payment by indicating on the claim form and by signature on the claim form of all other persons whose names appear on the rear of the ticket. The person or persons appearing for payment shall be the same as that which appears on the lottery ticket in the designated area.

7857.5010 UNCLAIMED PRIZES.

Unclaimed prize money on a winning ticket will be retained by the lottery for payment to the person entitled to the prize for one year after the drawing in which the prize was won or for one year after the announced end of the game. If no claim is made within that time, the prize money will be used pursuant to law and the holder of the winning ticket shall have no further claim to the prize.

7857.6000 PRIZES PAYABLE AFTER DEATH OF PRIZE WINNER.

Subpart 1. **General.** All prizes or portions of prizes due will remain payable at the time of death of the prize winner. Upon payment as provided under this chapter, the lottery will be absolved of any further liability. The payment of a prize may not be accelerated before the normal date of tender or payment because of the death of the prize winner or for any reason.

Subp. 2. **Prizes not payable over time.** Prizes or a

portion of a prize not payable over time will be payable to any designated beneficiary which the deceased prize winner may appoint by will. If the deceased prize winner fails to designate any party specifically or by residuary clause, or fails to exercise any power of appointment in a will, the payment then will be made directly to those parties who would succeed to the assets of the deceased prize winner under Minnesota Statutes, chapter 524.

Subp. 3. **Prizes paid over time.** All prizes or portions of prizes payable over time will be payable to the party designated as a beneficiary on the latest valid beneficiary statement filed with the lottery. If a winner of a prize or portion of a prize dies before completing a valid beneficiary statement or does not have a valid beneficiary statement on file with the lottery at the time of death, then the prize or portion of the prize will be payable according to subpart 2.

7857.6010 PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS OF AGE.

If a prize is under $5,000, the director may make payment prizes to a person under the age of 18, or to the person's parent, guardian, or adult member of the person's family. If the prize is $5,000 or over, the director shall deposit the prize with the district court as required by Minnesota Statutes, section 349A.08, subdivision 3, clause (2).

7857.6020 ASSIGNABILITY OF PRIZES.

Prizes in the lottery are not assignable except:

A. if the prize winner dies before the prize is paid the director shall pay the prize as required under law; or

B. pursuant to an appropriate court order, which order shall not include an order issued to enforce or approve an agreement between a prize winner and any third party where the prize winner has agreed to transfer future prize payments to a third party in exchange for consideration.

7857.7000 PROMOTIONAL PRIZES.

Independently of, or concurrently with, the operation of

the lottery, the director may establish special drawings, bonuses, or additional prizes. The nature and number of prizes will be determined by the director. The drawing for promotional prizes may be held independently of the regular prize drawings or may be incorporated with those drawings. The director will make a public announcement to inform the public of the promotions.