



STATE OF WEST VIRGINIA
LOTTERY POLICY STATEMENT 09-03

EXERCISE OF COMMISSION
AUTHORITY TO ESTABLISH RULES AND REGULATIONS GOVERNING THE FINANCIAL
RESPONSIBILITY OF TRADITIONAL LOTTERY LICENSEES AND ACCOUNTING
RELATED TO THE SALE OF LOTTERY TICKETS, MATERIALS, AND GAMES.

W. Va. Code §29-22-10(a)(4); §29-22-17(a) and 179 CSR 1; §4.4.b.
[Adopted September 29, 2009; Amended January 23, 2014;
Amended March 25, 2020; Amended May 29, 2024]

§1. – Background.

The West Virginia Lottery Commission (“Commission”) is charged with evaluating a traditional lottery applicant or licensee’s financial responsibility as an initial and ongoing qualification for licensure. *W. Va. Code §29-22-10(a)(4)*. The Commission has the authority to promulgate legislative rules for the sale and dispensing of lottery tickets, materials, and games, and to establish rules and regulations governing the accounting for the same. *Id.* and *W. Va. Code §29-22-17(a)*. Licensed traditional lottery sales agents and retailers (“Licensees”) are required to deposit all proceeds from the sale of lottery products into the state Treasurer's designated bank account within one business day of receipt unless the Director specifies otherwise. *Id.* The Lottery Director (“Director”), by and through the Traditional Lottery Legislative Rule, has indicated that the Lottery will settle Licensee accounts weekly. *W. Va. C.S.R. §179 CSR 1-3.3.(g).(2022)*. Therefore, funds are transferred weekly from the Licensee’s approved Automated Clearing House (“ACH”) bank account to the Lottery via the Electronic Funds Transfer (“EFT”) to comply with the foregoing Licensee financial obligations. The Commission does not accept partial payment and all amounts due must be deposited to the designated bank account prior to the sweep.

The Commission desires to establish a policy to govern its evaluation of licensees’ financial responsibility and to exercise its authority to establish rules and regulations for the accounting of the sale of lottery tickets, materials, and games to ensure licensee financial responsibility.

§2. – Situation.

The Commission is charged with evaluating a licensee's financial responsibility as an ongoing qualification for licensure. The Commission believes the most effective method for achieving such evaluation is to ensure Licensee compliance with existing statutory obligations and to provide further clarity to such statutory obligations by setting forth additional guidelines with respect to the financial obligations of Licensees to the State of West Virginia and the accounting of the same. The Commission believes the evaluation of licensee financial responsibility and the administrative

regulation of payment obligations of licensees to the State of West Virginia is more efficiently managed under the supervision of the Director in accordance with this policy.

§3 – Solution.

The Commission further establishes the following rules and guidelines to ensure the financial responsibility of Traditional Lottery Licensees and to provide for accurate and lawful accounting with respect to the sale and distribution of lottery tickets, materials, and games:

- §3.1. **Bank Information and Availability of Funds.** Licensees are required to provide accurate bank account information to the Commission and guarantee the availability of funds upon processing traditional lottery payments.
- §3.2. **Change of Information.** Licensees are responsible for notifying the Lottery of any changes in banking information at least two weeks (14 days) in advance of the change.
- §3.3. **Non-Payment.** Resolving unsuccessful bank transfers costs the Commission more than \$100 in administrative expenses and is not a cost that is provided for in the administration of the State Lottery Act (W. Va. Code §29-22-1, *et seq.*) or the State Lottery Legislative Rule (§179 CSR 1, *et seq.*). Therefore, each unsuccessful bank transfer initiated by the Lottery in satisfaction of W. Va. Code §29-22-17(a) attributable to the Licensee will subject the Licensee to a \$100 fee to cover fees incurred by the Lottery or the State Treasurer's Office as a result of an unsuccessful bank transfer.
 - §3.3.1. Unsuccessful ACH debit and credit transactions attributable to the Licensee will subject such Licensee to such \$100 fee to cover fees incurred by the Lottery or the State Treasurer's Office as a result of an unsuccessful bank transfer.
- §3.4. **Collection of \$100 Administrative Fee.** In addition to the outstanding amount owed to the Lottery, which includes the original sum unsuccessfully transferred along with accrued interest, an administrative fee of \$100 will be collected. This fee can be settled via ACH debit, certified cashier's check, money order, or wire transfer.
- §3.5. **Failure to Contact.** If the Licensee fails to contact the Commission within five (5) business days of the Lottery's receipt of the unsuccessful bank transfer, sales will be inactivated, and ticket orders will be suspended until payment is received. If no response is received within thirty calendar (30) days, all Lottery equipment will be removed.
- §3.7. **Continued Non-Payment.** Failure of a Licensee to resolve an unsuccessful bank transfer with respect to money due the Lottery within fourteen (14) calendar days of the unsuccessful bank transfer will result in sales inactivation and ticket order suspension until payment is received. Failure of a Licensee to resolve an unsuccessful bank transfer with respect to money due the Lottery within thirty (30) calendar days of the unsuccessful bank transfer will result in the removal of all Lottery equipment and possible license revocation.

the unsuccessful bank transfer will result in the removal of all Lottery equipment and possible license revocation.

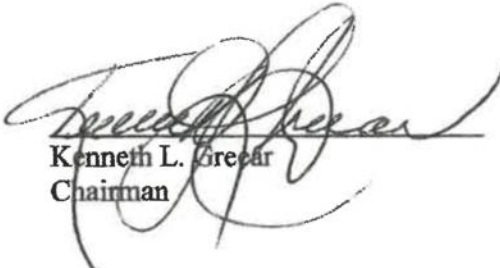
§3.8. **License Suspension and/or Revocation.** If at any time after the issuance of a traditional lottery license, it is determined by the Director that a licensed lottery sales agent or retailer no longer meets the Commission standard for Licensee financial responsibility, the Director may immediately suspend such license and/or request and/or license revocation before the Commission at a regularly scheduled Commission Meeting.

§4. – Adoption.

This policy statement was adopted by the West Virginia Lottery Commission after a thorough discussion at its May 29, 2024 meeting.



Kim Lamb
Recording Secretary


Kenneth L. Greer
Chairman