

MISSISSIPPI LOTTERY CORPORATION

ADMINISTRATIVE REGULATIONS

Chapter 8 – Prize Validation and Payment¹

Rule 8.1 – Purpose

The purpose of these rules and regulations is to ensure all prize claims received are accounted for and processed, and that valid prizes are paid to winners in a timely manner, in accordance with the Rules and Regulations of the Mississippi Lottery Corporation (“MLC”). In the event of a conflict between the Alyce G. Clarke Mississippi Lottery Law, Senate Bill 2001 (First Extraordinary Session 2018) (“Act”), and these Prize Validation and Payment Rules and Regulations, the Act shall govern.

Rule 8.2 – Definitions

Capitalized terms appearing herein shall have the definition set forth in the Appendix A to the Policy Manual, unless otherwise defined herein.

Rule 8.3 – Policies

- A. All applicable policies contained in the Instant Game Rules, Drawing-Style Game Rules and Retailer Rules and Regulations pertaining to validation and payment of Tickets are, by reference, incorporated herein as an integral part of these policies.
- B. Prize levels for MLC Instant and Drawing-Style Games will be categorized in the three (3) basic categories, for purpose of applying these policies:
 - 1. Low-Tier Prizes – winning Tickets valued at \$20.00 or less.
 - 2. Mid-Tier Prizes – winning Tickets valued greater than or equal to \$20.01, and less than or equal to \$599.99.
 - 3. High-Tier Prizes – winning Tickets valued at \$600.00 or more.

Rule 8.4 – Claim Process

- A. All winning Mississippi Lottery Tickets must be redeemed in the State of Mississippi.
- B. Retailers shall validate and pay Low-Tier Prizes, Mid-Tier Prizes and Free Ticket prizes. Retailers must pay valid Low-Tier Prizes with cash. Retailers may pay valid Mid-Tier Prizes with cash or a business check or money order.

¹ Adopted [insert date], first published [insert date] and effective [insert date].

- C. Acts or omissions of MLC Retailers shall not be considered attributable to the MLC.
- D. MLC Headquarters shall validate and pay all Low-Tier Prizes, Mid-Tier Prizes, High-Tier Prizes, Free Ticket prizes, Grand Prize Drawing prizes and annuity-type prizes. All High-Tier Prizes, Grand Prize Drawing prizes and annuity-type prizes must be claimed at MLC Headquarters.
- E. Claims that require manual processing will be restricted to payment at MLC Headquarters only.
- F. Any prize of \$100,000.00 or more must be claimed at MLC Headquarters by Claimant in person. All other prizes may be claimed at MLC Headquarters by Claimant in person or by mail.
- G. A Claimant who mails a winning Ticket shall bear the risk of delivery to the MLC.
- H. The time limits for claiming all prizes are as follows:
 - 1. Instant Ticket cash prizes and Free Ticket prizes must be claimed, and shall be eligible for payment no later than ninety (90) days after the announced End of Game Date. In order for an Instant Ticket winner to be eligible for any type of special drawing, the Ticket(s) must be claimed as designated in the rules of the particular game. Certain games may have specific requirements and time periods for claiming non-cash prizes.
 - 2. Drawing-Style Ticket prizes, including Powerball, Mega Millions and any other multistate lottery game approved for play by the MLC, must be claimed, and shall be eligible for payment no later than one hundred eighty (180) days after the official winning draw date for Drawing-Style Tickets. In order for a Drawing-Style Ticket winner to be eligible for any type of special drawing, the Ticket(s) must be claimed in accordance with the rules of the particular game. Certain games may have specific requirements and time periods for claiming non-cash prizes.
- I. A Claimant must present an original winning Ticket to a Retailer or to the MLC for validation and payment of all prizes. A Claimant must sign the back of their original winning ticket.
- J. The MLC reserves the right to require the Claimant of any winning Ticket to disclose the source of the Ticket.
- K. The MLC shall not disclose the identity of a Claimant without the Claimant's written permission.
- L. The MLC will pay a prize to only one (1) Claimant, which may be an individual, corporation, organization, partnership, trust or estate. If the person claiming the prize is a member of a winning group, they must attach Internal Revenue Service

Form 5754 at the time of claim. All members of the winning group will be subject to debt set-offs, as referenced in Rule 8.5(B).

- M. A Claimant must be at least twenty-one (21) years of age to claim a prize. No Ticket will be sold to persons under twenty-one (21) years of age; however, a person twenty-one (21) years of age or older may purchase a Ticket to give as a gift to any person of any age, including a Minor. In the event a Minor possesses a winning Ticket, an adult member of the Minor's family or a legal representative of the Minor, must serve as Claimant and claim the prize on behalf of the Minor.

Rule 8.5 – Validation and Payment

- A. For all High-Tier Prizes, Claimants must provide:
1. Acceptable valid identification to verify the Claimant's name and current address (current state-issued driver's license, voter's registration identification card, state-issued identification card, military or federal-issued identification card, passport, or alien registration receipt card), and
 2. Documentation to verify the Claimant's Taxpayer Identification Number or Social Security Number ("TIN"), which must be a computer-generated document, such as a Social Security Card, pay stub or tax form.

If the Claimant does not have the required identification and/or TIN and such cannot be verified through some other independent source, the claim may not be processed until the required identification and TIN are provided.

- B. Each High-Tier Prize claim will be reviewed for debt set-off of past due amounts due the State of Mississippi or collectible by the State of Mississippi on behalf of individuals or organizations, in accordance with the Act.

If a debt exists, the debt will be deducted from the prize winnings after applicable federal income taxes are withheld. Any balance that remains following the withholding of federal income tax and the set-off of any debts shall be paid to Claimant.

- C. Prizes valued at \$5,000.00 or more require withholding of federal income tax at the prevailing rate, in accordance with the Internal Revenue Service Tax Code. Additionally, Claimants who do not furnish a correct TIN will be subject to backup withholding at the prevailing rate on winnings of \$600.00 to \$5,000.00. Non-resident alien individuals or foreign entities will have federal tax withheld at the prevailing rates on winnings of \$600.00 or more, regardless of the status of the TIN.

The MLC shall withhold state income tax at the prevailing rate for any prize subject to withholding in accordance with the Mississippi Department of Revenue Regulations.

- D. Any validated winning Ticket submitted to MLC Headquarters for payment shall be paid by check or electronic funds transfer, except for Free Ticket prizes and prizes of \$50.00 or less (which shall be paid in cash). Winning Tickets with a prize of a Free Ticket to be mailed outside the State of Mississippi shall be paid by check in the amount of the value of the Free Ticket.
- E. Any Ticket received by the MLC by mail for a High-Tier Prize must be accompanied with a completed Winner Claim Form and a photocopy of two (2) forms of acceptable identification in order to be processed.
- F. Any Ticket received by the MLC by mail for a prize valued less than or equal to \$599.99, for which return mailing instructions are not provided, will be processed using the player information on the Winner Claim Form (if provided), or with the return address information on the mailing envelope, in that order.
- G. Previously paid Tickets, as denoted on the MLC's official prize validation system file, will not be honored by the MLC and are the responsibility of the Retailer and the Claimant to resolve.
- H. Altered Tickets or Tickets printed in error will not be paid by the MLC. All altered Tickets or Tickets printed in error received shall be forwarded to the MLC's Director of Security for investigation and/or review.
- I. Tickets reported as stolen on the MLC's official game file (as denoted in the Instant Game Rules and Regulations) will not be honored by the MLC, unless otherwise authorized by the MLC's Director of Security or a corporate officer. Tickets appearing as omitted Tickets on the MLC's official game file will not be honored.
- J. The MLC's decision and judgment in respect to the determination of a winning Ticket or of any dispute arising from payment or awarding of prizes shall be final and binding upon all participants in the Lottery, unless otherwise provided by the Act, other applicable law or these Rules and Regulations.

POLICY MANUAL

**Appendix A – DEFINITIONS FOR ALL POLICIES INCLUDED HEREIN
UNLESS OTHERWISE NOTED**

CHAPTER 2 – RETAILER RULES

CHAPTER 8 – PRIZE VALIDATION AND PAYMENTS

CHAPTER 9 – INSTANT TICKET GAME RULES

CHAPTER [] – RESERVED

<i>Act</i>	The The Alyce G. Clarke Mississippi Lottery Law, Senate Bill 2001 (First Extraordinary Session 2018, codified at <i>Miss. Code Ann. §§ 27-115-1 et seq.</i> , as amended.
<i>Activated Pack</i>	The status of a pack of Instant Tickets, which indicates to the MLC that Tickets are being sold from the Pack.
<i>Board</i>	The board of directors of the MLC.
<i>Caption</i>	The letters appearing below the Play Symbols in the play area of an Instant Ticket that verify the correctness of the Play Symbols.
<i>Certificate of Authority</i>	The non-transferable display certificate with a unique Retailer identification number assigned by the MLC for each Retailer location. The Act requires every Retailer to post this certificate and keep it conspicuously displayed at the place where the Retailer is authorized to sell lottery Tickets.
<i>Claim Center</i>	A MLC location designated by the President to pay claims for all Prizes up to \$199,999.99, and Powerball, Mega Millions and Lotto America Prizes up to \$99,999.99.
<i>Claim Form</i>	The printed form authorized by the MLC that a player shall complete and submit to the MLC along with a winning Ticket to be eligible to collect a Prize.
<i>Claimant</i>	A player who has submitted a valid claim for payment within the required time frame.
<i>Commission</i>	Compensation paid by the MLC to a Retailer for selling Tickets in the amount of six percent (6%) of the face value of all lottery Tickets sold by the Retailer.
<i>Confirmation</i>	An Action taken by the Retailer on the Lottery Terminal to verify receipt of an Instant Ticket shipment (order).

<i>Corporate Retailer Account</i>	A Lottery Retailer that operates multiple Retailer Business Locations (generally including all Lottery Retailer accounts consisting of ten (10) or more Retailer Business Locations).
<i>Corporation</i>	The Mississippi Lottery Corporation or the MLC.
<i>Debt Setoff</i>	Amounts authorized to be withheld by the MLC from payments for winning lottery prizes in accordance with the Act and the Rules and Regulations.
<i>Draw Procedures</i>	The written guidelines approved by the President that specify the draw procedures for a particular Instant Game, if a drawing is designed as part of the game, and for each Drawing-Style Game.
<i>Drawing-Style Game</i>	A lottery game developed and offered for sale to the public where Tickets are produced by on-line Lottery Terminals and players match their numbers to those produced during regularly scheduled random drawings.
<i>Electronic Funds Transfer (EFT)</i>	The process by which the MLC transfers funds from its Retailers to pay amounts due the MLC. Retailers provide authorization to the MLC to allow funds to be removed from its lottery trust account.
<i>End of Game</i>	The official date established by the MLC after which the playing public has ninety (90) days to claim their winning Instant Tickets.
<i>Game Number</i>	The number on the back of each Instant Ticket that refers to the number associated with the particular Instant Game.
<i>Game Procedures</i>	The written rules, regulations, procedures, instructions and directives approved by the President, or his/her designee, that may include, among other things, the game name, how a Prize is won, game Prize Structure, Play Style, and eligibility for a drawing, if any.
<i>Grand Prize Drawing</i>	An event in which qualified contestants are awarded prizes in a random manner; usually, a drawing held to award large dollar or high value prizes in Instant Games.
<i>Headquarters</i>	The MLC headquarters located at 1080 River Oaks Drive in Flowood, Mississippi.
<i>High-Tier Prize</i>	A Prize of \$600.00 or more.
<i>Instant Game</i>	As defined in the Act, any Instant Ticket lottery game offered for sale to the public in which a player scratches a coating from one or more play areas on an Instant Ticket to determine if he or she has won, as indicated by the Play Symbols and words that are revealed.
<i>Instant Ticket</i>	A lottery Ticket evidencing participation in an Instant Game.
<i>Lottery Retailer (or Retailer)</i>	As defined in the Act, any person with whom the MLC has contracted to sell lottery Tickets to the public.
<i>Lottery Terminal</i>	Any electronic device provided to the Retailer by the MLC for validating and/or issuing Tickets and producing reports.

<i>Lottery Vendor (or Vendor)</i>	A person who provides or proposes to provide goods or services to the MLC pursuant to a Procurement Contract as defined in Section 1.1.1 of the Rules and Regulations, but does not include an employee of the MLC, a Retailer, or a state agency or instrumentality thereof. Such term does not include a corporation whose shares are traded publicly and which is the parent company of the contracting party to a Procurement Contract.
<i>Low-Tier Prize</i>	A Prize of \$20.00 or less.
<i>Mega Millions</i>	A multi-jurisdictional Drawing-Style Game in which a player picks five (5) out of seventy (70) numbers plus one (1) out of twenty-five (25) numbers for a \$1.00 wager in anticipation of winning a prize. The winning numbers are drawn every Tuesday and Friday night.
<i>Mid-Tier Prize</i>	A Prize of \$20.01 - \$599.99.
<i>Minor</i>	An individual person younger than twenty-one (21) years of age.
<i>Non-Activated Pack</i>	The status of a Pack of Instant Tickets, which indicates to the MLC that Tickets have been delivered to and received by the Retailer but not yet activated for sale.
<i>NSF</i>	Failure by the Retailer to have sufficient funds in its trust account to cover the amount due the MLC at the time of its weekly sweep of the Retailer's account.
<i>Pack</i>	A package of Instant Tickets each with a different Ticket Number. The number of tickets in a pack may range up to three hundred (300). All Packs of Tickets of a specific game will have the same number of Tickets per Pack.
<i>Pack Number</i>	The unique number on the back of the Instant Ticket that designates the number of the Pack from which the Ticket originates. Each Pack Number is unique within each Instant Game.
<i>Play Slip</i>	A preformatted card used with Drawing-Style Games to provide the requisite numbers selected by a player for participation in Drawing-Style Game draws.
<i>Play Style</i>	The method of play to determine a winner for an individual lottery game.
<i>Play Symbol</i>	The printed data under the covered area on the front of an Instant Ticket that is used to determine eligibility for a Prize. The Play Symbols for individual Instant Games will be specified in individual Game Procedures.
<i>Powerball</i>	A multi-jurisdictional Drawing-Style Game in which a player picks five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) numbers for a \$2.00 wager in anticipation of winning a prize. The winning numbers are drawn every Wednesday and Saturday night.
<i>Preliminary Drawing</i>	An event in which Instant Tickets which display the appropriate Play Symbols and which are received by a specific deadline are utilized for the selection of contestants for a Grand Prize Drawing.

<i>President</i>	As defined in the Act, the President of the Mississippi Lottery Corporation, who shall also serve as the chief executive officer of the MLC.
<i>Prize</i>	An award, gift or anything of value regardless of whether there are conditions or restrictions attached to its receipt.
<i>Prize Structure</i>	The number, value, and odds of winning Prizes for an individual game, as approved by the President, or his/her designee.
<i>Proceeds</i>	The retail value of Settled Packs of Instant Game Tickets, plus the retail value of Drawing-Style Game Ticket sales, less applicable sales Commissions, less any validations of winning Tickets by the Retailer, plus service fees, plus or minus any adjustments to the Retailer account as approved by the MLC.
<i>Retailer (or Lottery Retailer)</i>	As defined in the Act, any person with whom the MLC has contracted to sell lottery Tickets to the public.
<i>Retailer Business Location</i>	Each respective location listed in the Retailer Contract from which the Retailer may sell lottery Tickets only for those specific MLC lottery games authorized for each such location by the MLC.
<i>Retailer Contract</i>	The renewable contract (unless sooner canceled or terminated) with the MLC required by the Act whereby a Retailer agrees to comply with and be bound by the Act and the Rules and Regulations, as may be amended from time to time.
<i>Retailer Reference Manual</i>	The binder provided to Retailers containing terminal operating instructions and the Rules and Regulations, as may be amended from time to time, adopted by the Board which govern the terms of the Retailer Contract.
<i>Retailer Validation Code</i>	The small letters found under the covered area over the Play Symbols on the front of certain Instant Ticket which the Lottery Retailer uses to verify and validate Low-Tier Prize winners.
<i>Rules and Regulations</i>	Collectively, all of the rules, regulations, policies, procedures, instructions and directives established or made from time to time by the MLC.
<i>Settled Pack</i>	The status of a Pack of Instant Tickets that enables the MLC to bill (or settle) the Retailer's account based upon a pre-determined formula or schedule.
<i>Settlement</i>	The moment when a Retailer becomes responsible to pay for a Pack or Packs of Instant Tickets. See Settled Pack.
<i>Share</i>	Any intangible evidence of participation in a lottery game.
<i>Sweep</i>	The weekly process whereby Proceeds are transferred by Electronic Funds Transfer from the Retailer's "In Trust for the MLC" bank account to the MLC.
<i>Ticket</i>	Any valid tangible evidence issued by the MLC to provide participation in a lottery game.

<i>Ticket Number</i>	The number on the back of an Instant Ticket that refers to the Ticket sequence within the Pack.
<i>Valid Ticket</i>	A Ticket that meets all specifications and validation requirements.
<i>Validation Number</i>	The unique data printed on a Ticket that provides for the verification of the Ticket as a valid winner.
<i>Verification Code</i>	Same as Retailer Verification Code.
<i>Video Lottery Terminal</i>	Any electronic interactive computerized game machine or device equipped with a video screen and buttons, keys, a keyboard, touchscreen or other input device allowing input by an individual player and into which the player inserts coins, tokens, currency or other representation of value (including, but not limited to, an electronic card, ticket or other thing on which value is recorded electronically) as consideration in order for play of a game to be available, and through which, as a result of the play of a game, the player may receive free games, credits redeemable for cash or a noncash Prize, or some other thing of value, whether or not received directly from the device, or nothing, determined wholly or predominantly by chance.
<i>Weekly Invoice</i>	A report available from the Lottery Terminal on Sunday mornings, providing all Settlement activity and redemption activity for the previous accounting week, and the resultant amount due to the MLC or to the Retailer.
<i>Winner Claim Form</i>	Same as Claim Form.
<i>Working Papers</i>	For each Instant Game, a detailed set of specifications designating the appearance of the Instant Tickets, the Instant Ticket delivery time requirements, and Prize Structure for the Instant Game. Upon final agreement of all specifications by both the MLC and the Vendor, the Working Papers are signed as a firm order for the lottery game to be produced according to such specifications.