# LOTTERY RETAILER CONTRACT TERMS AND CONDITIONS

WHEREAS the Wisconsin Department of Revenue - Lottery Division (the “Lottery”) is the legal authority to operate the state lottery; and

WHEREAS the Retailer agrees, subject to the terms and conditions set forth below, to sell the State of Wisconsin’s lottery products;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth below the sufficiency of which is hereby acknowledged, the Lottery and the Retailer named below agree as follows:

# GENERAL

## Definitions

1. “Commencement of a Game” means the date, designated by the Lottery Administrator or designee, on which lottery tickets for a particular lottery game shall go on sale to the general public.
2. “Activation” is the process by which instant scratch tickets are made available for sale. Instant scratch tickets are inactive until the activation process is complete on the terminal.
3. “Selling Location” means each cash register or Instant Ticket Vending Machine at a lottery Retailer outlet transacting a lottery ticket sale.
4. “Settlement date” means the last day to obtain full credit for returned tickets.

Settlement dates are set by the Lottery.

1. “Retailer Performance Program” (RPP) means any program that offers Retailers performance incentives over and above the standard commissions as stated

in sec. 565.10(14)(b) (1) and (2), Wis. Stats.

1. “Electronic Fund Transfer” (EFT) means money debited or credited to an account by electronic means.
2. “Non-Fund Transfer” (NFT) means any rejected electronic fund transfer (EFT). NFT transactions include, but are not limited to: closed account, frozen account, no account/cannot locate, uncollected funds, and non-sufficient funds.
3. “Certificate of Authority” means a certificate that represents the approval to sell

lottery products, per sec. 565.10(11), Wis. Stats.

1. “Sweep Day” means a designated, pre-scheduled day on which funds are transferred from the retailer account to the lottery by EFT.

## Contract Period and Sales Authorization

1. This Contract shall remain in effect for up to three years and shall expire on the date shown on the Certificate of Authority. The Lottery Administrator, in his or her sole discretion, may renew or terminate this Contract. However, the Retailer acknowledges that it does not have a substantial interest in, or a legal or equitable right to, a contract renewal.
2. Incorporated by reference, attached Appendix A specifies whether the Retailer is

authorized to conduct sales on a year-round, temporary or seasonal basis.

## Contract Not Assignable or Transferable

This Contract may not be assigned or transferred from one person or location to another.

## Retailer is not an Employee or Agent of the State

The Retailer is not an employee or agent of the State of Wisconsin and is not entitled to any right, privilege, or benefit which would accrue to an employee or agent of the State of Wisconsin.

## Indemnification

The Retailer shall indemnify and hold harmless the State of Wisconsin, the Lottery, and the State’s employees and agents 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 Contract.

## Compliance with State Law and Rules

During the term of this Contract, the Retailer shall comply with Chapter 565 of the Wisconsin Statutes, the Lottery’s Administrative Rules and all eligibility

requirements of Retailer performance programs. The Retailer shall comply with all provisions of this Contract and any applicable addendum. The Retailer shall comply with instructions and procedures for the sale of all instant and terminal generated games.

## Compliance with Retailer Policies and Manuals

During the Contract Period, the Retailer shall comply with instructions and procedures as contained in manuals and policies issued by the Lottery.

## Certificate of Authority

1. The Certificate of Authority is not assignable and not transferable.
2. The Certificate of Authority must be conspicuously displayed at the location specified on the Certificate of Authority.
3. The Retailer shall sell lottery tickets only at the location specified on the Certificate of Authority and listed on Appendix A of this Contract.
4. The date indicated on the Certificate of Authority can be amended by the Lottery Administrator, in his or her sole discretion, to a date that shortens the contracted period to any time less than three years.

## Notification of Changes in the Retailer’s Application

1. The Retailer shall notify the Lottery Administrator in writing within 15 days of every change of its organizational structure including, but not limited to, changes from a sole proprietorship to a partnership or to a corporation.
2. The Retailer shall in writing notify the Lottery Administrator at least 15 days in advance of any change of the Retailer’s address.
3. The Retailer shall in writing notify the Lottery Administrator within 15 days if the Retailer, or any of the Retailer’s partners, officers, directors, or owners, as described under sec. 565.10(3), Wis. Stats., has been convicted or pleaded guilty or no contest to a felony, a gambling related offense or an offense involving fraud or misrepresentation.

## Records and Recordkeeping

1. During the term of the Contract period and until the Retailer gives a final accounting at the end of the Contract term, the Retailer shall maintain current, complete and accurate lottery accounting records and correspondence including, but not limited to, the receipt, sale, handling (activation) and returns for credit of all lottery tickets received by the Retailer. The Retailer may maintain such records and correspondence electronically.
2. The Retailer’s accounting records and correspondence under sub. (1) shall be available to the Lottery administrator for examination and copying during the Retailer’s regular business hours. All such records and correspondence are subject to seizure and audit without prior notice.
3. The Retailer shall allow the Lottery to inspect and copy any audio or video surveillance recording that relates to a criminal investigation or other security matter from any Retailer outlet transacting lottery ticket sales.

## Insurance Requirement

1. During the Contract period, the Retailer shall:
   1. Maintain worker’s compensation insurance, if required to do so under

Chapter 102 of the Wisconsin Statutes; and

* 1. Maintain public liability and property damage insurance against any claim which might occur in carrying out this contract. Minimum coverages are

$300,000 single limit liability or $100,000 bodily injury per person and

$300,000 per occurrence and $100,000 property damage.

1. The insurance requirement under subs. (1)(a) and (b) do not apply to a state

agency or a local unit of government.

1. The Retailer, by signing and executing this Contract, warrants and represents to the Lottery that the Retailer has in place and will maintain during the Contract period the insurance set forth under subs. (1)(a) and (b) and at the minimum levels set forth under subs. (1)(a) and (b).
2. During the Contract period, the Lottery Administrator reserves the right to request from the Retailer verification that the Retailer has complied with the insurance requirement under subs. (1)(a) and (b).

# TICKETS AND POINT-OF-SALE MATERIAL

## Sale of Tickets

1. The Retailer shall accept only cash for lottery tickets.
2. The Retailer may not sell a lottery ticket to persons under the age of 18.
3. The Retailer may not transfer lottery tickets or lottery terminal paper from the specific location to which they are assigned.
4. The Retailer may not sell any lottery tickets at a price different from the price authorized by the Lottery, condition the sale of a lottery ticket upon the purchase of any other item or service, or impose any restriction upon the sale of a lottery ticket unless specifically authorized by the Lottery Administrator.
5. A Retailer may not use their unique position as product salesperson in a manner that would give them or anyone else an unfair or unreasonable advantage when choosing to participate in Lottery games.
6. The Retailer may not play the lottery games by using any method other than random, fair chance, or by any method contrary to the principle that every lottery ticket has an equal and random chance of winning or other tickets not specifically purchased by the Retailer at retail.
7. A Retailer may not collect discarded or abandoned tickets for use by the Retailer

or another in any lottery drawing.

1. The Retailer shall make player brochures available to potential lottery ticket buyers and explain the game rules when requested by the Retailer’s customer.
2. The Retailer shall conspicuously display, whenever available, the following Point-Of-Sale (POS) materials at the Retailer location address specified on the Certificate of Authority:
   * Lottery window stickers or functional equivalent
   * Pull tab information (if the Retailer carries this product)
   * Ticket play style information
   * Ticket dispensers
   * Game information posters or functional equivalent
3. Retailers shall conspicuously display a list of those instant tickets for which the

last top prize has been claimed.

1. Retailer shall use all equipment required by the Lottery. This equipment is not to be

removed, defaced, or used for purposes other than those established by the Lottery.

1. The Retailer will not enter into an agreement, contract, or any arrangement with any third party for services related to the sale, purchase, procurement, distribution, transmission or delivery of lottery products, where compensation for such services is based in any manner on the Retailer’s sale of lottery products, including but

not limited to commissions, rates or fees based on sale of lottery products, or any other compensation structure which is based on the volume or amount of lottery products sold by the Retailer.

## Retailer Responsibility for Tickets

1. The Retailer shall be responsible for the condition and security of lottery tickets received. If the Retailer’s lottery tickets are lost, stolen, mutilated, damaged,

unaccountable or otherwise unsaleable, the Retailer shall be solely responsible for

those tickets.

1. The Retailer shall report by telephone within 24 hours any stolen tickets to the Lottery’s security office in Madison, Wisconsin. This shall be done by the Retailer as soon as possible, by placement of a telephone call to the current terminal vendor hotline, which is available 24 hours a day, seven days a week.
2. The Retailer shall dispose of any validated winning tickets in a manner consistent with current guidelines established by the Lottery. Failure of the Retailer to comply with this requirement may result in financial penalties assessed by the Lottery Administrator and contract suspension or termination under

“D. SUSPENSION OR TERMINATION”, below.

## Retailer’s Payment for Instant Scratch Tickets

1. All lottery tickets received by the Retailer shall be deemed to have been

purchased by the Retailer.

1. The Retailer’s EFT account shall be debited in accordance with existing business practices for Retailer’s payment transactions as stated in Chapter Tax 61, Wisconsin Administrative Code, and Chapter 565, Wisconsin Statutes.
2. If the Retailer failed to place sufficient funds in the EFT account for the tickets received prior to the previous account debit indicated in (2) above, the Retailer may not receive more tickets until the Lottery is paid in full.
3. The Lottery Administrator may assess the Retailer a surcharge for each

dishonored Retailer’s check or EFT.

## Commissions and Performance Incentives Paid to Retailers

1. Retailers may receive payment for any commissions they earn

under sec. 565.10(14)(b)(1) and (2), Wis. Stats., by a process which is determined by the Lottery Administrator.

1. Retailers may receive payment for any performance incentives they earn under sec. 565.02(4)(g), Wis. Stats., by a process which is determined by the Lottery Administrator.
2. The Lottery Administrator shall determine the most appropriate method of payment of commissions or performance incentives, or both, for each separate Retailer account. A Retailer may request a statement of its payments from the Administrator.

## Unsold Instant Tickets Returned for Credit

1. The Administrator may credit the Retailer’s account for the value that the Retailer paid for instant tickets that are unsaleable after all the following conditions are met:
   1. The tickets became unsaleable due to any malfunction of lottery equipment used in the sale of the tickets.
   2. The unsaleable tickets are returned to the Lottery before the settlement date of the game to which the pack belongs. Tickets returned after the settlement date may not be credited for value by the Lottery Administrator.
   3. There is no validation of any ticket which is returned for credit, and the latex or other protective measures on each returned ticket show no signs of tampering.
   4. At the discretion of the Lottery Administrator, the Lottery may assess a service

charge against the Retailer account to recover the cost of returning the tickets.

* 1. Credit shall be the Retailer’s purchase price and any credit or service charge shall be made to the Retailer’s EFT account.

1. In the event that the Lottery Administrator announces a settlement date for a game, a Retailer may return tickets for credit on or before that announced settlement date. Contract sections 2.4 (1), (b) to (e) shall apply to the return of tickets.

## Prize Payouts – Terminal Generated and Instant Games

1. Retailer shall validate from the terminal and, when reasonable, pay prizes for the

following classes of winning tickets purchased from any lottery Retailer:

* 1. Winning terminal generated game ticket prizes less than $600.
  2. Winning bar-coded instant ticket prizes less than $600.

A Retailer is not required to pay prizes under circumstances that are unreasonable. Such situations include, but are not limited to, the following: a Retailer is not expected to keep on hand, at the ticket selling location, cash for prize payouts in the amounts that would be considered by the Retailer to be a security risk to the Retailer’s business or employees. Prize payout limits shall be posted.

1. In order to receive credit for winning ticket payments, Retailer shall use specified

validation procedures.

1. Retailer may not redeem winning lottery tickets for prizes in amounts different from the amounts authorized by the Lottery Administrator or condition redemption of a lottery prize upon the purchase of any other item or service, or impose any restriction on the redemption of a lottery prize unless specifically authorized in writing by the Lottery Administrator.
2. Retailer may redeem winning tickets with cash or money order.

## Minimum Sales

1. It is understood and agreed that a condition of this Contract is the Retailer’s agreement to continue to sell instant scratch tickets with a minimum purchase of an average of $400 per month of lottery instant tickets in a fiscal quarter and if Retailer discontinues sale of these tickets, this Contract shall be terminated. Additionally, if the Retailer discontinues sale of instant scratch tickets, the Retailer forfeits any currently unpaid Retailer performance program incentives as defined in “A. General, 1.0 Definitions”, of the Contract, and the Lottery may remove its equipment from the Retailer’s premises, which includes any terminal(s).
2. The Lottery Administrator shall establish minimum performance levels that Retailers must achieve to maintain use of the Lottery’s terminal. The Lottery will monitor the sales performance of all Retailers. If a Retailer’s sales fall below the Lottery’s minimum sales required for a terminal, the Lottery will offer suggestions and ideas for sales improvement to help maintain minimum performance levels. The Lottery Administrator may order the removal of a terminal from a Retailer

location that does not meet performance levels. Consideration will be given to the following factors:

* 1. Retailer’s terminal sales volume must be equal to or exceed Lottery ad- ministrative costs for the terminal at that location.
  2. Retailer’s weekly sales volume is below that of similar businesses with similar market potential.
  3. If the public would be better served by other terminal locations.

## Non Cross-Validated Pull Tab Tickets

1. Unsold pull tab tickets may not be returned for credit.
2. The Retailer shall redeem all prizes from tickets at the Retailer’s outlet

and has the option to redeem with cash or money order.

## Dedicated Electrical Circuit

Retailer shall install, at Retailer’s expense, one isolated grounded electrical circuit dedicated to terminal equipment. This dedicated circuit shall be completed prior to the installation of the terminal.

## Phone Service

Lottery equipment may not be connected to any payphone or payphone extension.

## Retailer Training

Retailer and personnel who will be operating the terminal shall be offered training prior to the start of sales from the terminal.

## Retailer Support for Terminal Operations and Prize Payment

Retailer shall ensure that a terminal operator is available to sell lottery products

and to validate and pay ticket winners during normal business hours.

# FINANCIAL CONDITIONS AND REQUIREMENTS

## Method of Payment

1. Payment by a Retailer to the Lottery or to any contractor for lottery tickets or lottery products shall be by EFT or other recorded means. No payments may be made in cash.
2. The Retailer’s EFT account shall be debited in accordance with Wisconsin Stat- utes and Administrative Rules.
3. The Retailer shall make NFT payments either through the Retailer’s EFT account on a specified day or by guaranteed funds (i.e., cashier’s check, money order).
4. The Lottery may require the establishment of a separate bank account for Lottery

transactions.

## Non-Fund Transfer (NFT) Actions and Charges

1. Any NFT, except for a Lottery-caused error, within a 12-month period shall be charged a progressive schedule of service fees and the Lottery retains the right to suppress the ordering and wagering of lottery products.
2. The Lottery reserves the right to terminate the Contract of any Retailer who incurs three or more NFT transactions within a 12-month period (except for those caused by Lottery actions) based on poor payment history or performance.
3. Participation in the Retailer Performance Program (RPP) will not be allowed if there is an outstanding amount due the Lottery.
4. Offsets of amounts due a Retailer will be made against any amount due the Lottery.
5. Unpaid invoices will automatically be referred to a collection agent after three unsuccessful collection attempts.
6. The Lottery may elect to collect NFT amounts due by use of an interim EFT outside of the regularly scheduled sweep day.
7. The Lottery reserves the right to limit liability by setting credit limits, which may

include pack order limits.

1. The Lottery reserves the right to assess the Retailer a surcharge, an interest

penalty, or both, for each dishonored Retailer’s check or EFT.

1. The Lottery reserves the right to require a letter of credit, bond, EFT account overdraft protection, or combination of these from the Retailer. The letter of credit shall be drawn upon a financial institution with offices within the borders of the State of Wisconsin, and shall be drafted in a manner that allows the Lottery to draw upon it without additional action taken by the Retailer. No letter of credit may be accepted for which the Lottery must pay a sum before it can draw upon the letter of credit.

## Collection Actions on Delinquent Accounts

All outstanding amounts due the Lottery will be referred to a collection agent or other method provided by law.

# SUSPENSION OR TERMINATION

## Right to Appeal Suspension or Termination

In the event the Lottery Administrator suspends or terminates this Contract, the Retailer is entitled to an appeal in accordance with the provisions set forth under Chapter Tax 61, Wisconsin Administrative Code.

## Suspension or Termination Procedure

The Retailer, upon notice of the suspension or termination, shall immediately stop selling lottery tickets. Within two weeks of the suspension or termination, the Retailer shall surrender all state owned lottery property. The Lottery will render a final accounting in a timely manner.

## Grounds for Suspension

The Retailer’s contract may be suspended without prior notice by the Lottery for any of the following reasons:

1. The Retailer violated a provision under Chapter 565, Wisconsin Statutes.
2. The Retailer failed to meet one or more of the qualifications for being a Retailer

under sec. 565.10, Wis. Stats., or under the Lottery’s Administrative Rules.

1. The Retailer endangered the security of the Lottery or engaged in fraud, deceit,

misrepresentation or other conduct prejudicial to public confidence in the Lottery.

1. The Retailer failed to remit money owed to the Lottery or failed to make a

payment on or before the settlement date.

1. The Retailer intentionally sold a lottery ticket to a person under 18 years of age.
2. The Retailer failed to sell a minimum monthly average of $400 worth of instant scratch tickets or instant break-open tickets or the sum of both in any fiscal quarter, under Wis. Admin. Code sec. Tax 61.04(1)(d).
3. The Retailer engaged in advertising of lottery products or services, or both, that in the Lottery Administrator’s determination were false, deceptive, or misleading.
4. The Retailer failed to follow instructions and procedures for the conduct of any particular lottery game or lottery special event.

## Grounds for Termination

The Retailer’s Contract may be terminated by the Lottery, regardless of whether the Retailer has been previously suspended. Any issue which is grounds for

termination may be considered instead for suspension, at the discretion of the Lottery Administrator. The Retailer’s contract may be terminated for the following reasons:

1. The Retailer violated a provision under Chapter 565, Wisconsin Statutes.
2. The Retailer failed to meet one or more of the qualifications for being a Retailer

under sec. 565.10, Wis. Stats., or under the Lottery’s Administrative Rules.

1. The Retailer endangered the security of the Lottery or engaged in fraud, deceit,

misrepresentation or other conduct prejudicial to public confidence in the Lottery.

1. The Retailer failed to remit money owed to the Lottery or failed to make a

payment on or before the settlement date.

1. The Retailer intentionally sold a lottery ticket to a person under 18 years of age.

## Amendability of Contract Requirements

The Retailer agrees to the right of the Lottery to amend this contract. Any amendments shall be provided by the Lottery to the Retailer in writing, and the Retailer shall sign the amendment document and return it to the Lottery within 30 calendar days of receiving the amendment. If the Retailer fails to return

the signed amendment document, the Retailer’s Contract may be suspended or terminated under sections 4.2 or 4.3 of this Contract.

## Severability of Contract Requirements

The parties agree that if a court of competent jurisdiction finds any portion of this Contract to be illegal or otherwise unenforceable, the remainder of the Contract continues in force and effect.

## Authority to Execute the Contract and Bind the Retailer

The individual who signs below and executes this Contract warrants and represents to the Lottery Administrator that he or she has full right, power and authority to execute this Contract on behalf of the Retailer and to fully bind the Retailer to this Contract.

Enter Retailer ID # (6 digit number on front)

Print Name of Individual Signing Below

Signature of Individual Authorized to Bind Retailer

Date

s.565.10, Stats.