

Tribal-State Gaming Compact

Between

_____ **Indian Tribe**

and the

State of Arizona

APPENDIX G

OPERATIONAL STANDARDS, SPECIFICATIONS, AND REGULATIONS FOR LOTTERY AND REQUIREMENTS FOR PROMOTIONS

Effective September 24, 2004

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**OPERATIONAL STANDARDS, SPECIFICATIONS, AND REGULATIONS FOR LOTTERY
AND REQUIREMENTS FOR PROMOTIONS**

TABLE OF CONTENTS

I. Definitions 1
 A. “Lottery” 1
 B. “Paid Consideration” 1
 C. “Promotion” 2
II. Operational Standards and Regulations 2
 A. Rules 2
 B. Notice 3
 C. Authorization to Proceed 3
 D. Recurring Lotteries 3
 E. Record Keeping for Lotteries 4
 F. Accounting 4
 G. Vendors 4
 H. Gaming Facility Operator 4
 I. Limitations 4
 J. Periodic Increases in Dollar Limitations 4
 K. Record Keeping for Promotions 5

APPENDIX G

OPERATIONAL STANDARDS, SPECIFICATIONS, AND REGULATIONS FOR LOTTERY AND REQUIREMENTS FOR PROMOTIONS

The game of lottery authorized pursuant to the Compact shall be permitted and conducted, at a minimum, according to the provisions set forth in the Compact and its appendices. In addition, the Tribal Gaming Office, or the Gaming Facility Operator as approved by the Tribal Gaming Office, shall establish and the Gaming Facility Operator shall comply with any additional standards, procedures and/or rules deemed appropriate to ensure the integrity, fairness and security of play.

I. DEFINITIONS

In addition to definitions set forth in the Compact and its appendices, the following definitions shall apply to the rules of Lottery conducted by the Gaming Facility Operator:

A. "Lottery."

Except as provided below, for purposes of this Appendix, the term Lottery means any game, contest, enterprise, or other procedure for the disposal or distribution of a prize or prizes, by chance, among persons who, directly or indirectly, have Paid Consideration for the chance of obtaining that prize or those prizes, or a portion of them, or for any share or interest in the prize or prizes upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle or gift enterprise, or other name. The term Lottery includes lotteries ancillary to a Promotion, but does not include:

- (1) Class II games;
- (2) Class III Gaming Devices, including Video Lottery Terminals;
- (3) Blackjack;
- (4) Jackpot poker;
- (5) Keno;
- (6) Off-track pari-mutuel wagering, pari-mutuel wagering on horse racing, or pari-mutuel wagering on dog racing;
- (7) Complimentary services or items governed under applicable minimum internal control standards;
- (8) Any game, contest, enterprise, or other procedure that provides for the distribution of a prize or prizes based predominately upon skill or that otherwise lacks the element of chance; or
- (9) Any game, contest, enterprise, or other procedure with a method of participation or entry that does not require someone to have Paid Consideration to participate or enter, provided (a) notice of the availability of this method of participation or entry is posted in a conspicuous manner in the Gaming Facility, (b) a written explanation of this method of participation or entry is available to all patrons of the Gaming Facility 21 years of age and older who request it, (c) the method of participation or entry is available to all patrons of the Gaming Facility 21 years of age or older, and (d) the method of participation or entry is not burdensome. By way of example, and not of limitation, requiring a patron to mail a request for an entry form with a self-addressed stamped envelope for the entry form to be mailed to the patron is not burdensome.

B. "Paid Consideration."

The term Paid Consideration means, as the context requires:

- (1) The payment of money, or something of monetary value, in exchange for the right to participate in or enter a game, contest, enterprise, or other procedure; or
- (2) Money, or something of monetary value, paid in exchange for the right to participate in or enter a game, contest, enterprise, or other procedure.

A person who is required to make a wager in a game of chance as a condition of participating in a game, contest, enterprise, or other procedure has Paid Consideration. A person who is required to do any of the following, individually or collectively, has not, solely by virtue of having done so, Paid Consideration:

- (1) Listen to or watch an audio or video presentation or reading any written materials;
- (2) Complete a coupon or entry form and/or transmit a coupon or entry form;
- (3) Visit a Gaming Facility;
- (4) Be present at a Gaming Facility at a particular time and place; and
- (5) Enroll or participate in a casino guest or patron program including, but not limited to, a frequent player program or slot club.

C. "Promotion."

The term Promotion means any game, contest, enterprise, or other procedure for the disposal or distribution of a prize or prizes, but in which the element of chance and/or having Paid Consideration is not present. Promotions include any game, contest, enterprise, or other procedure for the disposal or distribution of a prize or prizes which is excepted from the definition of Lottery by operation of Sections I(A)(8) and I(A)(9) of this Appendix.

II. OPERATIONAL STANDARDS AND REGULATIONS

A. Rules.

Each Lottery must be conducted by the Gaming Facility Operator, and not in connection with any other tribe, Person, or entity, in accordance with written rules approved by the Tribal Gaming Office. A Lottery may be conducted in conjunction with or enhanced by a Class III game authorized under the Compact and its Appendices. The Gaming Facility Operator shall make the written rules that govern the operation of each Lottery available to all persons who ask for them, and shall post notice of the availability of these rules in a conspicuous location in the Gaming Facility. The written rules for the operation of each Lottery shall include, at a minimum, participant eligibility requirements, when the Lottery will begin and end, when and how winners will be selected, and when and how prizes will be awarded to winners. The written rules will also include the approximate odds of winning each prize if those odds can be determined with reasonable accuracy at the outset. Otherwise, the written rules will state that the odds of winning a prize cannot be determined in advance and set forth those factors that ultimately will determine the odds. The written rules for the operation of each Lottery shall:

- (1) Require that winners be selected based on lot or chance;
- (2) Require that all prizes (or an equivalent monetary value) be awarded and address how prizes will be awarded if multiple winners become entitled to the same prize;
- (3) Require that any Paid Consideration given by a participant in the Lottery must be given by the participant while the participant is physically present at a Gaming Facility;
- (4) Require the Gaming Facility Operator, after prizes are awarded, to make reasonable efforts to notify the winners of the prizes they have won and what the winners need to do to claim their prizes;
- (5) Require the Gaming Facility Operator to distribute claimed prizes to winners within a specified period of time, which shall be no more than thirty (30) days after the prizes are claimed unless the rules expressly provide otherwise;
- (6) Set forth how long the Gaming Facility Operator will hold unclaimed prizes after they have been awarded (which time shall not be less than seven (7) days, unless a prize has a fair market value in excess of \$1,000.00 in which case the

time shall not be less than thirty (30) days), and how the Gaming Facility Operator will dispose of unclaimed prizes; and

- (7) State that any disputes over Lottery winnings and other disputes with patrons regarding wins or losses from lotteries will be addressed in accordance with Section 14 of the Compact.

B. Notice.

The Gaming Facility Operator shall notify the Tribal Gaming Office in writing at least fifteen (15) days before conducting a Lottery. The Tribal Gaming Office shall provide a copy of each notice to the State Gaming Agency within seventy-two (72) hours of receipt from the Gaming Facility Operator. Each notice shall:

- (1) Describe the Lottery;
- (2) State the prize or prizes, or types of prize or prizes, to be awarded; and
- (3) Include the written rules for the Lottery as required by Section II(A) of this Appendix.

C. Authorization to Proceed.

- (1) After receipt of the notice required in Section II(B) of this Appendix, the State Gaming Agency shall review the proposed Lottery, and the rules for the Lottery, for compliance with the requirements of the Compact and this Appendix. If the State Gaming Agency contends that the proposed Lottery, or the rules for the Lottery, do not comply with the requirements of the Compact or this Appendix, the State Gaming Agency shall submit to the Tribal Gaming Office written comments and objections to the proposed Lottery or rules for the Lottery. If the State Gaming Agency does not object within ten (10) days of receiving the notice from the Tribal Gaming Office, then the proposed Lottery and the rules for the Lottery are deemed approved. If the State Gaming Agency does object, the Tribal Gaming Office and the State Gaming Agency shall meet and confer within fourteen (14) days in a good faith effort to resolve the objections. Unresolved objections to any Lottery, or the rules for a Lottery, shall be resolved expeditiously pursuant to the provisions of Section 15 of the Compact prior to implementation. The Gaming Facility Operator shall not conduct a proposed Lottery until all timely objections to the proposed Lottery, or to the rules for the proposed Lottery, are resolved, regardless of whether the objections are submitted by the Tribal Gaming Office or the State Gaming Agency.
- (2) Within fourteen (14) days after receiving the notice required in Section II(B) of this Appendix, the Tribal Gaming Office shall review the proposed Lottery, and the rules for the Lottery, for compliance with the requirements of the Compact and this Appendix. If the Tribal Gaming Office determines that the proposed Lottery, and the rules for the Lottery, comply with the requirements of the Compact and this Appendix, it shall, within fourteen (14) days after receiving the notice, required in Section II(B) of this Appendix, authorize the Gaming Facility Operator to proceed with the Lottery, in writing. If the Tribal Gaming Office determines that the proposed Lottery, or the rules for the Lottery, do not comply with the requirements of the Compact or this Appendix, it shall, within that fourteen (14) day period, notify the Gaming Facility Operator that it is not authorized to proceed with the Lottery, in writing. The Tribal Gaming Office shall provide a copy of each written determination to the State Gaming Agency.

D. Recurring Lotteries.

If the rules of a Lottery provide for recurring distributions of prizes over time, whether based on a single event of chance or a series of events of chance over time, the Lottery shall be treated as a single Lottery requiring only one set of rules under Section II(A) of this Appendix, one notice under Section II(B) of this Appendix, and one authorization to proceed under Section II(C) of this Appendix.

E. Record Keeping for Lotteries.

The Gaming Facility Operator shall maintain records or logs with the name and address of the winner of each Lottery prize that has a fair market value that equals or exceeds the dollar threshold set in the Internal Revenue Code for the reporting of lottery winnings, as that threshold may be adjusted from time to time. That threshold currently is \$600.00. The records or logs also shall contain the name of the person who, on behalf of the Gaming Facility Operator, distributes the logged Lottery Prizes to winners, the date and time the logged Lottery prizes are distributed to the winners, and the fair market value of each logged Lottery prize distributed. For purposes of Compact Appendix H, Lottery shall be considered to be one of the "major gaming areas of the gaming operation" requiring an audit by internal audit personnel in accordance with the requirements of Sections 542.22, 542.32, or 542.42 of Appendix H. At least annually, internal audit personnel shall review Lottery, including, but not limited to, entry procedures, cash reconciliation procedures, drawing procedures, prize payout procedures, compliance with Lottery rules, and compliance with this Appendix G.

F. Accounting.

The Gaming Facility Operator shall account at the cage for any monetary Paid Consideration received by the Gaming Facility Operator from participants in a Lottery for participating in the Lottery, subject to the minimum internal control standards applicable to the cage. The Tribal Gaming Office shall require the Gaming Facility Operator to adopt policies and procedures to implement the accounting requirements of this Appendix and to safeguard entry fees, entry forms submitted by Lottery participants, and, if applicable, other methods of participation in a Lottery. The Tribe shall comply with the requirements of Appendix I of the Compact with respect to Lottery. For purposes of Appendix I, Class III Net Win from Lottery shall mean the total of all money paid by persons in exchange for the right to participate in or enter Lotteries less the lost of all prizes disposed of or distributed.

G. Vendors.

A vendor providing goods or services to the Gaming Facility Operator for use as prizes for Lotteries or Promotions relating to Class III gaming is providing those goods or services in connection with the operation of Class III Gaming in a Gaming Facility as contemplated by Section 2(r) of the Compact.

H. Gaming Facility Operator.

The Gaming Facility Operator shall conduct Lotteries and Promotions honestly.

I. Limitations.

Class III games that are not authorized under the Compact, such as roulette and craps, shall not be considered permitted Lotteries. No Lottery or Promotion may be conducted in conjunction with, or enhanced by, Class III games not otherwise permitted under the Compact and its Appendices. If the Gaming Facility Operator conducts a Lottery in conjunction with, or enhanced by, another Class III game authorized under the Compact, the Gaming Facility Operator shall operate that other Class III game in accordance with the terms of the Compact and its Appendices. Likewise, if the Gaming Facility Operator conducts a Promotion in conjunction with, or enhanced by, a Class III game authorized under the Compact, the Gaming Facility Operator shall operate that Class III game in accordance with the terms of the Compact and its Appendices.

J. Periodic Increases in Dollar Limitations.

During the term of the Compact, the dollar limitation set forth in Section II(A)(6) of this Appendix shall be automatically increased (but not decreased) without the need to amend this Appendix on each five-year anniversary of the Effective Date to an amount equal to the dollar limitation specified in Section II(A)(6) multiplied by the CPI Adjustment Rate (with all amounts rounded up to the nearest ten dollars). The Tribe will notify the

State Gaming Agency of such dollar limitation adjustments as soon as reasonably possible after the CPI Adjustment Rate has been determined.

K. Record Keeping for Promotions.

The Tribal Gaming Office, or the Gaming Facility Operator as approved by the Tribal Gaming Office, shall establish, and the Gaming Facility Operator shall comply with, procedures for the authorization of Promotions and the issuance and tracking of prizes distributed in Promotions. The Gaming Facility Operator shall submit the rules for each Promotion conducted by the Gaming Facility Operator to the Tribal Gaming Office in advance of the Promotion. The rules shall include sufficient detail to allow the Tribal Gaming Office to confirm that each Promotion is not a Lottery. The Gaming Facility Operator shall maintain records or logs with the name and address of the winner of each prize in a Promotion that has a fair market value that equals or exceeds a reasonable amount to be established by the Tribal Gaming Office, or the Gaming Facility Operator as approved by the Tribal Gaming Office. The records or logs also shall contain the name of the person who, on behalf of the Gaming Facility Operator, distributes the logged prizes to winners, the date and time the logged prizes are distributed to the winners, and the fair market value of each logged prize distributed. Internal audit personnel or personnel from the Gaming Facility Operator's accounting department, shall review the records and/or logs required in this paragraph at least monthly. The Gaming Facility Operator shall make these records and logs available to the Tribe and the Tribal Gaming Office upon request. The State Gaming Agency shall have access to the records and logs required in this paragraph in accordance with Compact Section 7(b).