

TRADITIONAL RETAILER HANDBOOK



AN INTRODUCTORY GUIDE TO BECOMING A TRADITIONAL LOTTERY RETAILER

*This Booklet Contains Terms and Conditions
Needed To Become a West Virginia Traditional Lottery Retailer*



TRADITIONAL RETAILER HANDBOOK

Why Do I want to Become a Traditional Lottery Retailer

Selling West Virginia Lottery products can provide an array of benefits to most qualifying businesses or organizations. Not only do the scratch off tickets, and the in-state and multi-state draw games provide customer entertainment and traffic incentives, their sales can result in added income through sales commissions and bonuses. As a West Virginia businessperson, you provide a valuable service for the people of our State. Lottery sales contribute millions of dollars to fund education, senior citizens, and economic development through tourism each year. The following pages of this document take you step-by-step through the Application process.

Eligibility Requirements

The West Virginia Lottery Commission may issue a Lottery Traditional Retailer License to any legitimate business or organization, person or entity, and civic or fraternal organization who meet the statutory requirements. However, no foreign corporation may submit an Application until it is registered to do business within the State of West Virginia. A Lottery Retailer must be twenty-one years of age and may not engage in the business exclusively as a Lottery sales agent. Further, the West Virginia Lottery will not issue a license to any Applicant who has been convicted of a felony or to a person who has been convicted of a crime related to theft or gambling within the five-year period immediately preceding the filing date of the Application.

How to Become a Traditional Lottery Retailer

Applications can be obtained from the West Virginia Lottery website at <https://business.wvlottery.com>. Once on the website, select Traditional Lottery on the left side of the page and click on the Retailer Application link. Applications are also available by visiting West Virginia Lottery Headquarters in Charleston, West Virginia or by calling the Licensing Division of the West Virginia Lottery at 304.558.0500 or 1.800.982.2274 ext. 1817. Complete the Application in its entirety making sure to follow the instructions provided with the Application packet.

The Application should be completed by the Owner or someone who has the authority to act on behalf of the Applicant. This "Authorized Agent" should be identified in the Application and must sign the Disclosure Statement and Release form which authorizes the Director of the West Virginia Lottery to investigate any matter set forth in the Lottery Traditional Retailer License Application. Please remember that the West Virginia Lottery Traditional Retailer License Application must be notarized.

Licensed Retailers are required to establish private banking accounts in which to deposit payments for the purchase of lottery tickets, payments of fees and receipts from draw sales. Selling bonuses and cashing bonuses will also be dispersed through this account. These accounts are swept by electronic funds transfer (EFT) on a weekly basis. An EFT Authorization is included with an application. Any changes to the private bank account will require the submission of a new EFT Authorization Form to the West Virginia Lottery Licensing Department where it will be processed and sent to the West Virginia Treasurer's Office.

Initial Applications for **new** Traditional License Retailer locations require a total payment of \$325.00, which includes a \$25 non-refundable processing fee, a \$250 Installation fee and \$50 Bond fee. However, Chain Heads which are not WV Lottery Retailer locations are only required to pay the \$25 processing fee. *See **PART (2) TWO** of the Application for more information regarding the Application fees and any subsequent charges.



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*Please note that if the Applicant becomes the owner of a business in which a lottery terminal is already in place and operating, the Applicant should complete the Change of Ownership Application in its entirety making sure to follow the instructions provided with the Application packet. Under such circumstances the initial installation fee of \$250 will not be assessed, rather the Lottery will sweep the Electronic Funds Transfer Account on a weekly basis in the amount of \$5.00 for each terminal at this location effective from the first day of operation. **The Applicant may not sell any lottery tickets until a new Traditional License Retailer Application is submitted and a license issued by the Lottery Director.***

The West Virginia Lottery accepts the following forms of payment: certified check, cashier's check, business check or money order. Payment may also be made online at the following link: <https://business.wvlottery.com/resourcesPayments>. Once on the site, scroll down to the "Online Payment" section and select "View Link" for the specific license type you are applying for. If paying online, your Application must include a copy of the payment receipt showing the transaction ID number.

The completed Application, all required attachments and exhibits, and the Application fee (or proof of payment thereof) should be mailed to:

**West Virginia Lottery Licensing Division
PO Box 2067
Charleston, WV 25327**

Upon receipt of a completed Application packet, the Licensing Division of the West Virginia Lottery will review the documents to ensure that all forms have been properly completed and that the Application fee has been paid. Once it is determined that the Application is complete, the Licensing Division will begin to process the Application. The licensing process normally takes 4-6 weeks for completion. The licensing process may take longer if the Application is not fully completed with all required documentation included upon submission. In the event that the Licensing Division receives an incomplete application, the Applicant will be notified in writing of the deficiencies and will have ninety (90) calendar days to submit the missing or incomplete information. Information received after the stated deadline will not be considered and may result in the disqualification of the application.

Review of Application

Once it is confirmed that the Application is complete with all required Exhibits, Attachments, and Forms attached and Fees paid, the West Virginia Lottery will review such information to ensure that the Applicant meets all statutory licensing requirements. For example, if the Application establishes that the Applicant is a West Virginia Corporation or is currently licensed to conduct business in the State of West Virginia and requires that a completed W-9 Request for Taxpayer Identification Number and Certification; a copy of the Business Registration Certificate issued by the West Virginia Tax Department and a copy of the Certificate of Authorization issued by the West Virginia Secretary of State be submitted with the Application.

The Applicant must also be in compliance with all state taxes, fees and obligations and thus is required to have Worker's Compensation insurance coverage in effect as of the date of the Application. A copy of the Workers' Compensation Declaration Sheet from the Insurance Policy which indicates the dates of coverage must be included with this Application. Further, the Applicant must be in compliance with the West Virginia Unemployment Compensation Law. It is noted that under certain circumstances an Applicant may not be required to obtain Worker's Compensation Insurance or West Virginia Unemployment Compensation coverage. **However, all businesses must register with Workforce WV to determine whether they are exempt from Unemployment Compensation requirements.**



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If it is determined that the Applicant is not required to carry Worker's Compensation Insurance, the Applicant should complete the Workers' Compensation Insurance Coverage Exemption Form included and to be submitted with this Application. Finally, the Applicant must advise whether they are in compliance with State Tax requirements and may be required to submit a Letter of Good Standing from the West Virginia State Tax Department.

The West Virginia Lottery also obtains general information regarding the physical location of the actual Retailer to ensure that the facility is located in the State of West Virginia and that it provides access to all lottery games to persons with disabilities in compliance with the Americans with Disabilities Act (ADA).

Prior to issuing a Traditional Retailer Lottery license, the West Virginia Lottery Commission considers several other factors which include, but are not limited to, the moral character and reputation of the Applicant; the Applicant's financial responsibility; security of the Applicant and his or her business; the volume of Applicants expected lottery ticket sales; as well as the number of licenses issued in any one particular area and, the percentage of licenses already held by the Applicant. This is a multistep process which is distributed between several Divisions within the West Virginia Lottery.

Moral Character - Owner Background Checks

In order for the West Virginia Lottery to assess the Applicant's eligibility to obtain a retailer license, the Applicant is required to identify the Retailer's current ownership. If the Applicant is a Sole Proprietorship, the Owner is listed; if the Applicant is a Corporation/Subsidiary then each Officer, Director (including Parent company if the company is a Subsidiary) and Stockholder is included, however, if the Corporation is publicly-owned then the Applicant should provide the name of each Stockholder who owns 5% or more of Corporate stock. If the Applicant is a Partnership/Joint Venture, General Partner, Limited Partner or Joint Venturer should be identified; if the Applicant is a Trust then each Trustee and all persons entitled to receive income or benefit from the Trust would be provided. If the Applicant is a Limited Liability Company (LLC) or a Limited Liability Partnership (LLP) then list each Member, or each Manager. Any Applicant that is a Fraternal/Civic Association should identify all Officers. Governmental Agencies or Subdivisions are required to provide a list of each Officer and Director.

Please Note that the Licensee must notify the Licensing Division of the West Virginia Lottery prior to a change in OWNER/ OFFICER/ DIRECTOR/ STOCKHOLDER/ PARTNER/ TRUSTEE/ MANAGER/ MEMBER.

Each individual associated with the Application as outlined above is required to be fingerprinted for a criminal background check. Please note that fingerprints obtained by the West Virginia Alcohol Beverage Control Administration (ABCA) for their licensing requirements are not acceptable for use by the West Virginia Lottery. Currently the West Virginia Lottery utilizes Live Scan fingerprinting through IdentoGO.

- Appointments can be scheduled online at <https://uenroll.identogo.com> or by calling 855-766-7746. Provide the following **Service Code: 228RJN**

In addition, each Owner, Officer, Director, Stockholder, Partner, Trustee, Manager or Member identified in Section four of the Application must complete the Affidavit and Release form by which he or she attests to whether they have been convicted of violation(s) of the State Lottery Act; a felony; or a crime related to theft, gambling, or involving moral turpitude; and which also affords the West Virginia Lottery the right to obtain information pertaining to their personal background from various sources including, but not limited to: police records, academic, athletic, medical, credit, or any other records.



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Please Note that a Licensee must notify the Director of the West Virginia Lottery if, at any time during the term of the license, an Owner, Officer, Director, Stockholder, Partner, Trustee, Manager or Member identified in the Application is convicted of any felony or any gambling or theft crime. Such notification must be in writing, occur within 14 days of the conviction and identify the offense for which he or she has been convicted.

Financial Review

In order to ensure the performance of the Licensee's duties and responsibilities as a licensed Lottery agent or for the indemnification of the Lottery, each Lottery Retailer must participate in a financial guarantee bond program administered by the West Virginia Lottery. This bond in the amount of \$50 must be submitted with the initial Application and thereafter will automatically be swept from the Licensee's Electronic Funds Transfer Account each year that the Applicant acts as a licensed Lottery agent.

Further, the West Virginia Lottery Commission must ensure the financial responsibility of the Applicant as well as that of any Owner, Officer, Director, Stockholder, Partner, Trustee, Manager or Member listed on the Application. The Applicant must provide pertinent information which could affect financial status such as lawsuits resulting in outstanding claims or judgments; substantial losses resulting in a significant insurance payment; and prior bankruptcies. A Financial Disclosure form which includes information regarding the primary banking institutions utilized by the Applicant as well as credit references must also be included.

In addition, all such persons identified as an Owner, Officer, Director, Stockholder, Partner, Trustee, Manager or Member in the Application must complete a Personal Data and Financial Disclosure form. This form provides the West Virginia Lottery with basic general information regarding each individual listed, identifies his or her relationship to the Applicant, the financial interest each individual has in the Applicant and identifies additional sources of income, if any. Further, each Owner, Officer, Director, Stockholder, Partner, Trustee, Manager or Member listed on the Application is required to disclose personal banking information and provide a credit reference.

Marketing Department

Also included with the Traditional Retailer License Application is a Marketing Evaluation form on which the Applicant identifies two persons who are authorized to do business with the West Virginia Lottery, such as order and receive lottery tickets, materials, and equipment, and who can make lottery-related decisions. Further information such as register counts, customer counts and weekly receipts, is used to calculate the expected volume of lottery ticket sales and may determine the types of equipment provided to the Retailer. The Marketing Department also provides the Lottery's current and approved point-of-purchase materials, posters, and other educational, informational and marketing materials to be displayed at the Retailer location.

Site Visit

A Field Representative/Technician will visit the proposed Retailer location to conduct a site survey in order to identify the proper location to install the lottery equipment and to verify that there are an adequate number of dedicated electrical circuits available for the lottery equipment. In addition, the Retailer must provide a telephone near the equipment or have a cell phone available. The Field Representative/Technician will also ensure that the Retail location complies with the handicapped accessibility requirements.



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Lottery Equipment and Supplies

A terminal, display unit and printer will be provided to all licensed Retailers, however, additional equipment may be provided on a case-by-case basis. As previously noted, the Applicant must pay an initial equipment installation fee of \$250 when filing the initial Application packet. Following the subsequent twelve-month period, the Lottery will sweep the Licensee's Electronic Funds Transfer Account on a weekly basis in the amount of \$5.00 for each terminal at the location to cover this fee. All lottery equipment furnished to the Retailer remains the property of the West Virginia Lottery and the West Virginia Lottery is responsible for maintaining such equipment. However, the Retailer is responsible for any loss, destruction or damage to the property which results from the Retailer's failure to maintain and practice sound management practices and should be insured for the loss of Lottery property.

Licensee should never move any lottery equipment once it is installed. For example, if a Licensee decides to remodel a retail location after the lottery machines have been installed the Licensee should notify the Field Service Representative and the West Virginia Lottery Licensing Division at least one week prior to the commencement of the work. The Field Service Representative will verify whether the lottery equipment will need to be temporarily removed from the location and whether the Retailer License will need to be inactivated until the remodel work at the location is complete. Also, the Field Technician will relocate the lottery equipment, if necessary. There is no fee for the relocation of lottery equipment.

Field Representative will issue ticket dispensers and will initially provide the "ticket stock" terminal paper used for the printing draw game purchases. Stores are then automatically scheduled to receive terminal paper based upon sales/usage. If needed, a store may order the terminal paper by calling 1-888-987-5297. The Traditional License Retailer is responsible to order the instant game tickets. *Please note that both lottery tickets and terminal paper are specifically assigned to each retail location for security purposes and may not be loaned or borrowed between Lottery Retailers or other chain locations.*

License Issued

Once the license is issued it must be prominently displayed on the premises, is only valid for the premises listed on the license and is nontransferable. If a licensed Lottery Retailer changes the location of the place of business, the Retailer will need to complete the Change of Location Form at least thirty days prior to the change of location and the new location will be submitted for a Site Survey. No lottery tickets may be sold at the new location until the Director authorizes the transfer of the license.

Sales

No person other than a licensed Lottery sales agent or an employee thereof may sell lottery tickets. It is important to note that employees of a licensed Lottery sales agent must be at least 18 years old in order to sell lottery tickets and an individual must be over the age of 18 years to purchase lottery tickets. Further, lottery tickets may not be purchased with government food subsidy monies or coupons; and finally, although Retailers may sell lottery tickets by accepting bank issued credit cards, the maximum amount for a single transaction for the purchase of lottery tickets may not exceed \$200.

If the Retailer is provided with a display monitor to display the results of draw games, the monitor must be turned on and tuned to the West Virginia Lottery's gaming system during all normal hours of operation at that location. Further, the Licensee must keep the lottery machines on during all hours of operation. However, the West Virginia Lottery terminals are taken off-line each day between the hours of 4am and 5am and a Retailer may not sell or redeem tickets during that 1 hour time period.



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Payments of Fees and Receipt of Commissions and Bonuses

As previously noted, Licensed Retailers are required to establish private banking accounts in which to deposit payments for the purchase of lottery tickets, draw sales, and payments of any additional fees. Selling bonuses and cashing bonuses will also be dispersed through this account. These accounts are swept by electronic funds transfer (EFT) on a weekly basis. If a Retailer's weekly sweep is returned for non-payment, a \$100 fee plus accrued interest will be assessed. Failure to resolve an unsuccessful bank transfer within 30 days could result in the removal of the lottery equipment from the retail location and possible license revocation.

❖ Sales Commission:

A traditional licensed Retailer is responsible for the purchase of instant tickets. Instant tickets are ISSUED to the Retailer at the time the order is filled at the warehouse for shipment. The order must be CONFIRMED by the retail location upon receipt of the tickets. The Retailer then ACTIVATES a ticket pack to begin selling and then 21 days later the pack will SETTLE. When an instant ticket pack is SETTLED, it is invoiced to the Retailer and the ETF account is swept by the Lottery. The Retailer receives a 7% sales commission on both instant ticket and on-line (draw) games. In order to pay the instant ticket selling bonus, the West Virginia Lottery deducts 7% from the total price of the ticket packet. For example, \$1 instant ticket packs have a total of 100 tickets in the pack so when a Retailer orders 1 pack of \$1 instant tickets, they are only charged \$93.00 for the pack of tickets.

❖ Return of unsold tickets:

The Director of the West Virginia Lottery announces the official end of each instant game and each month the West Virginia Lottery designates games that should be returned by the Lottery Sales Representative. These games are listed on the Game menu and other Retailer communications. Retailers are permitted to return partial and full ticket packs prior to the Game End +30 days. Simply, the West Virginia Lottery affords the Retailer 30 days from the date of the game end to return any unsold tickets.

❖ Cashing Bonus:

Retailers must cash both instant and draw game winning tickets up to and including the amount of \$600 and will receive a bonus equal to 1% of the total value of all winning lottery tickets cashed. For example, if a retailer pays out \$500 on a winning lottery ticket, they will be reimbursed \$505. Please note that this cashing bonus does not apply to any instant or online ticket valued at more than \$600.00. A Retailer is not permitted to redeem a winning ticket beyond 180 days after the official end of a particular instant game or from the date of the drawing.

❖ Selling Bonus:

A Retailer who sells a winning ticket that is cashed for a prize of \$500 or more will receive a selling bonus equal to 1% of the prize value. This 1% selling bonus is capped at \$10,000. If a winning ticket sold by the Retailer is not claimed within the required timeframe the Retailer will receive the selling bonus after the expiration of the 180 day period following the drawing event at which the winning numbers were drawn.

A Retailer who sells a winning ticket for a multi-state game, such as Powerball, that is claimed for a prize of \$500 or more will receive a selling bonus equal to 1% of the prize amount, not to exceed \$100,000. However, if more than one winning ticket for a multi-state game is sold in West Virginia, the maximum selling bonus of \$100,000 will be divided equally among the Retailers who sold the winning ticket.



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Renewal

All Traditional Lottery Retailer licenses expire on June 30th regardless of when the initial license was issued. A Renewal Form will be mailed to the Licensee in February and must be returned before July 1st. The Licensee should review all of the information contained on the Renewal Form carefully and provide updated information as needed. The Licensee should ensure that they are in compliance with the West Virginia Tax Department and the West Virginia Secretary of State filing requirements, and that they have Unemployment Compensation and Worker's Compensation insurance coverage as of July 1st of that renewal period. The annual \$25 renewal fee is swept from a Retailer's account.

Surrendering a License

A Licensee may terminate the license at any time by completing the "Surrender" form printed on the reverse side of the paper License. Please submit such form at least fourteen days prior to the date on which you wish to terminate the License. The machines will be inactivated and your Field Service Representative will pick up any remaining instant tickets 1-2 days prior to the closing date.

Grounds for Suspension, Revocation or Nonrenewal of License

A license to sell lottery tickets is a privilege, not a legal right. A license may be revoked by the Director at any time should it be determined that the Applicant provided false or misleading information on the Application or if the Licensee fails to comply with the procedures and rules of the Commission, with the provisions of the Lottery Act, or any orders or instructions from the Director. For additional information regarding the grounds for the denial or termination of a license please review the "Terms and Conditions for Retailer Licensing" included in this packet.

Appeal

If the Director denies a new license Application, declines to renew an existing license, or suspends or terminates an existing license the aggrieved party may request a hearing by filing a written request with the West Virginia Lottery Commission. The Commission will schedule a hearing which shall be conducted within thirty days of the receipt of the written request.

If you have questions that have not been answered by this handbook, please feel free to contact the West Virginia Lottery directly.

- Cynthia Hunter, Traditional Licensing Specialist at 304.558.0500 Ext. 1817 (chunter@wvlottery.com)
- Philip Dandy Licensing Manager, at 304-558-0500 Ext. 1907 (philip.c.dandy@wvlottery.com)
- Elizabeth Webb, Deputy Director of Licensing, at 304.558.0500 Ext. 1934 (ewebb@wvlottery.com).

We will be happy to answer your questions and work with you to resolve any issues or concerns.



TERMS AND CONDITIONS FOR RETAILER LICENSING

Please read the following "Retailer Licensing Terms and Conditions." As a licensed Lottery retailer, you must abide by the terms and conditions as stated, and failure to do so may result in suspension or termination of your lottery license.

A. GENERAL

1.0 Definitions

- a. The definitions given in the West Virginia Lottery Act and in the West Virginia Lottery's Legislative Rules are hereby incorporated by reference and made a part of this agreement.
- b. Start of a "Game" means the date the Director designates that lottery tickets for an individual lottery game shall go on sale to the general public.
- c. "Director" means the chief executive officer of the West Virginia Lottery.
- d. "Lottery" means the West Virginia Lottery as created by Chapter 29, Article 22 of the West Virginia Code.
- e. "Lottery Tickets" means the scratch-off or draw game tickets or other tangible evidence of participation to be used in each individual lottery game.
- f. "Minor" means a person under the age of 18 years.
- g. "Sweep Date" means the date specified by the Director on which Electronic Funds Transfers (EFT) are to be transmitted to the Lottery weekly for payment of invoices.
- h. "Retailer" means any person or third party, not including Special Licensed Retailers, licensed by the Commission to sell and dispense lottery tickets and materials or lottery games, and to operate electronic terminals and lottery games for sales and dispensing, unless otherwise authorized.
- i. "Special Licensed Retailer" means any person or third party, not including a Lottery Sales Agent or Lottery Retailer, licensed by and contracting with the Commission to provide iLottery gaming systems pursuant to W.Va. Code §§29-22-9(c) and 29-22-10.

1.1 Agreement Period. This Agreement shall begin on the date the Lottery signs the License. The Agreement shall remain in effect as long as the Retailer complies with the provisions as provided herein and maintains a valid Lottery License. Either party may terminate the Agreement in accordance with the provisions set forth in Chapter 29, Article 22 and Legislative Rule 179 CSR 1.

1.2 License. A Licensee shall display the license wherever tickets are sold. A license is not assignable or transferable. If the retailer attempts to sell or otherwise transfer the lottery-licensed business or premises without notifying the West Virginia Lottery, the selling/ transferring retailer will remain personally liable to the West Virginia Lottery for all lottery equipment and all lottery transactions.

1.3 Changes and Modifications

- a. This Agreement may be modified in writing if signed by the authorized representatives of both parties.
- b. The Director may, unilaterally, change the terms and conditions of this Agreement upon 14 days advance written notice by the Lottery.
- c. Terms and conditions of this license may be altered at any time by Lottery Commission Policy, State Rule, or West Virginia Statute changes

1.4 Report of Conviction of a Felony or Gambling- related Offense. If, at any time during the term of this Agreement, a Retailer or agent is convicted of any felony or any gambling or theft crime, the Retailer must, within 14 days, notify the Director, in writing, of the conviction and the offense. Failure to provide such notice may constitute grounds for termination of this Agreement.

1.5 Report of Change in Ownership or Location. The Retailer must notify the Director, in writing, at least 14 days prior to any change in ownership or location of retailer's business or organization. Failure to report such a change may constitute grounds for termination of this Agreement.

1.6 Retailer Is Not an Employee of the Lottery. Under the terms of this Agreement, neither the Retailer nor the Retailer's employee(s), agent(s), or immediate household members are employees or officers of the Lottery nor shall they or members of their immediate household make any claim of right, privilege, or benefit which would accrue to an employee of the West Virginia Lottery.



TERMS AND CONDITIONS FOR RETAILER LICENSING - cont'd

1.7 Lottery Point-of-Purchase Display. Retailer agrees to display the Lottery's current and approved point-of- purchase materials, posters and other educational, informational, and marketing materials. Old materials shall be removed at the Lottery's request or by designated representatives. Failure to comply with such display standards constitutes grounds for termination of this Agreement. Retailer shall not use the Lottery's name, logo or other identifying marks without permission of the Lottery.

1.8 Indemnification. The Retailer shall defend, protect, and hold harmless the State of West Virginia, the West Virginia Lottery, and/or any employees thereof, from and against all claims, suits, or actions arising from any willful or negligent act or omission of the Retailer or its agents while performing under the terms of this Agreement.

1.9 Treatment of Assets

- a. Title of all property, including point-of-sale materials and equipment, furnished by the Lottery or its agent shall remain in the Lottery or its agent, if applicable. Title to scratch off lottery tickets shall pass to the Retailer upon activation of the lottery tickets by the Retailer.
- b. Any property of the Lottery furnished to the Retailer shall, unless otherwise provided herein or approved by the Director, be used only for the performance of this Agreement and any subsequent changes in Lottery Commission Policy, State Rule, or West Virginia Statute.
- c. The Retailer shall be responsible for any loss or damage to property of the Lottery which results from the negligent or willful act of omission of the Retailer or which results from the failure on the part of the Retailer to maintain and administer that property in accordance with sound management practices.
- d. Upon the theft, loss, destruction of, or damage to any Lottery property, or any Lottery tickets, the Retailer must notify the Director of Security within 12 hours and must take all reasonable steps to protect that property from further damage or loss. Retailers should be insured for loss of lottery property.

1.10 Compliance with Licensing and Registration Requirements. During the performance of this Agreement, the Retailer shall comply with all state, local, and federal licensing and registration requirements. The Retailer will have a Business Registration Certificate issued by the West Virginia Department of Tax and Revenue and will ensure that its tax obligations to the State of West Virginia are current.

1.11 Compliance with Laws and Policies. During the performance of this Agreement, the Retailer shall comply with all applicable federal, state, and local laws and policies. The provisions of these laws and policies are hereby incorporated by reference and included, but are not limited to, those laws and policies relating to:

- a. Conflict of interest;
- b. Nondiscrimination;
- c. Sexual harassment;
- d. Taxes; and
- e. Public Access

1.12 Access to Records. The West Virginia Lottery Commission, and its duly authorized representatives or agents, shall have access to the books, documents, papers, and records of the Retailer which are directly pertinent to this agreement for the purpose of making audits, examinations, excerpts, and transcripts.

1.13 Dispute Procedures. If the Director suspends or revokes a license or refuses to grant a license, the aggrieved party is entitled to a hearing by filing a written request with the West Virginia Lottery Commission. Upon receipt of the request for hearing, the Commission shall set a hearing date within 30 days of receipt of request and shall notify aggrieved party, in writing, at least 7 days in advance of the hearing date.



TERMS AND CONDITIONS FOR RETAILER LICENSING - cont'd

B. STATEMENT OF WORK

- 2.0 Sale of Tickets.** Licensee agrees to sell tickets in accordance with the terms of this Agreement, the State Lottery Act and the State Lottery Rules. The Retailer shall sell a ticket in person via cash, personal check, or on a credit basis by accepting only a bank issued credit or debit card wherein a single transaction shall not exceed \$200. The Retailer shall not extend or arrange credit for the purchase of a ticket. Tickets may be sold only to persons 18 years of age or older.
- 2.1 No Sales to Minors.** No tickets or share in Lottery games shall be sold to persons under the age of 18 years. The Retailer shall establish safeguards to help assure that no sales are made to minors.
- 2.2 Authorized Signature List.** The Retailer shall provide the Lottery a list of employees or persons authorized to make decisions concerning lottery tickets. The Retailer shall notify the Lottery, in writing, of any changes to the list.
- 2.3 Exclusive Sale of Tickets.** (A) Neither the Retailer nor any of the Retailer's agents or employees shall permit or engage in the business of exclusively selling lottery tickets. (B) Neither the Retailer nor any of the Retailer's agents or employees shall sell Lottery tickets or receipts for Lottery tickets of other states. (C) Neither the Retailer nor any of the Retailer's agents or employees shall sell lottery tickets at any other location than that described as the premises for which the license was issued.
- 2.4 Cooperation with Lottery Representatives.** Retailer agrees to fully cooperate with Lottery employees or its agents in the investigation of any lost or stolen tickets.

C. SPECIAL TERMS AND CONDITIONS

3.1 Compensation

- a. **Retailer Commission.** - In consideration for the duties and responsibilities performed by the Retailer under this agreement, the Retailer shall receive a commission of 7% of actual sales and other bonuses approved by the West Virginia Lottery.
- b. **Form of Payment.** - The Retailer must make payment in full to the Lottery by electronic funds transfer (EFT) for the weekly invoice amount and any other fees or penalties. The Lottery will not accept any cash payments or third party checks.

3.2 Delinquent Payment. The Lottery shall not issue or deliver any tickets to the Retailer nor allow terminal draw sales at that retail location if the Retailer is delinquent in payment.

3.3 Financial Guarantee Bond. Retailer must participate in the Financial Guarantee Bond program for each selling premises. Such bond will be created internally by the Lottery with a commission set payment and will continue on an annual basis. Payment for bonding will be made by Electronic Funds Transfer (EFT) from Retailer's bank account to Lottery's Bank account in April of each year.

3.4 Sales before Game Prohibited. The Retailer shall not sell any Lottery tickets for a specific game before the announced start of that game.

3.5 Lottery Actions. In addition to the remedies specified in other sections of this Agreement, the Lottery may take one or more of the following actions in the event the Retailer violates any provisions of this Agreement:

- a. Suspend or terminate the sale of tickets by and to the Retailer;
- b. Terminate the license in accordance with Section D herein.



3.6 Instant Lottery Games (Scratch-Off Tickets)

- a. Retailer shall provide a claim form or direct the player to WVLottery.com for claims, forms, and information.
- b. The Retailer shall pay the appropriate prize to each player who presents to the Retailer a winning ticket for information for prizes over \$600 or less after proper validation. The Retailer is not permitted to redeem a ticket beyond 180 days after the announced end of sales for that game, with the gaming system enforcing said date limitations.
- c. The Retailer shall retain unsold Lottery tickets in a safe and secure location.
- d. The Retailer shall maintain records of tickets received and their disposition. The records must be made available for the Lottery's inspection at the Lottery's request.
- e. The Lottery will credit the Retailer's account for unsold full and partial packs of scratch off tickets returned to the Lottery when returned within 30 days of the announced end of the game.
- f. The Lottery shall have no liability for altered or counterfeit tickets paid by the Retailer or for the Retailer's error as to what prize should be paid for a given ticket.
- g. The Retailer shall, after redeeming a winning ticket, mutilate, punch, mark, tear or destroy the ticket to further reduce any player from attempting to claim a prize more than once.

3.7 Draw Lottery Games (Tickets sold through a terminal)

- a. No retailer employees or agents will sell any other lottery product of chance nor be compensated to act as an agent or any other person or entity to purchase lottery products.
- b. Retailers will pay an equipment fee of \$250.00. After the initial twelve months of on-line games operation on premises, Retailer will agree to allow an EFT charge from their EFT account of five (\$5.00) per week per terminal to defray the Lottery's communication and equipment charges.
- c. Retailer understands that if Retail premises do not meet the handicapped accessibility requirements of the Americans with Disabilities Act, the Lottery will be prevented from issuing the Lottery license, and that such action does not entitle retailer to a refund of the \$250.00 initial equipment fee.
- d. Retailer will install, at retailer expense, a dedicated 110 volt electric circuit with a minimum dual outlet and maintain it as a dedicated circuit for a standard counter terminal, two circuits for approved vending equipment, and additional may be required for other retailer requested peripherals. (This dedicated circuit must be installed prior to installation of the on-line terminal.)
- e. Retailer will provide a telephone within arm's length of the terminal site or have a cell phone.
- f. Retailer will pay all prizes up to and including \$600.00 for both scratch off and draw games. If Retailer does not have sufficient cash on hand to pay a prize, the Retailer may offer a check, prepaid debit card, or money order if the player agrees for prize payment. Retailer's account will receive credit for prize payments, showing on the weekly invoice, and will be made whole with the following weekly sweep.
- g. Retailer understands that an annual fee for a financial guarantee bond will be swept from their current Electronic Funds Transfer account.
- h. If Retailer business fails to maintain an average of \$700.00 in sales per week, Retailer may forfeit any and all Lottery property or be required to reimburse the Commission for the difference of the minimum amount set by the Commission and the agent's weekly average sales.
- i. Retailer will agree to locate the terminal and any other Lottery equipment in a space determined to be appropriate by the Lottery's marketing personnel.
- j. If the Retailer is provided with a display monitor to display draw results, the monitor will be turned on and kept turned on to the West Virginia Lottery's gaming system during all normal business hours of the Retailer location.
- k. Retailer understands that his/her actions as a licensed Lottery Retail Agent are bound, not only by this agreement, but also by West Virginia Lottery policies, rules, and regulations and State and Federal Law, as well as Multi-State Lottery Association rules and policies.



D. TERMINATION

4.0 Termination upon Notice by Either Party. This agreement may be terminated by either party upon 14 days advance written notice to the other party.

4.1 Termination by the Lottery. A Retailer's Agreement may be suspended or terminated by the Lottery for any one of the following reasons:

- a. Whenever the Retailer is convicted of a felony or any offense related to theft, gambling or involving moral turpitude;
- b. Whenever a Retailer does not comply or refuses to comply with federal, state, and local laws rules, and policies. The Lottery shall, however, provide a reasonable time in which to satisfactorily resolve the noncompliance;
- c. Whenever a Retailer does not comply with the Lottery Act, this Agreement, and all rules, conditions, regulations, standards, and orders adopted or issued thereunder by West Virginia Lottery;
- d. Whenever the Lottery determines that the Retailer's Agreement application contains false or misleading information;
- e. Whenever the Retailer fails to regularly, promptly, and accurately settle the Retailer accounts with the Lottery, or if a Retailer's check or EFT is returned for non-sufficient funds (see Policy Statement 09-03 regarding insufficient funds);
- f. Whenever a Retailer begins to engage in the sale of lottery tickets as the Retailer's sole business, occupation or activity;
- g. Whenever a Retailer fails to take adequate security precautions for the safe handling of tickets, Lottery materials or ticket sale proceeds;
- h. Whenever the Retailer fails to maintain an acceptable sales level;
- i. Whenever the Retailer sells a ticket to any person under 18 years of age;
- j. Whenever the Retailer commits an act which severely impairs the Retailer's reputation for honesty and integrity;
- k. Whenever the Retailer does not make purchase of Lottery tickets convenient and readily accessible to the public;
- l. Whenever the Retailer becomes insolvent, unable or unwilling to pay its debts, or is adjudged to be bankrupt;
- m. Whenever a statement, representation, or warranty made by the Retailer to the Lottery is determined to be false, incorrect or incomplete;
- n. Whenever the Retailer fails to notify the Lottery of a change in ownership or change in location of the Retailer's business or organization;
- o. Whenever the Retailer fails to meet the Lottery's standards for minimum point-of-sale displays.
- p. Other than a debt discharged in bankruptcy, debts owed the West Virginia Lottery by an agent or retailer are not written off. For this reason, an applicant for a new license whose former business created an unsatisfied debt to the Lottery will not be granted a new license until the old debt is paid.

E. RENEWAL

Retailer:

- a. Every licensee shall renew by completing a renewal application and meeting all the renewal requirements by June 30th annually.
- b. The annual license renewal fee is \$25 and is swept from the Retailer's account.