



Retailer Number _____

Chain Number _____

MINNESOTA STATE LOTTERY RETAILER CONTRACT

THIS AGREEMENT is entered into this 15th day of _____, 200__, by and between the MINNESOTA STATE LOTTERY (hereinafter referred to as the "MSL") and, _____, a _____, whose business address is _____ (hereinafter referred to as the "Retailer").

Name of Business

Corporation, Partnership, Sole Proprietorship

Address

City

State

Zip

In signing this agreement, the parties acknowledge that they have read and understood the terms of this Contract and agree to be bound thereby.

THE MINNESOTA STATE LOTTERY

Name of Business

By: _____
Lottery Signature

By: _____
Retailer Signature

Title: Lottery Director

Title: _____

Date: _____

Date: _____

1. Definitions

- a. "Accounting Week" - The start of business on Tuesday through the end of business on the subsequent Monday.
- b. "Business Location" - The site, as described by the address stated in this Contract, where the Retailer is authorized to sell Lottery Tickets.
- c. "Contract" - This agreement between the Retailer and the MSL authorizing the Retailer to sell Lottery Tickets.
- d. "Director" - The Director of the Minnesota State Lottery or the Director's designee.
- e. "Lottery Games" - Online Games and Scratch Games.
- f. "Lottery Tickets" - Online Game Tickets and Scratch Game Tickets.
- g. "MSL" - The Minnesota State Lottery.
- h. "Online Game" - A lottery game sold to the public through the use of an Online Game Terminal.
- i. "Online Game Terminal" - A terminal installed by the MSL at the Retailer's Business Location that is connected to a MSL system for the purpose of selling and redeeming Online Game Tickets and Scratch Game Tickets.

- j. "Online Game Ticket" - A ticket purchased for participation in an Online Game.
- k. "Retailer" - The business authorized by the MSL to sell Lottery Tickets.
- l. "Scratch Game" - A lottery game sold to the public on pre-printed tickets containing play data under a latex coating.
- m. "Scratch Game Ticket" - A pre-printed ticket purchased for participation in a Scratch Game.

2. **Scope of the Contract; Term**

This Contract authorizes the Retailer to sell Lottery Tickets for the MSL according to the terms of this Contract. The Retailer agrees to only sell Lottery Tickets at the Retailer's Business Location. This Contract is subject to the terms and provisions of Minnesota Statutes, chapter 349A, Minnesota Rules, chapter 7856, and the game procedures adopted by the Director for each Lottery Game and the Retailer agrees to comply and be bound by any applicable law, rule, instruction and order issued by the Lottery. This Contract is effective on the date it is finally executed by both parties and shall remain in effect for one year, unless canceled or suspended by either party. This Contract is not assignable or transferable to any person or entity, nor is it transferable to any location. The Retailer shall not conduct any business or hold itself out as a Lottery Retailer unless a renewal Contract has been timely granted.

3. **Sale and Redemption of Lottery Tickets**

- a. The Retailer must sell a minimum number of Scratch Games as set by the MSL and must activate and make available for sale all new games introduced by the MSL.
- b. The Retailer may not sell Lottery Tickets to any person under the age of 18 years or redeem a prize for a person under the age of 18 years.
- c. The Retailer must prominently display the most current odds posters for Lottery Games supplied by the MSL.
- d. The Retailer must display the problem gambling helpline sticker supplied by the MSL at or near the point where Lottery Tickets are sold.
- e. The Retailer must display at its Business Location, the certificate to sell Lottery Tickets issued by the MSL.
- f. The Retailer must mount a decal provided by the MSL in a prominent place near the entrance to its Business Location.
- g. The Retailer must sell Lottery Tickets only for coin, currency, money orders, debit/check cards or checks.
- h. The Retailer must only sell Lottery Tickets at a price set by the Director pursuant to the game procedures adopted for each Lottery Game.
- i. The Retailer must not condition the sale of Lottery Tickets on the purchase of any other item or service or impose any similar restriction upon the sale of a Lottery Ticket.
- j. The Retailer must make the purchase of Lottery Tickets convenient and readily accessible to the public and make Lottery Tickets available for purchase during normal business hours.
- k. The Retailer must begin the sale of Scratch Game Tickets on the date set by the MSL for each Scratch Game and must cease selling Scratch Game Tickets for a particular Scratch Game on the date set by the MSL.
- l. The Retailer must validate and pay all prizes from winning Lottery Tickets up to \$600, consistent with the Retailer's normal business hours and cash on hand policies or as agreed to between the MSL and the Retailer. The Retailer may be responsible for redeemed Lottery Tickets that are not validated prior to payment to a player.
- m. The Retailer must settle packs of Scratch Game Tickets to activate billing according to procedures established by the MSL.
- n. The Retailer acknowledges that funds received from the sale of Lottery Tickets constitute a trust fund until paid to the MSL and that the Retailer is personally liable for those funds.
- o. The Retailer must maintain a bank account for payment of proceeds to the MSL.
- p. The Retailer must deposit in its designated bank account all funds due the MSL from the previous Accounting Week prior to the Thursday following the end of the accounting week. The amount due to the MSL will be electronically taken from this bank account by the MSL each Thursday.
- q. Failure to timely pay the MSL all amount due from a particular Accounting Week may subject the Retailer to a penalty of \$20 and interest as designated by rule. The Retailer agrees that it may be liable for costs incurred by the MSL to collect any amount due to the MSL under this Contract, including attorney's fees.

4. **Compensation/Payments to Retailers**

The MSL will pay the Retailer a commission of 5½% of the value of Lottery Tickets sold by the Retailer and pay the Retailer a commission of 1% of the value of Lottery Tickets redeemed and validated by the Retailer.

The MSL will reimburse the Retailer for all prizes paid by the Retailer according to the procedures established by the MSL.

5. Marketing Requirements

The Retailer agrees to comply with all MSL marketing requirements and to display MSL provided point-of-purchase materials and signage in a prominent area of its Business Location according to instructions issued by the MSL. Retailer agrees to utilize Scratch Ticket dispensers (including any in-counter dispensers) provided by the MSL in the manner prescribed by the MSL. The Retailer agrees to abide by all promotional guidelines adopted by the MSL.

6. Security Deposit

The MSL may require the Retailer to maintain a security deposit in the amount set by the Director if the Retailer does not have a favorable credit history, has repeated accounting problems and/or NSF's, or has no credit history. The security deposit must be in a form as set out in Minnesota Statutes, section 349A.06, subdivision 3.

7. Minimum Sales

The MSL may require the Retailer to maintain a minimum level of Lottery Ticket sales.

8. Property Provided by MSL

All property provided to the Retailer by the MSL, or a vendor under Contract with the MSL, is, and shall remain the property of the MSL or its vendors. The MSL or its vendors shall have the right to enter the property of the Retailer during regular business hours to install and remove any and all such property at any time. The Retailer agrees not to relocate, repair, or modify any property of the MSL or its vendors without the prior written agreement of the MSL. The MSL will provide the Retailer with dispensers to be utilized to sell Scratch Game Tickets and an Online Game Terminal. The Retailer must provide sufficient counter space for the Online Terminal and Scratch Game Ticket dispensers. The Retailer must provide appropriate electrical utilities for MSL provided equipment. Upon expiration of this Contract, the Retailer shall return, or allow MSL employees or vendors to remove, all MSL property.

9. Responsibility for Tickets

The Retailer agrees that all Scratch Game Tickets accepted from the MSL or its distributor are deemed to have been purchased by the Retailer at the price established by the MSL less appropriate Retailer commission, unless the unsold tickets are returned to the MSL according to procedures established by the MSL. The Retailer agrees that all Online Game Tickets issued by the Retailer's Online Game Terminal are deemed to have been purchased by the Retailer unless canceled as authorized by the MSL game procedures. The Retailer will exercise diligence in the storage of Online Game Ticket stock and to provide physical security and control of the Online Game Ticket stock. The Retailer agrees not to borrow or lend Online Game Ticket stock or Scratch Game Tickets to/from another Retailer or location. The Retailer is responsible for lost, stolen, or missing Lottery Tickets

10. Audit of Retailers

The Retailer must maintain current and accurate records of all lottery transactions and make them available for inspection or audit by employees of the MSL and to employees of the Department of Public Safety, Alcohol and Gambling Enforcement Division. The Director may select an auditor to perform the audit and the Retailer may be required to pay the costs of the audit.

11. Cancellation, Suspension and Refusal to Renew Contract

- A. This Contract may be cancelled by the Retailer at any time upon notice to the MSL.
- B. The Director must cancel this Contract or prohibit the sale of Lottery Tickets if the Retailer has:
 - a) been convicted of a felony, gross misdemeanor, or a gambling related offense;
 - b) a person that owns more than 5% of the Retailer, or an officer or director of the Retailer that has been convicted of a felony, gross misdemeanor, or gambling related offense;
 - c) committed fraud, misrepresentation, or deceit;
 - d) provided false or misleading information to the MSL;
 - e) acted in a manner prejudicial to the public confidence in the integrity of the MSL;

- f) owes \$500 or more in delinquent taxes to the State of Minnesota; or
 - g) been conducting business solely to sell Lottery Tickets.
- C. The Director may cancel, suspend, or non-renew this Contract, or prohibit the sale of Lottery Tickets if the Retailer has:
- a) ceased conducting business at the Business Location;
 - b) failed to comply with any provision of this Contract;
 - c) failed to accurately account for the proceeds from the sale of Lottery Tickets;
 - d) failed to remit to the MSL on a timely basis the proceeds from the sale of Lottery Tickets;
 - e) failed to account for Lottery Tickets received from the MSL;
 - f) acted in a manner such that the Retailer's participation as a Retailer is inconsistent with the public interest, convenience and necessity;
 - g) experienced a material change in any factor considered by the Director in entering into this Contract;
 - h) failed to maintain a security deposit as required by the MSL;
 - i) failed to maintain a minimum level of Lottery Ticket sales as set by the MSL;
 - j) retained an employee involved in the sale of Lottery Tickets who has been convicted of a gambling-related offense or a crime involving moral turpitude;
 - k) bartered, furnished, or given alcoholic beverages to a person under 21 years of age in violation of Minnesota law, two or more times within a two-year period;
 - l) experienced a change so that it no longer has the financial stability or responsibility to act as a Retailer;
 - m) experienced a substantial change in ownership;
 - n) committed an act which impairs the Retailer's reputation for honesty and integrity;
 - o) sold Lottery Tickets to a person that the Retailer knows or has reason to know will re-sell the Lottery Tickets to another person;
 - p) conducted illegal gambling at the Business Location or has allowed illegal gambling to be conducted by others at the Business Location;
 - q) violated a provision of Minnesota Statutes, chapter 349A or Minnesota Rules, chapter 7856, game procedures, order or directive issued by the Director; or
 - r) experienced any material change in any of the qualifications for a Retailer under Minnesota Statutes, section 349A.06, subdivision 2 or Minnesota Rules part 7856.2020.
- D. The Director may temporarily suspend this Contract or prohibit the sale of Lottery Tickets at the Business Location without prior notice to the Retailer, for any reason specified in this Contract, provided that pursuant to Minnesota Statutes, section 349A.06, subdivision 11(e), a hearing is conducted within seven days after a request for a hearing is made by the Retailer.
- E. The cancellation, suspension, or non-renewal of this Contract, or the prohibition of the sale of Lottery Tickets is a contested case under the Administrative Procedures Act (Minnesota Statutes, Chapter 14).

12. Liability and Indemnification

The Retailer agrees that in its capacity as a contractor to sell Lottery Tickets, the Retailer is not acting on behalf of the MSL or the State of Minnesota as an agent, officer, or employee, but is acting in the capacity of an independent contractor. The Retailer agrees to release, indemnify and hold harmless the MSL and the State of Minnesota, its officers, directors, employees and agents from and against any and all loss, claims, damages, expenses and costs (including attorney fees) arising out of or resulting from any and all acts or omissions of the Retailer, its owners, employees or agents arising in the connection with conducting the sale of Lottery Tickets. The Retailer further agrees that any contractual or tortious liability incurred by the Retailer in connection with the sale of Lottery Tickets shall be the Retailer's sole responsibility.

13. Miscellaneous

The Retailer agrees that if they fail to comply with any term of this Contract, the Lottery may temporarily stop delivery of additional Scratch Game Tickets and prohibit the use of the Retailer's Online Game Terminal and pursue any other appropriate remedy to protect its interests and property.

14. Applicable Law and Venue

This Contract and all matters related to it shall be governed by and interpreted by the laws of the State of Minnesota. Any matter arising under this Contract shall be brought in a court of competent jurisdiction in Ramsey County, Minnesota.