

MINNESOTA STATE LOTTERY

GAME PROCEDURES

ON-LINE GAME:

HOT LOTTO

AS OF MARCH 16, 2006

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1.0. Name of Game

The name of the MUSL 5 of 39 PLUS 1 OF 19 Online lotto game in Minnesota is "HOT LOTTO".

1.1. Definitions

- A. "Director" means the Director of the Minnesota State Lottery.
- B. "Drawing" means the formal process of randomly selecting winning numbers that determine the number of winners for each prize category of the game.
- C. "Game Board" or "Boards" mean that area of the play slip that contains two sets of numbered squares to be marked by the player, the first set containing thirty-nine (39) squares numbered one (01) through thirty-nine (39) and the second set containing nineteen (19) squares numbered one (01) through nineteen (19).
- D. "Game Ticket" or "Ticket" mean a ticket produced by an Online terminal for the "HOT LOTTO" game.
- E. "Grand Prize" means the top prize awarded in the "HOT LOTTO" game.
- F. "Lottery" means the Minnesota State Lottery.
- G. "Lottery Retailer" or "Retailer" mean a person or entity that is authorized by the Lottery to sell lottery tickets.
- H. "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.
- I. "MUSL Hot Lotto Product Group" or "Hot Lotto Product Group" mean the group of lotteries that have joined together to offer the "HOT LOTTO" lottery game pursuant to the terms of the MUSL Agreement and the Hot Lotto Product Group rules.
- J. "Online Lottery Game" means a lottery game wherein a player receives a ticket through an Online terminal.
- K. "Online Terminal" or "Terminal" mean a device authorized by the Lottery to function in an Online, interactive mode with the Lottery's computer system for the purpose of issuing lottery tickets and entering, receiving and processing lottery transactions including purchases, validating tickets and transmitting reports.

- L. "Pari-Mutuel Prize" means a prize that is a share of a prize pool for a specified prize category.
- M. "Play" means one set of six (6) two-digit numbers, reading horizontally from left to right, the first five (5) numbers from a field of thirty-nine (39) numbers from one (01) through thirty-nine (39) and the last number from a field of nineteen (19) from one (01) through nineteen (19) that appear on a ticket to be played by a player in the "HOT LOTTO" game.
- N. "Play Slip" means a card used in marking a player's game plays and containing one or more boards.
- O. "Quick Pick" means the random selection of two-digit numbers by the computer system that appear on a ticket and are played by a player in the game.
- P. "Set Prize" means a prize that is advertised to be paid by a single cash payment and, except in instances outlined in these procedures, will be equal to the prize amount established by these procedures for the prize category.
- Q. "Winning Numbers" mean the six (6) two-digit numbers, the first five (5) from a field of thirty-nine (39) numbers from one (01) through thirty-nine (39) and the last number from a field of nineteen (19) from one (01) through nineteen (19) randomly selected at each official drawing conducted by the MUSL Hot Lotto Product Group that shall be used to determine winning plays contained on a game ticket.

2.0. Game Description

The "HOT LOTTO" game is a five (5) out of thirty-nine (39) plus one (1) out of nineteen (19) Online lottery game that pays a grand prize and set prizes as provided in these procedures. To play the "HOT LOTTO" game, a player selects five (5) different numbers between one (01) and thirty-nine (39) and one (1) additional number from one (01) through (19) for input into an Online terminal operated by a lottery retailer. The player may select each set by communicating the six (6) numbers to the retailer by marking six (6) numbered squares in any one game board on a play slip and submitting the play slip to the retailer or by requesting a quick pick from the retailer. The lottery retailer will then issue a ticket, via the Online terminal, containing the elected set or sets of numbers, each of which constitutes a game play.

2.1. Claims

A ticket shall be the only proof of a game play or plays and the submission of a winning ticket to the Lottery or a lottery retailer shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

2.2. Cancellation Prohibited

A ticket may not be voided or canceled by returning the ticket to the Lottery or the selling lottery retailer, including tickets that are printed in error.

2.3. Player Responsibility

It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. The placing of plays is done at the player's own risk through the lottery retailer who is acting on behalf of the player in entering the play or plays.

2.4. Price of Game Ticket

The price of each "HOT LOTTO" ticket shall be \$1.00 and shall contain one play.

2.5. Play Slip and Ticket Characteristics and Restrictions

- A. The player shall select, or request selection by the terminal, five numbered squares on a play slip. Play slips shall be available at no cost to the player. The minimum entry shall be \$1.00. A play slip has no pecuniary or prize value and does not constitute evidence of purchase or numbers selected.
- B. To purchase a ticket, players shall, in addition to the purchase price, submit a completed play slip or request number selection by quick pick to an authorized lottery retailer to have issued a standard game ticket that shall contain the six number selections played in each game grid, the drawing date, dollar amount wagered, validation number data and the number of draws selected. This standard game ticket shall be the only valid proof of the play and the only valid receipt for claiming a prize. The standard game ticket shall only be valid for the drawing date or dates printed on the ticket.
- C. If play slips are unavailable, the play may also be given to a lottery retailer in groups of six number selections for each \$1.00 wagered. The selections shall be manually entered into the terminal by the retailer.
- D. A player may select numbers for up to eight (8) drawings, specifically the next drawing and the seven (7) subsequent drawings.
- E. No ticket may be purchased or issued for a drawing after 9:00 p.m. Central Standard Time on Wednesday and Saturday for tickets for that night's drawing provided the Director may change the time within which a ticket may be purchased without notice.
- F. Plays may only be entered manually or by means of a play slip provided by the Lottery and hand-marked by the player or such other means as approved by the Lottery.

- G. A lottery retailer may not permit the use of facsimiles of play slips, copies of play slips or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Lottery.
- H. A lottery retailer may not permit any device to be connected to the Lottery's Online terminal to enter plays except as approved by the Lottery.

2.6. Time, Place and Manner of Conducting the Drawing

- A. "HOT LOTTO" drawings will be held on Wednesday and Saturday at 10:00 p.m. Central Standard Time provided that the Director or the MUSL Hot Lotto Product Group may change the time of the drawing without notice.
- B. "HOT LOTTO" drawings will be conducted by MUSL in places designated by the MUSL Hot Lotto Product Group.
- C. MUSL will draw, at random, five (5) numbers between one (01) through thirty-nine (39) and one (1) number between one (01) and nineteen (19) with the aid of mechanical drawing equipment that will be known as the winning numbers.

3.0. Prize Pool

The prize pool for all prize categories shall consist of fifty percent (50%) of each drawing period's sales. Any amount remaining in the prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the MUSL Hot Lotto Product Group.

3.1. Prize Reserve Accounts

At the direction of the MUSL Hot Lotto Product Group, there shall be deducted from the grand prize pool an amount equal to no more than 2% of total sales that shall be placed in trust in one or more prize reserve accounts until the prize reserve accounts reach the amounts designated by the Hot Lotto Product Group. Once the prize reserve accounts exceed the designated amounts, the excess shall become part of the prize pool. Any amount remaining in a prize reserve account at the end of this game shall be carried forward to a replacement game prize reserve account or expended in a manner as directed by the MUSL Hot Lotto Product Group.

3.2. Expected Prize Payout Percentages

A. The grand prize shall be determined on a pari-mutuel basis. Except as provided in these procedures, all other prizes awarded shall be paid as set prizes with the following expected prize payout percentages:

Number of Matches Per Prize Category	Prize Payment	Prize Pool Allocated to the Prize
All five (5) of the first set plus one (1) of the second set	Grand Prize	52.5763%
All five (5) of the first set and none of the second set	\$ 10,000.00	3.2909%
Any four (4) of the first set plus one (1) of the second set	\$ 500.00	1.554%
Any four (4) of the first set and none of the second set	\$ 50.00	2.7972%
Any three (3) of the first set plus one (1) of the second set	\$ 50.00	5.1283%
Any three (3) of the first set and none of the second set	\$ 4.00	7.3847%
Any two (2) of the first set plus one (1) of the second set	\$ 4.00	4.3761%
Any one (1) of the first set plus one (1) of the second set	\$ 3.00	12.7181%
None of the first set plus one (1) of the second set	\$ 2.00	10.1745%

B. The prize money allocated to the grand prize category shall be divided equally by the number of game boards winning the grand prize.

- C. The prize pool percentage allocated to the set prizes (the cash prizes of \$10,000.00 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw. If the total of the set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund the set prizes awarded shall be drawn from the following sources in the following order: (1) the amount allocated to the set prizes and carried forward from previous draws, if any; (2) an amount from the set prize reserve account, if available, not to exceed the balance of that account. If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded, then the highest set prize shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this paragraph shall be divided among the winning plays in proportion to their respective prize percentages.

3.3. Probability of Winning

The overall odds of winning a prize in the "HOT LOTTO" game are 1:16.091706. The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category based upon the total number of possible combinations of plays in the game.

<u>Number of Matches Per Play</u>	<u>Probability Distribution</u>	<u>Prize Amount</u>
All five (5) of the first set plus one (1) of the second set	1:10,939,383	Grand Prize
All five (5) of the first set and none of the second set	1:607,743.5	\$10,000.00
Any four (4) of the first set plus one (1) of the second set	1:64,349.311765	\$ 500.00
Any four (4) of the first set and none of the second set	1:3,574.961765	\$ 50.00
Any three (3) of the first set plus one (1) of the second set	1:1,949.979144	\$ 50.00
Any three (3) of the first set and none of the second set	1:108.332175	\$ 4.00
Any two (2) of the first set plus one (1) of the second set	1:182.810545	\$ 4.00

Any one (1) of the first set plus one (1) of the second set	1:47.176915	\$	3.00
None of the first set plus one (1) of the second set	1:39.314096	\$	2.00

3.4. Grand Prizes

- A. Grand prizes shall be paid per a winner annuity, except a player may elect to receive the grand prize in a single cash payment provided the election is made by the player within 60 days after the player becomes entitled to the prize. The election to take the single cash payment may be made at the time the prize is claimed or within 60 days following the date that the Lottery determines that the player is entitled to the grand prize. An election made by a player to receive the prize via an annuity or in a single cash payment is final and cannot be revoked, withdrawn or, otherwise, changed.
- B. Shares of the grand prize shall be determined by dividing the cash available in the grand prize pool equally among all winners of the grand prize. Winner(s) who elected a cash payment shall be paid their share(s) in a single cash payment. The annuitized option prize shall be determined by multiplying a winner's share of the grand prize by the MUSL annuity factor. The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved brokers made after it is determined that the prize is to be paid as an annuity prize or after the expiration of 60 days of the date that the player becomes entitled to the prize. Neither MUSL nor the Lottery shall be responsible or liable for changes in the advertised or estimated annuity prize from the time the drawing occurs and the date that the player makes the election regarding method of prize payment.
- C. In certain instances announced by the Hot Lotto Product Group, the grand prize shall be a guaranteed amount and shall be determined pursuant to Section 3.10.
- D. If the individual shares of the cash held to fund an annuity is less than \$250,000.00, the MUSL Hot Lotto Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the grand prize pool.
- E. All annuitized prizes shall be paid in twenty-five (25) payments, with the initial payment being made in cash, to be followed by twenty-four (24) equal payments funded by the annuity that will be paid in cash on the anniversary date of the drawing at which the prize was won. The initial payment of an annuitized prize may be made by the Lottery upon validation of the winning ticket and a determination that the player is entitled to the prize.

- F. In the event of the death of a lottery prizewinner and upon petition of the estate of the lottery prizewinner, the MUSL Hot Lotto Product Group may accelerate payment of all remaining proceeds from the winning ticket to the estate of the lottery winner by transferring to the estate the securities and/or cash being held to satisfy the prize requirements or paying the estate the present value of the remaining payments of the lottery winner's prize. The valuation of the securities and determination of the present value of the accelerated lottery payments shall be at the sole discretion of the MUSL Hot Lotto Group.

3.5 Prize Payments

All prizes will be paid by the Lottery in cash after receiving authorization from MUSL.

3.6 Limited to Highest Prize Won

The holder of a winning ticket may win in only one prize per play in connection with the winning numbers drawn and shall be entitled only to the prize won by those numbers in the highest matching prize category.

3.7 Prizes Rounded

Annuitized payments of the grand prize or a share of the grand prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized grand prize win shall be added to the first cash payment to the winner or winners. Prizes other than the grand prize that, under these rules, may become single-payment pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

3.8 Prize Claim Period

Prize claims must be submitted within one year of the drawing date. If the one year deadline is a Saturday, Sunday or a legal holiday, a claim must be submitted by the close of business the following business day.

3.9 Rollover

If the grand prize is not won in a drawing, the prize money allocated for the grand prize shall roll over and be added to the grand prize pool for the following drawing.

3.10. Funding of Prizes

The MUSL Hot Lotto Product Group may offer guaranteed minimum grand prize amounts or minimum increases in the grand prize amount between drawings or make other changes in the allocation of prize money where the Hot Lotto Product Group finds that it would be in the best interest of the game. If a minimum grand prize amount or a minimum increase in the grand prize amount between drawings is offered by the Hot Lotto Product Group, then the grand prize shares shall be determined by dividing the guaranteed annuitized grand prize by the number of winners. If there are multiple grand prizewinners during a single drawing and at least one of the prizewinners has elected the annuitized option prize, then the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized grand prize. If no winner of the grand prize during a single drawing has elected the annuitized option prize, then the amount of cash in the grand prize pool shall be an amount equal to the guaranteed annuitized amount divided by the average annuity factor of the most recent three best quotes provided by MUSL's pre-approved qualified brokers submitting quotes. In no case shall quotes be used that are more than two weeks old and if less than three quotes are submitted, then MUSL shall use the average of all quotes submitted. Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in these procedures. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in Section 3.2.B. becomes necessary.

3.11. Procedures for Claiming a Prize

- A. To claim a prize of five hundred and ninety-nine dollars (\$599.00) or less, a player must sign the back of the winning ticket in the space designated on the ticket and present the winning ticket to any lottery retailer, any Lottery Regional Office or the Lottery Headquarters or mail the ticket to the Minnesota State Lottery, P.O. Box 131000, Roseville, MN 55113. The retailer shall verify the claim through use of the Online terminal and, if valid, make payment of the amount due the player. In the event the retailer cannot verify the claim, the retailer shall provide the player with a claim form and instruct the player on how to file a claim with the Lottery. If the claim is validated by the Lottery, a check shall be forwarded to the player in the amount due. In the event the claim is not validated, the claim shall be denied and the player shall be notified promptly.
- B. To claim a prize of less than thirty thousand and one dollars (\$30,001.00) but greater than five hundred and ninety-nine dollars (\$599.00), the player must sign the back of the winning ticket in the space designated on the ticket, fill out a claim form and present both at any Lottery Regional Office or at the Lottery's main office in Roseville, Minnesota or mail both to the Minnesota State Lottery, P.O. Box 131000, Roseville, MN 55113. If the claim is validated by the Lottery, a check in the appropriate amount will be forwarded to the player less any applicable federal and state withholding tax and debt owed under Minnesota Statutes 270A.03. In the event that the claim is not validated by the Lottery, the claim shall be denied and the player shall be notified promptly.

- C. To claim a prize of greater than thirty thousand dollars (\$30,000.00), the player must sign the back of the winning ticket in the space designated on the ticket, fill out a claim form and present both at the Lottery's main office in Roseville, Minnesota. If the claim is validated by the Lottery, a check in the appropriate amount will be forwarded to the player less any applicable federal and state withholding tax and debt owed under Minnesota Statutes 270A.03. In the event that the claim is not validated by the Lottery, the claim shall be denied and the player shall be notified promptly.

4.0. Ticket Responsibility

- A. A "HOT LOTTO" prize claim is deemed to be submitted by the person whose name appears on the back of the ticket or, in the case of a ticket not completed with the name, by the person holding the ticket.
- B. The Lottery will not be responsible for lost or stolen "HOT LOTTO" tickets.
- C. The purchaser of a "HOT LOTTO" ticket has the sole responsibility for checking the accuracy and condition of the data printed on the ticket.
- D. The Lottery will not be responsible for "HOT LOTTO" tickets redeemed in error by a player from a retailer.

4.1. Ticket Validation Requirements

- A. To be a valid "HOT LOTTO" ticket, the following conditions must be met:
 - 1. The ticket validation number must be present in its entirety and shall correspond, using the computer validation file, to the selected numbers printed on the ticket for the date printed on the ticket.
 - 2. The ticket must be intact.
 - 3. The ticket may not be mutilated, altered, reconstituted or tampered with.
 - 4. The ticket may not be counterfeit or an exact duplicate of another winning ticket.
 - 5. The ticket must have been issued by the Lottery in an authorized manner.
 - 6. The ticket must not have been stolen.
 - 7. The ticket data must have been recorded on the Lottery's central computer system prior to the drawing and the ticket data must match this computer record in every respect.

8. The player selected or terminal selected numbers, the validation number data and the drawing date of an apparent winning ticket must appear on the official file of winning tickets and a ticket with that exact date may not have been previously paid.
 9. The ticket must not be misregistered, defectively printed or printed or produced in error to an extent that it cannot be processed by the Lottery.
 10. The ticket must pass other confidential security checks by the Lottery.
- B. A ticket not passing the validation requirements and checks specified in Paragraph A. above will be considered invalid and a prize will not be paid for that ticket.
 - C. In cases of doubt regarding the validity of a ticket, the determination of the Director is final and binding.
 - D. If a defective ticket is purchased or if the Director determines to adjust an error, the sole and exclusive remedy will be the replacement of the defective or erroneous ticket with a ticket of equivalent sale price from a current Lottery game.

4.2. Allowances for Delay of Payment

- A. The Lottery may delay payment of a prize pending a final determination by the Director under the following circumstances:
 1. if a dispute occurs or it appears likely that a dispute may occur regarding the prize;
 2. if there is any question regarding the identity of the claimant;
 3. if there is any question regarding the validity of the ticket presented for payment; or
 4. if the claim is subject to any setoff for delinquent debts owed by the claimant under Minnesota Statutes, Section 349A.08, Subdivision 8.
- B. No liability for interest for any delay shall accrue to the benefit of the claimant pending payment of the claim.

4.3. Payment of Prizes to Person Under the Age of 18

No prize in the "HOT LOTTO" game may be paid to a person under the age of 18 years.

4.4. Ticket Ownership

- A. Until such time as a signature is placed on the back portion of a ticket in the space designated therefor, a ticket shall be owned by the physical possessor of said ticket. When a signature is placed on the back of the ticket in the space designated therefor, the player whose signature appears in that area shall be the owner of the ticket and shall be entitled to any prize attributable thereto.
- B. If more than one (1) person's name appears on the back of the ticket and the prize being claimed is for a set prize the Director may require that one (1) of the persons whose name appears on the back of the ticket or is a party to a prize sharing agreement be designated to receive payment of the full amount of the prize. Each person sharing a prize must submit a claim form to the Lottery.
- C. If more than one (1) person's name appears on the back of the ticket or there is a valid prize sharing agreement the Director may make payment to each person whose name appears on the back of the ticket or who is a party to a valid prize sharing agreement. Each person sharing a prize must submit a claim form to the Lottery.
- D. The Lottery will not be responsible for lost or stolen tickets.

5.0. Ineligible Players

A "HOT LOTTO" game ticket may not be purchased from the Lottery or a lottery retailer and a prize won by any such ticket may not be paid to:

1. a MUSL employee, officer or director;
2. a contractor or consultant under agreement with MUSL to review the MUSL audit and security procedures;
3. an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders or owners in the local office of the firm;
4. an immediate family member of an individual described in Clauses 1, 2, and 3 above and residing in the same household;
5. a person prohibited by Minnesota law; or
6. a person prohibited by contract.

6.0 Retailer Conduct, Bulk Purchase Restrictions

- A. A lottery retailer may not enter into any special agreement with any person, group of persons or agent thereof for the purchase of over \$500.00 of "HOT LOTTO" tickets for any one draw.
- B. A retailer must immediately report to the Lottery any attempt made by any person, group of persons or an agent thereof to purchase more than 50% of the number combinations for the "HOT LOTTO" game for any one draw.
- C. A retailer must obtain the name and address of any person purchasing more than \$5,000.00 in "HOT LOTTO" tickets for any one draw and report the information to the Lottery before the sale.

7.0 Governing Law

In purchasing a "HOT LOTTO" ticket, the player agrees to comply with and abide by these procedures for the "HOT LOTTO" game; Minnesota Statutes, Chapter 349A (the State Lottery Law); the Lottery's Prize Payment Rules; MUSL Rules; MUSL Hot Lotto Product Group Rules; and all final decisions of the Director.