indicated within an envelope within which each access point may be located, consistent with the provisions of this chapter;
7. Lot frontages where access would not be allowed identifying the reason why access is not allowed;
8. All existing and proposed traffic control devices, such as signal locations and median openings, and other operational improvements along the subject State highway segment and along other roadways as needed. Such devices and improvements shall be indicated within an envelope within which each device or improvement may be located, consistent with the provisions of this chapter;
9. All existing and proposed bicycle and pedestrian facilities and improvements;
10. Such portions of the existing and proposed local roadway network including lanes and traffic patterns;
11. Proposed improvements intended to provide access to the general systems of streets and highways for each lot having frontage on the subject State highway segment and for any other lot for which the AMP has designed access;
12. All major existing passenger and freight transit facilities; and
13. Title page with the State route, municipality, county, scale, final draft date, number of map page(s), engineering firm, name of engineer, and Professional Engineer’s license number, and name of person who has designed access;

systems of streets and highways for each lot having frontage on the
including lanes and traffic patterns;
consistent with the provisions of this chapter;
needed. Such devices and improvements shall be indicated within an
envelope within which each device or improvement may be located, consistent with the provisions of this chapter;
9. All existing and proposed bicycle and pedestrian facilities and improvements;
10. Such portions of the existing and proposed local roadway network
including lanes and traffic patterns;
11. Proposed improvements intended to provide access to the general
systems of streets and highways for each lot having frontage on the
subject State highway segment and for any other lot for which the AMP has designed access;
12. All major existing passenger and freight transit facilities; and
13. Title page with the State route, municipality, county, scale, final
draft date, number of map page(s), engineering firm, name of engineer, and Professional Engineer’s license number, and name of person who
drew and checked the documents. All subsequent AMP map
modifications must include an attachment to the title page, which includes the revision number, revision, date, and sheet number
referencing location on the AMP map.

TREASURY—GENERAL

(a)
DIVISION OF STATE LOTTERY
Rules of the Lottery Commission
Proposed Amendments: N.J.A.C. 17:20-1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.9, 4.10, 4.11, 5.1 through 5.6, 6.1 through 6.6, 7.1, 7.4, 7.12, 9.1, 10.1, 10.2, and 10.3

Authorized By: Ford M. Scudder, State Treasurer.
Authority: N.J.S.A. 5:9-14.3.
Calendar Reference: See Summary below for explanation of exception to calendar requirement.
Submit written comments by March 3, 2018, to:
Jill Dawson
Division of State Lottery
PO Box 041
Trenton, NJ 08625-0041
E-mail: Jill.Dawson@lottery.nj.gov

The agency proposal follows:

Summary
P.L. 2017, c. 11, supplementing the State Lottery Law, P.L. 1970, c. 13 (N.J.S.A. 5:9-1 et seq.), was signed into law February 6, 2017. P.L. 2017, c. 11 required the Division of Lottery (Division) to promulgate rules and regulations in regards to Lottery courier services, which has been accomplished through the proposed amendments and new rules in N.J.A.C. 17:20. P.L. 2017, c. 11 permits the State Lottery Commission to register a person or business entity as a courier service to purchase State Lottery tickets on behalf of individuals within the State and deliver those tickets to those individuals in the State as a for-profit service. Furthermore, a portion of the proposed amendments incorporate changes that have been enacted following the enactment of P.L. 2017 c. 98 and other miscellaneous updates.

A summary of the proposed amendments follows.

N.J.A.C. 17:20-1.1 is proposed for amendment to add an interpretation to the scope of the chapter as new subsection (a).
N.J.A.C. 17:20-1.2 is proposed for amendment to clarify language regarding erroneous or mutilated tickets.
N.J.A.C. 17:20-1.3 is proposed for amendment to add new paragraph (a)4 identifying individuals prohibited from purchasing lottery tickets.
N.J.A.C. 17:20-1.4 is proposed for amendment to delete the words “or access” from the section heading.
N.J.A.C. 17:20-2.1 is proposed for amendment to include definitions for the following terms in order to comply with P.L. 2017, c. 11: “affiliate agent,” “application,” “authorized game,” “authorized promotion,” “courier customer,” “courier internet site,” “courier service,” “courier customer account,” “Courier Service Act,” “courier service location,” “courier service system,” “courier service ticket processing,” “courier quick pick process,” “data warehouse,” “dedicated terminal,” “Division of Risk Management,” “dormant courier customer account,” “draw based Game,” “key personnel-courier service,” “multi-draw ticket,” “NJIDGE,” “non-cancellable game,” “personal information,” “play slip or bet slip,” “registration,” “secure transaction file,” ”strong authentication,” “suspected account,” and “ticket storage.”

The following terms in N.J.A.C. 17:20-2.1 are proposed for amendment: “act” by adding the words “the State Lottery Law,” “applicant” to include the words “or entity” who may apply to the Division for an application to become an agent or courier service, “bank” to add the words “banking or” financial institution and “including affiliate agents, and courier services,” “claim” to add the words “validation,” “commission” to add the words “established by N.J.S.A.5-9-1, et seq.,” and “gaming system” to replace “wagering” with the words “ticket purchasing” to further clarify the meaning of system, “key personnel” to add the word “agent” to differentiate from courier service personnel.
N.J.A.C. 17:20-3.1 is proposed for amendment to add a new paragraph (b) relating to disputes over winning tickets and outlining the responsibilities of agents or couriers to assist in such disputes.
N.J.A.C. 17:20-4.1 is proposed for amendment to add a new paragraph (b) regarding the requirements of the agent application process. Proposed amendments to N.J.A.C. 17:20-4.4, 4.5, 4.6, and 4.11 add the words “of agent application” or “agent” to the section headings.
N.J.A.C. 17:20-4.6(a) is proposed for amendment to add the word “Lottery” to further define license. The section heading of N.J.A.C. 17:20-4.9 is proposed for amendment to add the word “agent” to precede “locations” to clarify those locations from courier service locations.
N.J.A.C. 17:20-4.9(c) is proposed for amendment to outline the authority of the Director regarding bet slips. N.J.A.C. 17:20-4.11(c) is proposed for amendment to include “status as an affiliate agency.”
N.J.A.C. 17:20-5 is proposed to amend the subsection heading to specify agent license and add courier service registration.
N.J.A.C. 17:20-5.1 is proposed for amendment to set forth and amend reasons for denial, revocation, suspension, renewal rejection, or imposition of civil penalties for both licensed agents and registered courier services. Proposed new paragraphs (a)21 and 22 are added specifically to address actions of a courier services that may result in revocation, suspension, renewal rejection, or the imposition of civil penalties. Subsection (e) is also proposed for amendment to include new language to clarify the Director’s authority. Subsection (d) is amended to clarify and recodify the language regarding licensing and registration of couriers and agents. This language is added to include the registration process for couriers to the previous licensing procedures for agents. In addition, this language includes the “non-renewal” of agent or courier licensing or registration. Throughout the section “courier service” is added to the existing rules governing agents. Recodified paragraph (d)3 is proposed for amendment to specify that “any action to summarily suspend a license shall be given immediate effect.”
N.J.A.C. 17:20-5.2 is proposed for amendment to add courier services to the termination procedures that govern all other agents. Subsection (a) is amended to add “non-renewal of license” and “for any other reason” to the previous reasons for a termination of an agent’s license. Proposed new subsection (b) is added to describe the procedures and requirements upon termination of a courier service registration.

(CITE 50 N.J.R. 114) NEW JERSEY REGISTER, TUESDAY, JANUARY 2, 2018
N.J.A.C. 17:20-5.3 is proposed for amendment to add courier services to the disciplinary procedures that govern all agents. New language in subsection (a) is proposed that may require couriers to submit corrective action plans as part of disciplinary procedures.

N.J.A.C. 17:20-5.4 is proposed for amendment to add courier services to the procedures for hearings that govern all agents. Subsection (f) is proposed for amendment to specify when the Director may close a hearing from the public for specified reasons as outlined in this section and sets forth the procedures in such a case.

N.J.A.C. 17:20-5.5 is proposed for amendment to add courier services to the reapplication process that governs all agents after a revocation. Proposed new language requires an agent or courier service to address how they will comply with the State Lottery Law and how they have addressed any non-compliance that resulted in the revocation of their license.

N.J.A.C. 17:20-5.6 is proposed for amendment to add courier services’ registration to the permanent revocation process that governs agents’ licenses for acts impairing the integrity and security of the Lottery.

Subchapter 6 is proposed for amendment to specify that the subsection only applies to licensed agents in the distribution and sale of tickets, depositing of lottery money, and retention of lottery tickets. The headings of Subchapter 6, N.J.A.C. 17:20-6.2, 6.3, 6.4, 6.5, and 6.6 are proposed for amendment to include “agent.” N.J.A.C. 17:20-6.1 is proposed for amendment to specify that the agent shall remain liable at all times. Section 6.2 is proposed for amendment to add “and retention” to the section heading, clarify that an agent may not sell tickets for any other lottery, and to include new subsections (h) and (i) that specify winning tickets less than $600.00 shall be destroyed upon redemption and that canceled tickets shall be held for a period of 13 months. N.J.A.C. 17:20-6.3 is proposed for amendment to specify that agents include affiliate agents and that affiliate agents are required to collect net lottery receipts from their associated courier service in sufficient time to deposit the funds in a bank by the specified dates. Subsection (c) is proposed for deletion and the remaining subsections recodified.

Subchapter 7 is proposed for amendment to clarify the requirements and processes for the payment of prizes. N.J.A.C. 17:20-7.1 is proposed for amendment to clarify prizes of $600.00 or more. N.J.A.C. 17:20-7.4 is proposed for amendment to include that payment of monetary prizes shall be made by check or other means approved by the Director. N.J.A.C. 17:20-7.4 is also proposed for amendment to replace the language “greater than $600.00” and “in excess of or greater than $600” with “$600 or more” to conform to current IRS language used in W2G instructions. N.J.A.C. 17:20-7.12 is proposed for amendment to replace “up to $599.50” and “more than $599.50” with “less than $600.00” and “$600.00 or more.”

Subchapter 9 is proposed for amendment to include courier services to those subject to civil penalties and sanctions. The existing language related only to agents. The headings of the subchapter and N.J.A.C. 17:20-9.1 are proposed for amendment to include “for agents and courier services,” subsection (a) removes “licensed” and adds “and courier services,” and paragraphs (c)3 and 6 add “courier service.”

N.J.A.C. 17:20-10.1 is proposed for amendment to add the word “responsible” before “sale of lottery tickets” to conform to the Lottery’s mission statement as approved by the Lottery Commission.

N.J.A.C. 17:20-10.2 is proposed for amendment to reflect the current membership of the Lottery Commission following the enactment of P.L. 2017, c. 98. Amendments to N.J.A.C. 17:20-10.2 also propose to add and define the Administration and Contract Compliance Unit of the Lottery.

N.J.A.C. 17:20-10.3 is proposed for amendment to correct the Lottery’s website address.

Additional amendments throughout the section remove the word “lottery” before “ticket” and make grammatical corrections. A summary of the proposed new rules follows.

Proposed new N.J.A.C. 17:20-12.12 defines courier services as the merchant of record in connection with processing certain lottery product transactions. New Subchapter 12, Courier Services, is proposed to establish rules regarding lottery courier services.
N.J.A.C. 17:20-12.23 proposes to set forth limits on advertising and marketing by a courier service, and proposes requirements to provide links to the Lottery’s web pages as the Director may require, and outlines the limits on publishing of winners’ information.

As the Division has provided a 60-day comment period for this notice of proposal, this notice is excepted from the rulemaking calendar requirements pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact
The proposed amendments and new rules are expected to have a favorable social impact by giving access to potential players that might not currently be able to play the Lottery due to mobility restrictions and other factors. The proposed amendments and new rules will also keep the risk of fraud at a minimum while opening up the lottery to a younger generation that might not otherwise play.

Economic Impact
Providing an additional purchasing option for the public to obtain lottery tickets may produce a positive economic impact as sales of lottery tickets may increase, resulting in an increase in contribution revenue to the State’s pension systems under the Lottery Enterprise Contribution Act, P.L. 2017, c. 98.

Federal Standards Statement
A Federal standards analysis is not required because the proposed amendments and new rules are not subject to any Federal standards or requirements.

Jobs Impact
The proposed amendments and new rules may generate additional jobs as the proposed amendments and new rules require Lottery courier services to maintain employees within the State of New Jersey. Specifically, the Lottery Courier Services are anticipated to add jobs within the up to 25 New Jersey small businesses that will be created to serve as courier services.

Agriculture Industry Impact
The proposed amendments and new rules will not have an impact on the agriculture industry. The proposed amendments and new rules have no effect on agriculture as they pertain to Lottery courier services.

Agriculture Industry Impact
The proposed amendments and new rules will not have an impact on the agriculture industry. The proposed amendments and new rules have no effect on agriculture as they pertain to Lottery courier services.

Regulatory Flexibility Analysis
The proposed amendments and new rules require a regulatory flexibility analysis in accordance with N.J.S.A. 52:14B-16 et seq., as the rules impose reporting, recordkeeping, and compliance requirements on small businesses as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed amendments and new rules will affect small businesses that serve as lottery agents as well as those applying for registration as a lottery courier service. The number of small businesses to which proposed new Subchapter 12 will apply is unknown at this time but anticipated to be fewer than 25.

The reporting, recordkeeping, and compliance requirements are extensively outlined in the proposed amendments and new rules. Reporting and recordkeeping will include, but not be limited to, ticket purchases, ticket storage (both electronic and physical), ticket delivery tracking, winning amount notifications to courier customers, tracking of customer support and complaints, tracking of customer deposit and spending limits, and incident reporting. Compliance requirements include, but are not limited to, safeguarding of all courier customer personal identifying information, including financial information, maintenance of appropriate insurance policies, maintenance of customer self-exclusion lists, problem gambling detection and training, fraud detection, independent auditing of all functions, assuring security best practices, ensuring internal controls standards are met, and completing annual auditing requirements.

A small business is likely to need, in order to comply with the requirements, sophisticated technology as well as the professional services of an independent auditing firm. The initial capital costs will vary depending upon the cost of probity for the lottery courier service during the application process, which is impacted by the complexity of the probity investigation. The annual cost of complying with the rules will vary depending upon the company and could be impacted by the sophistication of the technology employed by the courier service. The proposed amendments and new rules have been designed to minimize any adverse economic impact on small businesses by the creation of a pay scale for the application process and outlining anticipated future costs for the business to conduct financial planning.

Housing Affordability Impact Analysis
The proposed amendments and new rules will have no impact on the affordability of housing in this State, nor will they have any impact on the costs of housing, as they pertain to lottery courier services.

Smart Growth Development Impact Analysis
The proposed amendments and new rules will have no impact on the number of housing units or the availability of affordable housing in the State and will have no effect on smart growth development in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan, as the proposed amendments and new rules pertain to lottery courier services.

Full text of the proposal follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

SUBCHAPTER 1. GENERAL PROVISIONS

17:20-1.1 Scope and interpretation
(a) The rules in this chapter shall be interpreted consistent with the purpose of the State Lottery Law, N.J.S.A. 5-9-1 et seq., and the direction that the State Lottery shall produce the maximum amount of State revenue for State institutions and State aid for education consonant with the dignity of the State and the general welfare of the people.
[(a)(b)](b) Any decision as to the construction or interpretation of these [regulations] rules shall be made by the Director of the Division of the State Lottery, and such interpretation or construction is final and binding.
[(b)(c)](c) In the event of a conflict between these rules and the rules of a specific lottery game, the specific game rules shall govern.
[(c)(d)](d) [No change in text.]

17:20-1.2 Erroneous or mutilated tickets
(a) Gaming system generated lottery tickets [made out in error or mutilated in any way [prior to purchase] shall be [voided by the agent] void.
(b) Instant Game tickets that are stolen, unissued, unreadable, mutilated, altered, counterfeit in whole or in part, miscut, misregistered, multiply-printed, defective, printed or produced in error, blank or partially blank shall be [voided by the agent] void, as permitted by game rules.  
(c) Unless a mutilated [lottery] ticket is proven to the satisfaction of the Director to be genuine, no credit will be issued to the agent.

17:20-1.3 Persons prohibited from purchasing tickets or shares
(a) In addition to those affected by N.J.S.A. 5-9-16, the following are prohibited from purchasing tickets or shares in any New Jersey State Lottery and no prize shall be paid to:
1. (No change.)
2. Any officer or employee of the State, or State contracted vendor, who participates in the design, manufacture, or oversight of a New Jersey Lottery game; or
3. Any person residing in the principal place of abode of such commissioner, officer, or employee, excepting a tenant not related by blood or marriage[.]; or
4. Any individual identified as courier service personnel, including any owner, partner, shareholder, and employee of a courier service. Additionally, any person residing in the principal place of abode of such courier service personnel is prohibited from purchasing tickets.

17:20-1.4 Background investigations as a condition of employment [or access]
(a) [No change.]
SUBCHAPTER 2. DEFINITIONS

17:20-2.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Act” or “law” means the State Lottery Law, P.L. 1970, c. 13 (N.J.S.A. 5:9-1 et seq.) as amended and supplemented from time to time.

“Affiliate agent” means an agent licensed pursuant to this chapter with whom the courier service conducts business by contractual agreement.

“Agent” means a retailer or any applicant who has been approved by the Director to serve as a licensed lottery agent.

“Applicant” means any person or entity who shall apply to the Division for an application to become [a lottery] an agent or courier service.

“Application” means the process by which a person or entity applies to become an agent or courier service.

“Authorized game” means any non-cancellable draw based game approved by the Director for purchase by a courier service. Authorized games are subject to change at the discretion of the Director with proper notice being given to all courier services.

“Authorized promotion” means any promotion approved by the Director.

“Authorized promotional items” refers to promotional items whose manufacture and distribution have been authorized by the [Division] Director.

“Bank” means any banking or financial institution where agents, including affiliate agents and courier services, keep their required accounts.

“Claim” means a process for submitting a ticket for prize payment subject to applicable Lottery validation and claims processing procedures.

“Commission” means the State Lottery Commission established by N.J.S.A. 5:9-1 et seq.

“Courier customer” means a natural person who holds an account with a courier service and who requests purchase and delivery of one or more authorized game ticket(s) through the courier network.

“Courier customer account” means an account established by a courier service that a courier customer shall use for the deposit and withdrawal of funds used for the purchase of tickets.

“Courier internet site” means the website of a courier service.

“Courier mobile application” means the mobile application of a courier service.

“Courier quick pick process” or “courier quick pick” means all activity conducted via the courier service website or mobile application where the outcome of the courier customer’s purchase is determined by a random number generator (RNG).

“Courier service” means a person or business entity registered with the Division to purchase authorized game tickets on behalf of individuals within the State of New Jersey and deliver those tickets, by approved means, to those individuals in the State as a for-profit service.


“Courier service locations” means individually and collectively, the physical facilities owned or leased by a courier service or its affiliates from which the courier or its affiliates provides any services.

“Courier service system” means all hardware, software, and communications that enable courier customers within the State to request the courier service to purchase tickets on the courier customer’s behalf and to receive delivery of a facsimile and other electronic confirmation of the tickets and the entire courier service’s information technology infrastructure including, but not limited to, hardware, software, third party vendors, third party modules, financial systems, and all other components connected to the courier service network including the courier service’s website and mobile application.

“Courier service ticket processing” means the courier service’s process of: (1) accepting a request to purchase authorized game tickets; (2) generating the tickets to complete the courier customer’s purchase request through a dedicated terminal of the affiliate agent; (3) scanning the front and back of the tickets to create a legible image thereof; (4) matching the tickets to the courier customer’s purchase request and verifying the accuracy of the purchase; and (5) providing the courier customer with a purchase confirmation and an image of the front and back of the tickets purchased.

“Data warehouse” means a system of one or more servers located in the United States for the purpose of storing transactions received from the courier service website.

“Dedicated terminal” means the terminal of an affiliate agent that is used exclusively to produce authorized game tickets for customers of a courier service.

“Division of Risk Management” is a division within the New Jersey Department of the Treasury.

“Dormant courier customer account” means a courier customer account that has no courier customer activity for a period of thirteen months.

“Draw based game” means a game whose tickets are generated from the gaming system; the winning numbers are randomly drawn by mechanical or electronic means, and does not have a predetermined outcome.

“Game system” means the infrastructure necessary to produce a point of sale terminal generated [lottery] ticket. This infrastructure includes the central [wagering] ticket purchasing system, the point of sale ticket terminal, and the network connectivity between the central system and point of sale terminals.

“Instant-only agent” means a person who has been licensed under the Act to sell [lottery] tickets manually. When “person” is a corporation, the term includes officers, directors, and shareholders (holding greater than a 10 percent interest therein). When “person” is a limited liability company, the term includes any person holding greater than a 10 percent interest therein.

“Key personnel - agent” means and includes any person managing the following: operation of a [lottery] ticket sales terminal; the sale, validation, or redemption of [lottery] tickets; preparing settlements; making bank deposits; or in any other manner handling lottery transactions. It also includes any person managing, or otherwise in charge of, a licensed business in the absence of the owner.

“Key personnel-courier service” means the owners, operators, directors, employees, representatives, contractors, subcontractors, and agents of the courier service who perform any services for a courier service.

“Machine agent” means a person who has been licensed under the Act to sell [lottery] tickets and in addition has been authorized by the Director to sell certain tickets through the Lottery’s designated gaming system(s), terminals, and other authorized equipment. When “person” is a corporation, the term includes officers, directors, and shareholders (holding greater than a 10 percent interest therein). When “person” is a limited liability company, the term includes any person holding greater than a 10 percent interest therein.

“Multi-draw ticket” means a lottery game feature that allows a lottery player to select plays for multiple consecutive drawings on one ticket starting with the next scheduled drawing.

“NJ DGE” means the New Jersey Division of Gaming Enforcement within the Department of Law and Public Safety.

“Non-cancellable game” means a lottery game in which the official rules of that game state that tickets cannot be canceled once the transaction occurs on the gaming system.
“Personal information” shall mean the courier customer’s information used to create a courier customer account including, but not limited to, name, address, phone number, date of birth, social security or other identification number, driver’s license number, financial information, such as credit card or banking information, and any similar identifying information.

“Play slip” or “bet slip” means a machine-readable paper form used by players to choose their lottery numbers. A retailer can insert the play slip into a reader and the lottery terminal will generate a ticket for a draw game. The Director may authorize other means to convey numbers requested by a lottery player to generate tickets from a lottery terminal.

“Registration” shall mean the Division’s action approving a courier service applicant (or applicant for renewal of courier service registration) to operate for one year as a registered courier service within the meaning of the Courier Services Act and this chapter.

“Secure transaction file” means a file that contains data, which is unalterable or cannot be modified without detection.

“Strong authentication” means an effective method of providing higher security than a user name and password alone.

“Suspended account” means a courier customer account that has been temporarily disabled from engaging in purchasing activity.

“Ticket” means [lottery] ticket for a New Jersey State Lottery game issued by the State Lottery for sale to the general public.

“Ticket storage” means the electronic and physical storage of tickets.

“Winner” means a claimant who has demonstrated to the Director’s satisfaction that the claim has successfully complied with all the rules of a [special] lottery game so as to be eligible for the prize set forth in the rules of said game.

SUBCHAPTER 3. DIRECTOR
17:20-3.1 Disputes over ownership or validity of winning [lottery] tickets
(a) In the event that a dispute arises involving the ownership of a winning [lottery] ticket or the validity of such a ticket, the Director shall treat the matter as a contested case within the meaning of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and N.J.A.C. 1:1. Such treatment shall also be afforded with respect to the denial of a claim of entitlement to a lottery prize, in the event that a dispute arises involving the ownership of a [lottery] ticket or the validity of such a ticket, the Director shall treat the matter as a contested case within the meaning of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and N.J.A.C. 1:1. Such treatment shall also be afforded with respect to the denial of a claim of entitlement to a lottery prize, in the event that a dispute arises involving the ownership of a [lottery] ticket or the validity of such a ticket, the Director shall treat the matter as a contested case within the meaning of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and N.J.A.C. 1:1. Such treatment shall also be afforded with respect to the denial of a claim of entitlement to a lottery prize. The Director may authorize other means to convey numbers requested by a lottery player to generate tickets from a lottery terminal.

(b) Agents or courier services may be required to assist in disputes over ownership or validity of winning tickets and shall be required to provide information or data to the Division.

SUBCHAPTER 4. LOTTERY AGENT’S APPLICATION AND LICENSE
17:20-4.1 [Application] Agent application; form
(a) Any person who wishes to be licensed as an agent [of] by the Division of the State Lottery must first file a “Request for Evaluation” from the Division. Upon receipt of such request, the Director shall cause a preliminary investigation to be made. If the investigation discloses reasons why the requesting party or the involved location is unsuitable for licensing based on the standards set forth in the Act and this chapter, no application shall be issued, and the requesting party shall be so informed. Such action shall be tantamount to the denial of an application for purposes of N.J.A.C. 17:20-5.3.
(b)-(g) (No change.)
(h) All applicants shall provide a copy of a valid Business Registration Certificate issued by the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services.
17:20-4.3 Review of agent application
(a)-(c) (No change.)
17:20-4.4 Issuance of agent license; conditions
(a)-(f) (No change.)
5. Whenever it is determined that such action would be in the best interest of the Lottery based on actions [which] that reflect upon the agent’s or courier service’s moral character or affect the integrity of the Lottery;  
6. Whenever an agent applicant or courier service applicant does not, or an agent or courier service can no longer, satisfy the criteria set forth in N.J.S.A. 5:9-11 or this chapter for the issuance of a license or registration;  
7. Whenever ownership of the agent or courier service has been changed without the Director’s approval;  
8. Whenever an agent or courier service fails to report any change in status, control, address, or other data relevant to licensure within 10 days of occurrence;  
9. Whenever the agent or courier service fails to meet minimum sales quotas set by the Director;  
10. Whenever the agent or courier service fails to make prompt and timely payment of a civil penalty imposed under N.J.A.C. 17:20-9.1, et seq.;  
11. Whenever it is determined that an agent or courier service has discounted a prize associated with a winning ticket resulting in a reduced prize payment to the holder of a winning ticket of less than the actual prize or prize share value;  
12. Whenever an agent or courier service has violated the Federal Organized Crime Control Act of 1970, or committed the crime of embezzlement, theft, forgery, bribery, falsification or destruction of records, perjury, false swearing, receiving stolen property, obstruction of justice, or any other offense indicating a lack of business integrity or honesty or committed an act of moral turpitude;  
13. Whenever an agent or courier service has violated the Federal or State antitrust statutes or [of] the Federal Anti-Kickback Act (18 U.S.C. § 874, 40 U.S.C. § 276o, c);  
14. Whenever an agent or courier service has violated any laws governing the conduct of elections of the Federal [Government] government, State of New Jersey or of its political subdivisions, or any other [State] state;  
15. Whenever an agent or courier service has violated any laws governing the conduct of occupations or professions or regulated industries;  
16. Whenever an agent or courier service has violated any laws, ordinances, regulations of the Federal government, State of New Jersey, its political subdivisions, or any other [State which] state that may bear upon a lack of fiscal responsibility or moral integrity;  
17. Whenever an agent or courier service has made any offer or agreement to pay or has made payment either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee as defined by the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13b and c) in the Departments of Treasury or any other agency with which such an agent transacts and offers or proposes to transact business, or to any member of the immediate family as defined by the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13c) of any such officer or employee, or any partnership, firm, or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13g) under circumstances from which it might reasonably be inferred that such offer, agreement, or payment was made for the purpose of influencing the recipient as to the discharge of official duties regarding the agent by the recipient or by any person affiliated with the recipient within the meaning of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13b, 13(e), 13c, or 13(d), 13d);  
18. Whenever any agent or courier service has influenced or attempted to influence or caused to be influenced, any State officer or employee or special State officer or employee in his or her official capacity in any manner [which] that might tend to impair the objectivity or independence of judgment of said officer or employee;  
19. Whenever any agent or courier service has caused or influenced or attempted to cause or influence[,] any State officer or employee or special State officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the agent or any other person; [or]  
20. Whenever it is determined that an agent has intentionally removed or defaced any portion of an instant scratch off [lottery] ticket overlay coating for the purpose of [compromise.] compromising the outcome of the ticket;  
21. Whenever a courier service alters a courier customer’s ticket purchase without the courier customer’s authorization; or  
22. Whenever a courier service alters a courier customer’s personal information contained in their account without the courier customer’s authorization.  
(b) The Director may summarily suspend [a] an agent license or courier service registration for up to five consecutive days without prior notice if such suspension is deemed imminent necessary[.];  
1.-3. (No change.)  
4. Whenever any activity, policy, or conduct of an agent or courier service presents a serious or imminent hazard to the health, safety, and [well being] well-being of the public or whenever any activity, policy, or conduct presents a threat to the integrity or business operations of the State Lottery.  
(c) Notices of summary suspension, including the reasons therefor, shall be given to agents or courier services as promptly as possible and by means deemed most effective by the Director.  
(d) The following conditions shall apply [concerning] to any licensing or registration action including the suspension, non-renewal, or revocation of a lottery agent license or courier service registration or the rejection of an application therefor:  
[i. Suspension of a license shall be imposed with the approval of the Director;  
2. ] 1. The existence of any of the causes set forth in [N.J.A.C. 17:20-5.1(a)] (a) above shall not necessarily require [that the Director] to take license [be suspended] or [revoked] registration action. In each instance, the decision to [suspend or revoke] take licensing or registration action shall be made within the discretion of the Director[; unless required by law, and shall be made] in the best interest of the State;  
3. ] 2. All mitigating factors shall be considered in determining the seriousness of the offense, failure, or inadequacy of performance in deciding whether [suspension] licensing or [revocation] registration action is warranted;  
4. ] 3. Any [suspension] licensing or [revocation] registration action shall be [imposed] taken in accordance with the provisions of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Any action to summarily suspend a license shall be given immediate effect.  
5. ] 4. In addition to an action to suspend, revoke, or not renew a license or registration or to reject an application of an agent or courier service for violations of this section, the Director may take any other action permitted by law, including action to impose civil penalties pursuant to N.J.A.C. 17:20-9.1 et seq., in addition to any other action, for violations of this section.  
17:20-5.2 Termination procedures agents and courier services  
(a) Upon termination of an agent’s license by revocation, resignation, non-renewal of license, or cessation of operations for any other reason, the agent shall appear on a date and at a location designated by the Director to render a final lottery accounting and surrender the license and other lottery property, including, but not limited to:  
1.-8. (No change.)  
(b) Upon termination of a courier service registration by revocation, resignation, non-renewal, or cessation of operations for any other reason, the courier service’s authorized representative shall appear on a date and at a location designated by the Director to render a final accounting for full reimbursement of all courier customers and surrender all certificates of registration originally issued by the Division. Additionally, the courier service’s affiliate agent(s) shall surrender the dedicated terminal(s) to the Lottery. Further, the courier service shall ensure that the courier service’s website and mobile applications are no longer active.  
17:20-5.3 Disciplinary procedures for agents and courier services  
(a) Disciplinary [procedures] action shall follow a progression, depending on the frequency and/or severity of the infraction and the
history of the agent or courier service. Disciplinary action will usually start with a reprimand, and/or an informational conference and/or imposition of a civil penalty. Disciplinary actions may include requiring the agent or courier service to submit a plan of correction for the Director’s approval that complies with the State Lottery Law, the Courier Service Act, and this chapter, and to submit to imposition of a civil penalty.

(b) In the case of a decision to suspend [a] an agent license or courier service registration, the agent or courier service shall be notified of the reason for suspension. In addition, the agent or courier service shall be afforded an opportunity for an informational conference and/or hearing.

17:20-5.4 Hearings for agents and courier services
(a) The Director may personally hold hearings required by law and any person entitled to a hearing shall receive one upon proper request. All hearings shall be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Where the suspension has been instituted summarily, the agent or courier service shall be entitled to a hearing on an expedited basis.

(b)-(e) [No change.]

(f) All [proceedings] hearings before the Director are public hearings and shall be recorded. The Director may close the public portions of the hearing during which confidential matters, such as lottery system security, agent or courier financial matters, or courier customer information will be addressed or discussed, but the closed portion of the hearing shall be recorded. The Director’s reason for closing the hearing shall be placed into the hearing record. Upon receipt of a request for a transcript of such a hearing [held before the Director and recorded], the Director will [provide] direct that a transcript of the hearing [internally] be prepared or [may] will send the appropriate recording to an outside transcribing service for preparation of the transcript. The cost of preparing said transcript shall be billed to the party making the request, who shall also be responsible for any deposit [which] that may be required by the transcriber or by administrative rule. Any closed portion of the hearing shall be redacted from the transcript.

17:20-5.5 Reapprication for [lottery] agent license and courier service registration after revocation
Any agent whose license or courier service whose registration has been revoked shall not reapply for one year from the date of the revocation except where the Director in the exercise of discretion determines that the conditions underlying the revocation have been remedied. Any application submitted by such an agent or courier service shall, in addition to the other application requirements set forth in this chapter, specifically address how the applicant has addressed the noncompliance with the State Lottery Law, the Courier Services Act, or this chapter that was the reason for the prior license revocation.

17:20-5.6 Permanent revocation of agent license or courier service registration
Notwithstanding the provisions of N.J.A.C. 17:20-1 through 9, the Director is empowered to revoke any agent’s license or courier service registration permanently for acts impairing the integrity and security of the Lottery.

SUBCHAPTER 6. AGENT DISTRIBUTION AND SALE OF [LOTTERY] TICKETS AND DEPOSIT OF LOTTERY MONIES
17:20-6.1 Distribution of [lottery] tickets; conduct of business
(a) An agent may delegate authority to an employee regarding transactions with the Lottery or distribution network. However, the agent shall remain, at all times, liable to the Lottery regardless of what the agent’s delegate may do or fail to do.

(b)-(c) [No change.]

17:20-6.2 [Sale and] Agent sale, redemption, and retention of [lottery] tickets
(a) [No change.]

(b) The agent shall sell only authorized New Jersey State [Lottery] tickets. No other tickets for any other lottery [tickets] or facsimiles thereof shall be sold by any agent.

(c)-(e) [No change.]

(f) [Lottery ticket] Ticket sales shall not be combined with the sale of any other product or service without the express written approval of the Director. This prohibition shall not apply to promotions, conducted entirely at the expense of the agent, involving non-winning tickets, tickets for which the drawing date or claiming period has expired, or other tickets [which] that no longer have value for lottery purposes.

(g) [No change.]

(h) Winning tickets less than $600 shall be destroyed upon redemption.

(i) Canceled tickets shall be held for a period of 13 months from the date of the relevant drawing.

17:20-6.3 [Deposit] Agent deposit of lottery monies
(a) Agents, including affiliate agents, shall remit net lottery receipts to the bank on the dates specified by the lottery [game in question]. Affiliate agents are additionally required to collect the net lottery receipts from their associated courier service in sufficient time to deposit the funds in said bank by the dates specified by the lottery. Notwithstanding the rules of any specific game to the contrary, the Director may, in the exercise of discretion, require the agent to account fully for any and all [lottery] tickets issued to that agent and to remit immediately all sums due the Lottery.

(b) [No change.]

[(c) Agents shall file with the Director or the Director’s designee reports of their receipts and transactions concerning the sale and redemption of lottery tickets in a form as prescribed by the respective game instructions.]

Recodify (d)-(e) as (c)-(d) [No change in text.]

[(f)](g) All agent lottery operations, reports, and records shall be subject, upon request, to inspection and audit by representatives of the Lottery, but such reports and records shall remain confidential for all other purposes except income tax reporting required by law.

Recodify (g)-(h) as (f)-(g) [No change in text.]

17:20-6.4 [Lost] Agent lost, stolen, or [cancelled] canceled tickets
(a) Agents are responsible to the Lottery for lost, damaged, destroyed, stolen, improperly [cancelled] canceled tickets or missing lottery receipts and tickets notwithstanding the degree of care [which] that they may have exercised with regard to the tickets and receipts.

(b)-(d) [No change.]

17:20-6.5 [Distribution] Agent distribution of promotional items
(a)-(b) [No change.]

17:20-6.6 [Acquisition] Agent acquisition or distribution of counterfeit items prohibited
Agents shall not acquire or distribute any item, other than an authorized promotional item which, by use of words or symbols, indicates that the item is authorized or manufactured by, or associated with, the New Jersey Lottery. Failure to comply with this section shall be grounds for suspension or revocation of the agent’s license, in accordance with N.J.A.C. 17:20-5.3, or penalties in accordance with N.J.A.C. 17:20-9.

SUBCHAPTER 7. PAYMENT OF PRIZES
17:20-7.1 Information to be furnished by prize claimant
(a) Before receiving any prize of $600.00 or more, the claimant shall furnish the Director with a Social Security number if one exists, or with any identifying number or account number assigned by the Internal Revenue Service for Federal Income Tax purposes, in addition to such other identification data as may be requested by the Director.

(b)-(e) [No change.]
17:20-7.4 Manner of payment of prizes
(a) Payment of monetary prizes shall be made by check, or other means approved by the Director, payable to the bearer of the ticket; however, the Director may, in the exercise of discretion, withhold payment pending clarification of ownership of the ticket. The Director may authorize cash redemption of certain prizes payable to the bearer of the “winning” ticket. With respect to machine issued tickets, the Director may refuse payment if the computer file and other validation records show that payment has been made.
(b) In cases of multiple ownership, the following shall apply:
1. Single payment (non-installment) prize winners shall be issued one check to the group representative designated on the claim form unless an appropriate document is submitted requesting a split of the prize. The individual designated to represent the group shall be responsible for filing the appropriate Internal Revenue Service forms with the Lottery and distributing the monies to the co-winners. All individuals in the group with prize shares [greater than] of $600.00 or more will be subject to offset regulations identified in N.J.S.A. 5:9-13.17 and 13.18.
2. Installment prize winners may request the issuance of separate checks. The gross (pre-tax) value of each separate check, however, must be $5,000 or greater. All individuals in the group with prize shares [in excess of greater than] of $600.00 or more will be subject to offset regulations identified in N.J.S.A. 5:9-13.17 and 13.18.
(c) (No change.)

17:20-7.12 Authorized payment period for Lottery prize award
All winners can be paid (for up to one year from the drawing date for gaming system generated games and throughout the selling period up to one year after the announced close of an Instant Lottery game) [up to $599.50] for prizes less than $600.00, by an official New Jersey Lottery agent after proper gaming system validation. Validated and paid tickets less than $600.00 will not be returned to the winner. If the winning ticket entitles the holder to a prize that is $600.00 or more [than $599.50], the agent shall validate the ticket via the gaming system, the claimant and agent shall fill out a claim form issued by the agent, and the claimant will mail the completed claim form, validated winning ticket, and validation receipt to Lottery headquarters in the claim form mailer envelope. Once a winning ticket and claim form are received and verified by the Lottery, the winning ticket is considered “claimed,” will be retained by the New Jersey Lottery, and will not be returned to the winner. For tickets validated and scanned at an authorized New Jersey Lottery agent within the one-year claim period, and then sent to Lottery headquarters for verification and claim processing, said ticket must be received at the headquarters’ office on or before the close of business on the 30th day after the expiration of the official claim period in order to be paid. One year means the anniversary date of the draw unless the draw date is February 29 in which case the anniversary is considered to be March 1.

SUBCHAPTER 9. CIVIL PENALTIES AND SANCTIONS FOR AGENTS AND COURIER SERVICES
17:20-9.1 Penalties not exceeding $10,000 for agents and courier services
(a) The Director may, after notice and hearing, impose civil penalties on [licensed] agents and courier services in an amount up to $10,000 per incident for violations of the Act or this chapter pursuant to N.J.S.A. 5:9-12.11(a).
(b) (No change.)
(c) In assessing civil penalties under this section, the Director shall give due consideration to:
1. -2. (No change.)
3. The prior history of the agent or courier service and any mitigating factors [which] that may be proven;
4.-5. (No change.)
5. The amount of the penalty in relation to the severity of the offense and the financial means of the agent and/or courier service.

17:20-10.1 Division’s mission
The mission of the New Jersey Lottery is to raise revenue for maximum contribution to State education and institutions benefiting the citizens of New Jersey through the responsible sale of lottery products. This is accomplished by providing entertaining products through a dynamic public business enterprise built upon honesty, integrity, customer satisfaction, teamwork, and public/private partnerships.

17:20-10.2 Division of State Lottery organization
(a) The New Jersey Lottery Commission consists of the State Treasurer, the Director of the Division of Investment, and [six] five public members, all citizens and residents of New Jersey, appointed by the Governor with the advice and consent of the Senate. All public members serve a five-year term, and are unsalaried.
(b) The Division of State Lottery consists of the Executive Director, Deputy Executive Director, Legislative Liaison, Public Information Officer, and the operating units consisting of Administration and Contract Compliance, Security and Licensing, Marketing, Sales, Finance, Information Systems, Operations and Organization Support, and Game Research and Development.

17:20-10.3 Public information, requests, and submissions
Members of the public may submit questions concerning public information and general policies by contacting the Division’s Public Information Office at PO Box 041, Trenton, New Jersey 08625-0041, by calling 609-599-5875, or through the Lottery’s website, http://www.njlottery.com.

SUBCHAPTER 10. DIVISION OF STATE LOTTERY MISSION, ORGANIZATION, AND PUBLIC ACCESS

17:20-12.1 General Courier Service Act requirements
(a) Nothing in this subchapter prohibits the Division from engaging in the sale of tickets through a network the Division operates or that is operated on the Division’s behalf.
(b) Pursuant to the Courier Service Act, the operation of a courier service shall consist of the purchase of tickets on behalf of courier customers who are located within the State of New Jersey at the time the courier customer authorizes the courier service to purchase a ticket for the courier customer and/or the delivery of such tickets to those individuals, and any activities related to such purchase and/or delivery to attract and maintain courier customers.
(c) The operation of a courier service pursuant to the Courier Service Act and this subchapter does not violate N.J.S.A. 2C:37-2 or 2C:37-3.
(d) The operation of a courier service pursuant to the Courier Service Act and this subchapter shall allow for the purchase and delivery of tickets, which may include a fee for such services and does not violate N.J.S.A. 5:9-14.
(e) No individual listed on a courier service application, and no person who shall be considered key personnel of a courier service, may be licensed as an agent.
(f) A courier service may not charge as a fee, accept as a gift, or otherwise collect as a direct or indirect result of its operation as a courier service any portion or percentage of any Lottery winnings.
(g) A courier customer utilizing the courier service shall have the option at all times to obtain the ticket for purpose of redemption.
(h) A courier service storing a ticket on behalf of a customer shall maintain a secure database of all stored tickets linked to the respective customers.
(i) In lieu of delivery of a purchased ticket to a customer utilizing the courier service, a courier service may store such ticket on behalf of that customer, with the customer’s consent, if the courier service provides an electronic receipt of the ticket purchased with the numbers of the ticket shown on the receipt.


(k) A courier service shall notify the customer of a winning ticket value and maximum prize within 24 hours of a drawing.

17:20-12.2 Registration requirements

(a) No person shall operate a business in which such person acts as an agent for another person in purchasing a ticket, unless such person is duly registered as a courier service pursuant to this subchapter.

(b) A person operating a courier service or offering services permitted under the Courier Services Act without being registered by the Division shall be guilty of a crime in the third degree.

(c) No natural person under the age of 21 can hold an ownership interest in or serve on the board of directors of an applicant for courier services. Additionally, key personnel must be 21 or older.

17:20-12.3 Courier service application

(a) The Director may prescribe forms of application to call for such information as may be deemed necessary or helpful in evaluating the factors for registration as set forth in the Act and this chapter.

1. An applicant shall have an ongoing duty to supplement such application as may be necessary to maintain updated information and accuracy. This includes, but is not limited to, the following: ownership, affiliate agent, control, and address change. See N.J.A.C. 17:20-12.9.

2. The application process shall include such consents to credit checks, criminal record searches, and such other waivers and release provisions as may be required by the Director to assure a full and complete review of the application.

3. An applicant who is denied a courier service registration shall not reapply for a period of one year. However, the Director may, if conditions which were the basis for the denial change, allow the applicant to reapply in less than one year.

(b) All applicants shall provide a copy of a valid Business Registration Certificate issued by the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services.

17:20-12.4 Courier service application review

(a) The Director may request additional information from the applicant after receipt of an application. An applicant for a courier service registration shall cooperate fully with the Division’s requests in the course of the application process. Failure to cooperate with the Division shall be a violation of this section and shall be in itself in the course of the application process. Failure to cooperate with the Division’s requests after receipt of an application. An applicant for a courier service registration to cooperate fully with the Division’s requests after receipt of an application. An applicant for a criminal history background. All key personnel of courier service shall consent to disclosure of such information and to undergo such investigations as needed to substantiate their moral character and integrity. The criminal history background check of all key employees must be performed by the New Jersey Division of Gaming Enforcement and will be at the expense of the courier service applicant;

6. Credit reporting;

7. Sufficiency of existing lottery sales agents and courier service registrations to serve the public convenience;

8. Volume of expected sales;

9. Disclosure of any previous application for agent licensure or courier service registration with the New Jersey Lottery and/or any other state or international lottery. Disclosure of any courier service business or similar business conducted by the courier service applicant, or any entity controlling, controlled by, or under common control with the applicant, and any license, permit, or other authorization related thereto;

10. Veracity and completeness of information supplied on the application form or any supplement thereto;

11. Reputation of the applicant and verification of references including review of licensure/registration by other lotteries worldwide;

12. All officers, shareholders, and/or partners, including limited partners, shall be disclosed and listed with the percentage of shares owned by each. The corporate identification number and Federal identification number including all New Jersey Division of Taxation assigned suffixes shall also be noted. Failure to disclose the above information shall be cause for denial of a New Jersey Lottery registration under N.J.A.C. 17:20-5.1(a);

13. A courier service applicant shall submit a disengagement plan in the event that a courier service ceases operations in New Jersey for any reason, including bankruptcy. A disengagement plan should discuss, in sufficient detail, the following: full reimbursement of courier customers, including all winnings, delivery of winning tickets, protection of courier customer’s personal information, disposition of tickets in storage, and all other related termination activities;

14. A courier service applicant shall describe, in sufficient detail, its process to securely deliver tickets to courier customers and the time frame for delivering tickets to courier customers. See N.J.A.C. 17:20-12.17(b);

15. A courier service applicant shall provide the name, address, and copy of written contractual relationship for each of its prospective affiliate agents. See N.J.A.C. 17:20-12.10(a)(1);

16. A courier service applicant shall describe, in sufficient detail, how it will facilitate the requirement of the Courier Service Act that courier customers have the option at all times to obtain their ticket(s). See N.J.A.C. 17:20-12.15(d);

17. A courier service applicant shall describe, in sufficient detail, its internal controls. See N.J.A.C. 17:20-12.13; and

18. A courier service applicant that is a business entity shall provide copies of all incorporation charters or other formation documents and copies of its bylaws or other procedures concerning it business entity governance.

(b) The Director shall not register a courier service unless the courier service demonstrates it can comply with the requirements of the Courier Service Act and this subchapter, and that the courier service website and/or courier service mobile application can operate in accordance with such requirements, including, but not limited to:

1. Displaying the disclosures required by the Courier Service Act and this subchapter;

2. Establishing successful geolocation and age verification of courier customers by presenting to the Division a live demonstration of the website and mobile application;

3. Securing the personal and financial information of courier customers;

4. Meeting all of the required features and technical standards for a courier service in this subchapter;

5. If a courier service intends to employ courier service-produced play slips in its business plan, the courier service produced play slips must be at least as accurate as the play slips supplied by the Lottery. A courier service applicant must supply a sufficient number of courier service produced sample play slips to the Division for testing
(c) The courier service shall have independent third-party testing performed per the requirements of N.J.A.C. 17:20-12.14.

(d) After the Director makes a determination on an application, the Director shall notify the applicant, in writing, if the Director will permit it to become a registered courier service. Such notice shall list all requirements under this chapter that must be in place and verified prior to the courier service commencing operations. Additionally, such written notification will address the parts of the application where the prospective courier service is to propose solutions for the Director’s review and approval, such as ticket delivery method(s). The notification will document which solutions are approved, disapproved, whether additional information is needed, or any other requirement that needs addressing. When the Director provides such a notice but the prospective courier service has not promptly taken steps to satisfy such requirements, or the Division has not been able to verify that the requirements are in place within 90 days after the notice was issued, the Director may issue another notice, either setting forth a date by which such requirements must be met or the notice permitting registration will be rescinded.

(e) In making a determination on an application the Director may:

1. Relax one or more requirements of this chapter to the extent that fulfillment of same is deemed unnecessary for the satisfactory completion of a particular application review. Relaxation will only be granted when the Director otherwise determines, in his or her discretion, that the applicant will operate a courier service in compliance with the Courier Services Act and this chapter, and in a manner necessary to ensure the integrity and reputation of the New Jersey Lottery is maintained; and

2. Grant a registration subject to conditions as may reasonably assure the Director, in her or his discretion, that the prospective courier service will, at the time the prospective courier service begins operations, meet the registration criteria set forth in the Courier Service Act and this chapter;

3. Any such relaxation of the requirements of this chapter or conditions upon the registration shall be set forth in detail in the notice provided pursuant to this section; and

4. Upon successful registration, the Division will issue the following:

i. A courier service registration approval letter. This letter will serve as the notification that a courier service is officially approved as a registered courier service in New Jersey and that the courier service can commence courier service sales in the State of New Jersey. This letter will also detail any restrictions or limitations that the applicant may impose on a courier service, based on the courier service approved application;

ii. An official courier service certificate of registration will be issued for each location at which the courier service proposes to process tickets. These certificates must be displayed in a prominent area within the courier service’s processing facilities; and

iii. An electronic logo signifying that the courier service is an officially registered courier service in New Jersey. This logo must be prominently displayed on the courier service’s website and/or mobile application.

17:20-12.5 Insurance, indemnification, and bonding of courier service

(a) As a requirement to the issuance of a courier service registration, such courier service agrees to the following:

1. The courier service shall indemnify and defend, at registrant’s own expense, and release the State, the Division, and any of the officials and employees of the State or the Division from any and all claims, damages, claims for damages, causes of action or suits, and related expenses, including court, attorney, or other fees, that may arise out of or occur directly or indirectly as a result of any act or omission of such courier service, its officers, employees, and anyone determined to be the courier service’s agent pursuant to the common law tenets of agency law, or operation carried on pursuant to or in accordance with such registration, including, but not limited to, the purchase of courier services through the courier service’s system, placement of requests for courier services through such courier service’s system or the generation of, or failure to generate, tickets to complete ticket purchases related to such requests for courier services. This obligation to indemnify shall survive the expiration, revocation, or suspension of the courier service’s registration;

2. The courier service shall obtain and maintain during the term of its registration sufficient insurance, which shall include cyber liability insurance, errors and omissions insurance, directors and officers insurance, and such other insurance coverage, with limits and coverage requirements and minimum carrier ratings as the courier services application form states. Proof of same, in the form of declaration pages, shall be provided to the Division prior to the courier service’s commencement of operations. Lapse of any insurance coverage specified on the application form may result in revocation of courier service registration;

3. The courier service shall post a bond or its equivalent in an amount as determined by the Director in consultation with the Director of the Division of Risk Management and as set forth in the courier service application to cover general business liability;

4. The courier service shall bond all courier service employees. Proof of same shall be provided to Division;

5. The courier service shall comply with all other bond requirements or their equivalent in the courier service application as determined by the Director in consultation with the Director of the Division of Risk Management;

6. Each bond or its equivalent shall be conditioned on the premise that the applicant, its agents, or its employees will not be guilty of fraud or extortion, will comply with the rules and regulations promulgated by the Director, and will pay all damages occasioned to any person by reason of misstatement, misrepresentation, fraud or deceit, or any unlawful act or omission in connection with the provisions in this section and related business conduct;

7. The courier service shall report any change in status, such as ownership, control, governing board, address, business purpose, bankruptcy filing, or other data relevant to registration, in writing, within 10 days of occurrence in accordance with N.J.A.C. 17:20-12.9;

8. The courier service shall disclose its insurance coverages and amounts in its website and/or mobile application.

17:20-12.6 Ongoing requirements to maintain courier service registration

(a) In addition to other requirements of this subchapter, subsequent to a courier service registration being awarded, a courier service must adhere to the following requirements to maintain registration:

1. The courier service shall report any change in status, such as ownership, control, governing board, address, business purpose, bankruptcy filing, or other data relevant to registration, in writing, within 10 days of occurrence in accordance with N.J.A.C. 17:20-12.9;

2. The courier service shall not use trademarks or other marks owned or controlled by the Division or any multi-state lottery consortium except with written expressed approval of the Director.
Any unauthorized use of such trademarks or other marks is a violation of this subchapter;

3. The courier service shall provide courier customer support, for purposes of responding to courier customer inquiries and disputes, in a manner approved by the Director;

4. The courier service shall maintain a courier customer self-exclusion list and provide a mechanism for courier customers to register through the system to exclude themselves from using such system. The courier service shall ensure to the satisfaction of the Director that any courier customer placed on the self-exclusion list is prevented from requesting tickets through the courier service’s system;

5. The courier service activities such as ticket purchasing, accounting, courier customer identification and verification, problem gaming detection, anti-money laundering detection, fraud prevention, or other similar functions requiring access to confidential courier customer account or courier service system information shall be performed by employees and/or owners physically present in New Jersey. While performing such activities, a courier service shall maintain such internal policies and procedures so as to notify employees of this requirement. The courier service shall be responsible to track and log all such owner and employee actions to document the owner or employee’s physical location when performing the same;

6. For all courier service employees who have direct contact with customers by phone, e-mail, text message, electronic chat, or any other means, a courier service shall implement training for those employees, at the start of their employment and regular intervals thereafter, addressing:

i. The training requirements with standards set forth by the Council on Compulsive Gambling of New Jersey as to:
(1) Recognizing the nature and symptoms of problem gambling behavior and how to assist players in obtaining information regarding help for a gambling problem and self-exclusion programs;
(2) Responding to courier customers who may disclose that they have a gambling problem; and
(3) Responding to reports from third parties, such as family members, about courier customers who may have a gambling problem;

ii. Training regarding cyber security, including security of customer personal information;

7. The courier service shall be required to display certain warnings on the courier service website and mobile application, including, but not limited to:

i. Warning of the risk of being defrauded if purchasing tickets through a courier service not registered with the Division; and

ii. Display prominently on its website and mobile application, a warning of the risk of being defrauded by lottery scams and information on playing responsibly, which information shall be substantially similar to the information displayed on the New Jersey Lottery website or such other information approved by the Division;

iii. Gambling addiction warnings;

iv. Information on how to seek help for a gambling problem through education, by telephone, from the Internet, or any other available means. See N.J.A.C. 17:20-12.11(m);

v. Notice that the courier service is not a part of the Lottery and that the Lottery does not guarantee, nor have any liability, for courier customer activities; and

vi. Statement that the ticket held in trust by the courier service is a bearer instrument within the meaning of all applicable law and notice of the ramifications of such status for the player;

8. The courier service must stay current of authorized game changes and offer only authorized games for purchase. A courier service is responsible for understanding and implementing all authorized game changes including, but not limited to, addition and deletion of bet types, addition or deletion of available authorized games, matrix changes and drawing changes. The Lottery bears no liability if the courier service does not properly or timely implement authorized game changes;

9. The courier service’s website and mobile applications shall provide information including links to game rules available at the Lottery’s official website for all authorized games;

10. The courier service’s website or mobile application shall not run independent, non-Lottery approved promotions or make rewards or points programs available to courier customers without prior written approval by the Division. Failure to comply with this section shall be grounds for suspension, revocation, or non-renewal of the courier service’s registration;

11. The courier service’s website and mobile applications shall offer for sale only New Jersey authorized game tickets produced by the affiliated agent’s dedicated terminal. The courier website and mobile applications shall be prohibited from the sale of all other products in;

12. The courier service’s website and/or mobile applications shall have restrictions on advertisements on their website and/or mobile application, as determined by the Director in her or his discretion, to ensure the integrity and reputation of the New Jersey lottery is maintained. Advertisements not permitted to be placed on a courier service website and/or mobile applications shall include advertisements for alcoholic beverages, tobacco products, pornographic material, and any goods or services that are not legal in the State of New Jersey;

13. A courier service shall display on the courier service website and mobile applications a statement, containing the Division’s customer service hotline telephone number 1-800-222-0996, and explaining that courier customer complaints can be made to the Division;

14. At the sole expense of the courier service, the courier service system shall be audited and certified to be compliant with this section at least annually by an independent party approved by the Director;

15. If during the term of a courier service registration a courier service requests a modification to their application, the courier service shall submit a written request to the Director for approval. The Director is authorized to allow or deny any requested modification during the term of a courier service registration. Following review, a written decision from the Director will be sent to the courier service and this decision will serve as an addendum to the original notification approving a registration for a courier service. See N.J.A.C. 17:20-12.6(e); and


17:20-12.7 Registration renewal

(a) The Director shall require registration renewal applications on an annual basis, to ensure continuing compliance with the Courier Service Act and with this subchapter. The courier service shall provide such other information as the Director may deem necessary for the proper administration of the Division’s activities. Information required by the Division shall include updating all information from previously approved applications, including updated business plan. The Division may procure and exchange information with other agencies regarding information required of courier services as provided by law;

(b) A courier service’s registration shall remain in full force and effect until the registration is expired (one year after the date it was issued), suspended, or revoked by the Director or until the Director receives a written resignation from the courier service.

(c) If the Director determines that review of a renewal application will continue past the date the courier service’s registration will expire, the Director may, in his or her discretion, issue a temporary extension in order to allow for appropriate review of the renewal application;

17:20-12.8 Display of registration

(a) The Lottery will provide each registered courier service a symbol or logo signifying that the courier service is officially registered with the Division. This symbol or logo shall be prominently displayed on the courier service website and mobile
17:20-12.9 Courier service changes to ownership and other service pursuant to the Courier Services Act. See N.J.A.C. 17:20-12.6(a)16. 

(c) Display of a symbol or logo signifying that the courier services is officially registered with the Division by any person who is not so registered, shall be considered unauthorized conduct of a courier service pursuant to the Courier Services Act. See N.J.A.C. 17:20-12.2(b).

17:20-12.9 Courier service changes to ownership and other application information

(a) The following shall apply in the case of changes to courier service ownership:

1. A courier service registration issued pursuant to this subchapter is issued only to the person or business entity that applied for the registration. To the extent that any complete change is made in the composition of the person or business entity, the registration is no longer valid, and the Director may take retroactive action pursuant to N.J.A.C. 17:20-5 and 9 against the prior courier service; and

2. To the extent that a partial change in the composition of the person or business entity is made, the registration may be revoked by the Director.

(b) The Director shall be notified, in writing, prior to any proposed change in ownership.

1. If a courier service anticipates any change in ownership or configuration of the person or business entity, and wants to maintain its courier service registration after the change, it must notify the Director:

i. At least 30 days prior to any change in an ownership interest, in a sole proprietorship, corporate stock transfer of five percent or more, or change in the ownership interest of a limited liability company or partnership of five percent or more; and

ii. At least 10 days prior to any corporate stock transfer of less than five percent or change in ownership interest of a limited liability company of less than five percent.

2. Upon timely notification to the Director, a new application may be submitted on behalf of the intended new person or business entity. The new application shall be accompanied by a letter detailing all of the changes from the prior application and the proposed closing date on which the current courier service shall cease to operate and the applicant shall exercise the rights and incur the obligations under the Courier Service Act, the State Lottery Law, and this chapter.

3. The Director shall review the new application pursuant to this subchapter. In the event that the Director approves the new application, with or without conditions, the Director shall set the closing date. Such date may be the closing date submitted to the Division by the current courier service and the applicant, or a date that the Director deems appropriate under the circumstances. The Director may also establish other procedures to facilitate such events.

(c) The following shall apply in the case of a change to critical application information other than ownership:

1. A courier service shall notify the Director in writing of any change in ownership control, address, business purpose, or other data relevant to registration 10 days prior to the change. All such changes in status will be subject to the review and approval of the Director, consistent with the standards used in the initial registration approval;

2. A courier service shall notify the Director in writing at least 10 days prior to when the courier service’s affiliate agent lists, advertises, or offers for sale the primary business. This notification shall be in addition to any required notifications that the affiliated agent may be responsible to make under this chapter;

3. A courier service shall notify the Director in writing of any change of ownership of an affiliate agent(s) pursuant to N.J.A.C. 17:20-4.11 at least 10 days prior to any change that would impact the courier service. This notification shall be in addition to any required notifications that the affiliated agent may be responsible to make under this chapter.

Failure to comply with the requirements of this subsection may be cause for discipline under N.J.A.C. 17:20-5, including immediate suspension or revocation of the courier service registration and civil penalties under N.J.A.C. 17:20-9.

17:20-12.10 Courier service and affiliate agent

(a) A courier service shall have a contractual relationship with one or more affiliate agents. The affiliate agent shall maintain a dedicated terminal at the affiliate agent’s licensed place of business. The dedicated terminal shall be solely for the purchase of tickets by the courier service on behalf of that courier service’s customers.

1. A courier service shall be required to form and maintain a written contractual relationship with an affiliate agent(s) and provide proof of same to the Division prior to registration approval.

2. The affiliate agent(s) shall have installed at the affiliate agent’s licensed place of business a dedicated terminal(s) for the production of tickets for the courier service prior to when that courier service begins sales.

i. Such dedicated terminal(s) will be programed to produce only authorized games and shall not be eligible for any Lottery approved promotions.

ii. A courier service shall use only the affiliated agent’s dedicated terminal(s) for producing tickets for courier service customers. No other terminal(s) used by the affiliated agent, or by any other agent, shall be utilized by the courier service for any reason.

iii. The dedicated terminal(s) shall not be utilized by the affiliate agent or courier service to produce tickets for the affiliate agent’s customers.

iv. For security purposes, the courier service shall use only the ticket stock supplied by the Lottery for the affiliated agent’s dedicated terminal.

v. In the event of a technological failure, weather-related issue, Lottery gaming system-related issue, or any issue that shall otherwise cause the dedicated terminal not to turn on/be functional, the affiliated agent shall not issue any tickets to the courier service from any of its other terminals. In such circumstances, the Lottery will be under no liability to the courier service or the affiliated agent when tickets cannot be produced from the dedicated terminal. The affiliate agent of a courier service shall not receive preferential treatment regarding restoration of a dedicated terminal(s) for a courier service.

(b) A courier service and its affiliated agent(s) may agree as part of the written contract that a courier service employee will operate the dedicated terminal of its affiliate agent(s). Any such affiliated agent and courier service employee operating the affiliated agent’s terminal must be in compliance with N.J.A.C. 17:20-4.2(b).

(c) The affiliate agent shall remain liable to the Lottery, regardless of the affiliated agent’s contractual relationship with the courier service, for deposit of lottery monies as set forth in N.J.A.C. 17:20-6. Any licensing actions the Division takes against an affiliate agent, including actions that removes or disable terminal(s), will also affect all dedicated terminal(s) of the courier service, and the State and the Division shall not be liable to the courier service for any such actions.

(d) The Division shall pay all commissions or bonuses of any type only to the affiliate agent.

17:20-12.11 General requirements for courier service website, mobile application, and system

(a) Any technology, data warehouse, redundant/failover system, or backup systems relating to the courier service website or mobile application shall be physically located in the United States. Any redundant/failover system, or backup systems shall be located on an alternative power grid within the United States.

(b) The courier service system, including website and mobile application, shall adhere to cyber security best practices for the

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security of its systems, including the data, servers, and network(s) contained within, and shall have sufficient audit logs for purposes of tracking activity within the courier service system by both courier service employees and courier customers.

(c) The courier service system shall at all times deploy a geolocation software system that will permit customer transactions be made only from within the borders of the State of New Jersey. Geolocation software shall detect the courier customer's location at the time of registration of an account, login, and at the time of purchase. Once logged on, the geolocation software shall detect the physical location every 10 minutes. If the system detects that the physical location of the courier customer is in an area unauthorized for the courier service, the system shall not accept log-on or ticket purchases until such time that the courier customer is within the borders of New Jersey. The geolocation software that the courier deploys must be tested and approved by the New Jersey Division of Gaming Enforcement. Such testing and approval shall be obtained at the courier’s expense. In the event that the courier service system is not deploying the geolocation software, the courier service system shall suspend all courier services to courier customers until such time the geolocation software is functioning properly.

(d) The courier service shall at all times deploy age verification software that will permit logon and purchases to be made only by those 18 years of age and older. In the event that the courier service system is not deploying the age verification software, the courier service system shall suspend all courier services to courier customers until such time the age verification software is functioning properly. Any sale of a ticket or share to any person under 18 is a disorderly person offense, pursuant to the State Lottery Law, and in addition to the consequences for the disorderly persons offense, such sale shall also be grounds for suspension, revocation, or termination of the courier service.

(e) A courier service system shall, at a minimum, include the following features consistent with its application as approved by the Director:

1. The courier service applicant must propose a daily courier customer request spend limitation of an amount approved by the Director, which may provide that prize amounts under $600.00 awarded to a courier customer and credited to the courier customer’s account may be excluded from the daily spend limit. See N.J.A.C. 17:20-12.12(k);

2. The ability for a courier customer to set a lower personal daily spend limit;

3. The ability for a courier customer to suspend his or her account or to self-exclude use of his or her account for the purchase of tickets;

4. A waiting period, as proposed by the courier service and accepted by the Director, before a courier customer can raise a previously set personal daily spend limit;

5. A courier customer and ticket management system that includes a secure database of all tickets requested through the courier service system; and

6. At a separate physical location, a secured system or backup system capable of continuing business operations/functionality within a reasonable restore time in the event of a business interruption at the courier service’s primary location in accordance with (a) above.

(o) If a courier service system allows a courier quick pick process, the courier service shall propose its quick pick process during the application process. The courier service quick pick process can be accomplished either through a random number generator (RNG) that is resident on a courier service’s system or the RNG that is resident in the dedicated terminal. Should a courier service propose to utilize the RNG resident on its system, the courier service shall have the RNG independently certified. A certification report from a qualified company or the New Jersey Division of Gaming Enforcement shall be provided to the Division as part of the initial application and renewal process. Any changes to or malfunction of the RNG shall be reported immediately to the Division and the Division may, at the discretion of the Director, require the courier service to obtain a re-certification from a qualified company. Initial certification and re-certification shall be at the expense of the courier service. Certification is not necessary if the courier service is utilizing the RNG resident in the dedicated terminal.

(p) As technology and industry best practices advances, at the discretion of the Director, the Division may impose additional technological requirements for the courier service system upon reasonable written notice provided to the courier service to insure the security and integrity of the courier service system.

(q) The courier service system shall be subject to random and scheduled audits by the Lottery or independent auditors representing the Division. Random audits shall be conducted without advance notice.

(r) The courier customer shall be provided with a prominent notice if he or she navigates away from the official courier service website or mobile application and the website and mobile application shall require that the courier customer acknowledge he or she is leaving the courier service website or mobile application and the risk associated with same, prior to the courier customer leaving the courier service’s website or mobile application.

(s) The message “If you or someone you know has a gambling problem and wants help, call 1-800-Gambler” shall be displayed prominently within the website or mobile log on screen and a command to display this message on the log off screen shall be transmitted whenever the system detects a log off. The courier service is also encouraged to also employ technology to include in-app text messaging to 1-800-Gambler.

(t) A courier service may employ a method or means to print play slips or facsimiles thereof, after approval by the Director. No such approval shall be granted by the Director until the courier-produced play slip or facsimile performs at least as accurately as the Division’s official play slips.

(u) All courier service system communications that contain courier customer account numbers, user identification, or passwords and PINs shall utilize a secure method of transfer per current security best practices (for example, as of the effective date of this rule), 128-bit key encryption) and approved by the Division. This requirement is subject to subsection (j) above. The method of transfer will be reviewed during the initial registration application process and each registration renewal to assure that security best practices are followed.

(v) The courier service system shall electronically log the date and time any website or mobile courier customer account is created, suspended, terminated, deleted, or any other material status changes, including changes indicative of anomalous activity.

(w) A courier service system shall maintain all information necessary to recreate courier customer purchases and account activity during each courier customer session, including any identity or location verifications, for a period of no less than seven years.

(x) The courier service system shall provide a courier customer with the following:

1. Immediately following a request for a courier service to purchase a ticket on the courier customer’s behalf, an electronic confirmation of the purchase request; and

2. Immediately following ticket purchase, an electronic confirmation to the courier customer, including the serial number of the issued ticket, the relevant game, courier customer’s name, an
include at a minimum:

appropriately limited to the courier customer account holder. Unless
through the courier system’s website and mobile application is
ensure courier customer access to the courier service system

17:20-12.12 Website and/or mobile courier service system

the Division; and

notification did not occur prior to a drawing;

any other unauthorized intrusions into the courier service system or

provide a written report for each of the following types of events:

1. Lottery game;
2. Drawing date and time;
3. Full name of the courier customer as set forth in such
customer’s account;
4. Customer account number;
5. Electronic mail address of the courier customer;
6. Date the ticket was issued;
7. Lottery transaction identification number for the purchase
transaction;
8. Location of the purchase; and

A courier service shall report immediately all significant
incidents related to the operation of such courier service’s system,
either personally or by telephone, within one hour of the discovery
of the incident, followed by a letter addressed to the Director within
24 hours of the incident. At a minimum, the courier service shall
provide a written report for each of the following types of events:
1. Courier service system outages;
2. Major communications failures;
3. Significant operator errors;
4. Out of balance conditions;
5. Emergency software or hardware changes;
6. Security violations, including any cybersecurity violation or
any other unauthorized intrusions into the courier service system or
any equivalent or illegal activity;
7. Requests where purchase occurred as prescribed in this
subchapter but either Lottery or courier customer purchase
notification did not occur prior to a drawing;
8. Any situation that may cause the general public to become
alarmed and/or that may damage the integrity or public image of
the Division; and
9. Any other indicator or event specified in the courier service
approved registration.

17:20-12.12 Website and/or mobile courier service system
standards and operational controls

(a) A courier service system shall utilize sufficient security to
ensure courier customer access to the courier service system
through the courier system’s website and mobile application is
appropriately limited to the courier customer account holder. Unless
otherwise authorized by the Division, security measures shall
include at a minimum:
1. A username;
2. Password of sufficient length and complexity to ensure its
effectiveness;
3. At a minimum, the option for users to choose “strong
authentication” login protection; and
4. Electronic notification to the courier customer’s registered e-
mail address, cellular phone, or other device each time a website or
mobile courier customer account is accessed provided, however, that
a courier customer may opt out of such notification.

(b) A courier service system shall be designed with a methodology
approved by the Division to ensure there shall be no
communications directly between a lottery terminal and the website
or mobile courier service.

(c) The courier service system shall be designed to detect and
report suspicious behavior by courier customers and courier service
employees, such as cheating, theft, embezzlement, collusion, money
laundering, or any other illegal activities.

(d) The courier service system shall immediately terminate a
courier customer session whenever:
1. Required by the Division;
2. The courier customer ends a session;
3. The courier customer fails any authentication during a courier
customer session; or
4. A system error impacts purchasing/transactions.

(e) The courier service system shall employ a mechanism that can
detect and prevent any courier customer initiated ticket purchases
or withdrawal activity that would result in a negative balance of a
courier customer account.

(f) The courier service system shall disable a courier customer’s
account after three failed login attempts and require strong
authentication to recover or reset a password or username.

(g) The courier service system shall employ a mechanism that
places the courier service customer in a suspended mode:
1. When requested by the courier customer for a specified period
of time, which shall not be less than 72 hours;
2. When required by the Division; or
3. When a courier service has evidence that indicates:
   i. Illegal activity;
   ii. A negative courier customer account balance; or
   iii. A courier customer has violated the terms of service of the
courier customer’s account.

(h) When the courier customer account is in a suspended mode
the courier service system shall:
1. Prevent the courier customer from purchasing tickets;
2. Prevent the courier customer from depositing funds;
3. Prevent the courier customer from withdrawing funds from his
or her courier customer account, unless the suspended mode was
initiated by the courier customer;
4. Prevent the courier customer from making changes to his or
her courier customer account;
5. Prevent the removal of the courier customer account from the
courier service system; and
6. Prominently display to the courier customer that the courier
customer account is in a suspended mode, the restrictions placed on
the account, and any further action that the courier customer may
take to remove the suspended mode.

(i) A courier service shall notify the courier customer account
holder via electronic mail, regular mail, or other method approved
by the Division, whenever his or her account has been closed or
placed in a suspended mode. Such notification shall include the
restrictions placed on the account and any further course of action
needed to remove the restriction.

(j) A suspended account may be restored:
1. Upon expiration of the time period established by the courier
customer;
2. When permission is granted by the Division; or
3. When the courier service has lifted the suspended status.

(k) The courier website and mobile application system shall be
capable of allowing a courier customer to establish the following
responsible gaming limits. Any decrease to these limits shall be
effective no later than the courier customer’s next login. Any
increase to these limits shall become effective only after the
period of the previous limit has expired and the courier customer
reaffirms the requested increase.
1. A deposit limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum amount of money a courier customer may deposit into his or her courier customer account during a particular period of time. Once a courier customer sets his or her daily deposit limit that amount is locked for seven days at that dollar amount.

2. A spend limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum amount of money a courier customer may spend from the courier customer’s account during a particular period of time. Once a courier customer sets his or her daily spend limit that amount is locked for seven days at that dollar amount.

17:20-12.13 Courier service internal controls

A courier service shall submit, as part of its application, to the Division for the Division’ s written approval, a written description of the courier service’s system of internal controls. Such system of internal controls shall demonstrate to the satisfaction of the Division that such courier service has adequate controls in place to address data security, responsiveness to cybersecurity events to mitigate any negative events, recovery from cybersecurity events and restoration of normal operations and services, risk assessment and mitigation, training, access controls and identity management, systems operations and availability concerns, courier customer data privacy, incident response, disaster recovery, security of physical tickets, ticket and document retention, services that must be performed in New Jersey in accordance with N.J.A.C. 17:20-12.6(a)5, and any other control issue the Division may identify. The Director may approve, conditionally approve, or disapprove the courier service’s system of internal controls. In the event that the Director disapproves, the courier service shall have a reasonable amount of time, but no more than 30 days, to submit a description of a satisfactory system of internal controls.

17:20-12.14 Independent third-party testing

(a) As a condition to the issuance of a courier registration, the courier service system must undergo independent third-party testing. A courier service may choose a laboratory approved by the Director or the laboratory operated by the NJDGE, except where indicated, testing must be performed by the NJDGE. All third-party testing shall be at the prospective courier service’s expense. At the conclusion of third-party testing, the laboratory performing the test must submit a written report to the Division detailing the testing performed and the findings. If the testing is performed by the NJDGE, a letter of with NJDGE’s findings shall be sent to the Division. The Division may require any conditions to be satisfied prior to the prospective courier service beginning operations.

(b) An independent testing laboratory shall be used for the testing, certification, and/or verification of the following topics:
1. Courier customer account registration;
2. Courier customer account controls;
3. Control program;
4. Client software;
5. Courier service disable/enable;
6. Shutdown and recovery;
7. Malfunction;
8. Geolocation (must be performed by NJDGE);
9. Advertising;
10. Courier customer loyalty programs;
11. Reporting;
12. Courier customer interface;
13. Authorized game recall;
14. Information security policy;
15. Administrative controls;
16. Technical controls;
17. Random number generator;
18. Game changes;
19. Physical and environmental controls; and
20. Any other function or feature of the courier service system as may be required by the Director.

17:20-12.15 Courier customer accounts

(a) Prior to a courier customer purchasing a ticket, a courier customer shall establish a courier customer account. Each courier customer account may be registered to only one natural person, who must be geographically located within the State of New Jersey during all registration, logon, and transaction activities.

(b) A courier service shall not permit a courier customer to establish more than one courier customer account with the courier service. A courier service shall implement measures designed to ensure that no courier customer is able to establish more than one courier customer account with the courier service. Further, the courier service shall ensure that a courier customer account is non-transferable.

(c) A courier customer shall not act as an agent for another person for the purpose of purchasing tickets through a courier service; any such ticket(s) purchased by the courier customer in violation of this provision shall be considered void.

(d) A courier customer shall have the option, at all times, to obtain the ticket(s) purchased by the courier service on the courier customer’s behalf for any purpose. The courier service, as part of its application shall describe, in detail, the process by which it will effectuate this courier customer option.

(e) In lieu of delivery of a purchased ticket to a courier customer, a courier service may store such ticket on behalf of that customer, with the customer’s affirmative consent to do so, if the courier service provides the courier customer an electronic receipt that meets the requirements set forth at N.J.A.C. 17:20-12.11. The courier service, as part of its application, shall describe, in detail, the process by which it will effectuate this courier customer option.

(f) A courier service shall sell only full share ticket(s) to courier customers. Additionally, the courier service shall not sell shares or wagers on the outcome of a lottery game.

(g) In order to establish a website or mobile account, a courier service shall create and encrypt an electronic courier customer file, which shall include, at a minimum, personal information.

(h) Any information collected for the establishment of a courier customer account or information that is personally identifiable shall be considered confidential information and shall not be available for sale to any party by the courier service. Violation of this provision may result in immediate suspension or revocation of the courier service registration.

(i) A courier customer account may be funded through the use of a courier customer’s credit or debit card, bank account, promotional, or other credit issued by the courier service, or by such other method as the Director may approve in writing upon request of the courier service. See N.J.A.C. 17:20-12.6(a)16.

(j) A courier service shall not permit a courier customer to transfer funds to another courier customer.

(k) A courier service shall establish and maintain a trust account for the benefit of the courier customers in national or State chartered banking institutions located in New Jersey. This account shall be separate from all other courier service operating or other bank accounts to ensure the security of funds held. The balances in the courier customer trust account shall at all times be sufficient to pay all money deposited by courier customers for the purchase of tickets, including all courier customer prizes won. All prizes collected on behalf of courier customers shall be placed promptly in such trust account. Monies may not be withdrawn from such trust account for any purpose other than to disburse a courier customer’s funds to such courier customer or purchase courier services as requested by such courier customer. A courier service shall have
unfettered access to all courier customer account and transaction data to ensure that the amount held in its trust account is sufficient.

(i) On a monthly basis, a courier service shall transmit to the Division a report of all courier service customer accounts containing a list of each account, the balance in each account, the total of all account balances, the status of each account, that is, suspended, dormant, and any deposit and/or play limits. A courier service may also be subject to random audit of same. Method of preferred transmission will be provided by the Lottery in the courier service registration approval letter, See N.J.A.C. 17:20-12.6.

(m) A courier service shall make available, within two business days, funds a courier customer requests to withdraw from such courier customer’s account.

(n) Upon reasonable suspicion that a courier customer’s identification has been compromised, the courier service shall re-verify a courier customer’s identification.

(o) Courier service customer accounts that do not have any activity for a period of 13 months, shall be considered a dormant courier customer account. For any dormant courier customer account, the courier service must make all reasonable attempts to contact the courier customer to determine whether the courier customer wishes to keep the account active or cancel. No fees may be charged during the period of dormancy.

(p) The courier service system shall have a process for a courier customer to voluntarily close his or her courier customer account. This process shall be proposed by a courier service applicant, but at a minimum, it shall address, full reimbursement of all funds and/or tickets in the customer’s account, the permanent deletion of all courier customer personal information from the courier service’s database, and the time frame to complete such activities.

(q) The courier service shall safeguard all personal information associated with courier customer accounts.

(r) Courier customer information collected to create or maintain an account with a courier service and courier customer account information, to the extent it is the possession of the Division of Lottery, shall remain confidential for all other purposes.

17:20-12.16 Ticket fulfillment, notification, and redemption by courier service

(a) Ticket fulfillment shall be as follows:

1. The courier system shall promptly process all courier customer requests to purchase tickets. Ticket processing shall consist of completing all of the following in accordance with the requirements of this chapter:
   i. Sending a notice of receipt of the courier customer’s request to purchase a ticket;
   ii. Accessing the courier customer account for the requested ticket purchase price;
   iii. Purchasing the requested ticket;
   iv. Sending a notice of purchase of requested ticket;
   v. Storing the purchased ticket;
   vi. If the purchased ticket was a winner, notifying the courier customer that the ticket is a winner;
   vii. Making or facilitating payment of the winning ticket prize to the courier customer; and
   viii. Upon request, successfully delivering a requested ticket to the courier customer or making reasonable efforts to deliver the requested ticket to the customer.

2. Courier service shall keep records of all steps in the ticket fulfillment process and upon request, provide the records of ticket fulfillment to the courier customer or the Division.

3. Tickets shall become unavailable for courier customer requests to purchase at least 60 minutes prior to the conducting of each drawing. If the courier service has not processed any purchase requests 30 minutes prior to the drawing cut-off, the purchase request shall be canceled by the courier service and the courier customer shall be notified prior to the relevant drawing that his or her purchase request could not be processed in the time provided for pursuant to this provision and was canceled. If a fee was charged for the purchase request it shall be promptly refunded;

4. A courier service may offer to purchase on behalf of a courier customer multi-draw tickets only to the extent that such tickets would be permitted to be purchased by a lottery customer directly from an agent.

5. A courier service shall accomplish all ticket processing requirements for each ticket issued on behalf of a courier customer; and

6. The courier service shall promptly provide confirmation of ticket purchase, including scanned images of the front and back of the ticket(s), to the courier customer prior to the game drawing.

(b) Notification shall be as follows:

1. A courier service shall notify a courier customer on whose behalf such courier service has purchased a winning ticket and the amount of the prize within 24 hours of the applicable drawing. Such notification shall be made electronically through the courier service system, electronic mail, or other method proposed by a courier service and approved by the Director during the registration process. If the prize is more than $600.00, the courier service shall also notify the Division within 24 hours of the identity of the prize winner, the prize amount, game name, the date of the drawing and, for a draw game conducted more than once per day, the time of the drawing;

2. A courier service may electronically provide a courier customer who is a prize winner with a digitally completed claim form and any other documentation required to redeem such prize. Such form must be approved by the Director; and

2. After notifying a courier customer that they have a prize-winning ticket with a prize of $600.00 or more, a courier service shall print the courier customer’s full name, as set forth in such courier customer’s account, on the back of the ticket, validate the ticket, attach the validation receipt, and provide physical delivery of approved method(s). See N.J.A.C. 17:20-12.17(b).

(c) Redemption shall be as follows:

1. Pursuant to N.J.A.C. 17:20-12.1(f), a courier customer shall have the option, at all times, to obtain a winning ticket for purpose of redemption. If a courier customer chooses not to have winning tickets under $600.00 redeemed by the courier service, it shall print the courier customer’s full name, as set forth in such courier customer’s account, on the back of the ticket(s), and deliver the original ticket(s) to the courier customer by approved method(s). See N.J.A.C. 17:20-12.17(b).

2. If a courier customer chooses to have winning tickets under $600.00 redeemed by the courier service, it shall print the courier customer’s full name, as set forth in such courier customer’s account, on the back of the ticket(s), and deliver the original ticket(s) to the courier customer by approved method(s). See N.J.A.C. 17:20-12.17(b).

3. A courier service shall be prohibited from redemption of tickets valued at $600.00 or more. For any prize of $600.00 or more, a courier customer must make the claim directly to the Division. For prizes of $600.00 or more, a courier service shall print the courier customer’s full name, as set forth in such courier customer’s account, on the back of the ticket, validate the winning ticket, attach the validation receipt, and deliver the original winning ticket to the courier customer by approved method(s). See N.J.A.C. 17:20-12.17(b); and

4. No prize shall be paid to a courier service with respect to stolen tickets or winning tickets where the courier customer who purchased the ticket cannot be found, unless the Director so determines. See N.J.A.C. 17:20-12.17(g).

17:20-12.17 Delivery, retention, and storage of tickets by courier service

(a) Tickets are bearer instruments and ownership is not established until the back of the ticket is physically signed by the courier customer. A printed name shall not be considered to be the courier customer’s signature, as required for prize redemption by
A courier service shall employ method(s) for secure delivery of winning tickets to the correct courier customer. A courier service shall propose secure method(s) and timeframe for delivering tickets to courier customers during the application process. Any such methods shall be verifiable; that is, proof that the correct ticket(s) are delivered to the correct courier customer. See N.J.A.C. 17:20-12.4(a)(4). Approved methods of delivery cannot be changed except as specifically approved, in writing, by the Director.

(c) A courier service shall store each physical ticket purchased and retained on behalf of a courier customer in New Jersey, in a secure safe or vault with a minimum fire rating of Class 150-1 Hour issued by Underwriter Laboratories Inc., or such equivalent rating approved by the Director. The premises housing such safe or vault shall be protected by a burglar and fire alarm system with 24-hour central station monitoring. Additionally, the safe or vault shall be subject to access control rules implemented by the courier service and be continuously monitored and recorded by security cameras 24 hours a day, seven days per week. All recordings must be securely stored for a minimum of 30 days. The courier service shall fully describe its access control rules in its application.

(d) A courier service shall maintain a secure database of all stored tickets, linking each ticket to the courier customer who purchased it.

(e) A courier service is wholly responsible to its customers for lost, damaged, destroyed, stolen, or missing tickets, notwithstanding the degree of care that they may have exercised with regard to the tickets.

(f) A courier service is responsible to its customers for the foreseeable consequences of the loss of tickets, or for other breaches of these rules or game rules.

(g) In the event that a courier service is unable to deliver a winning ticket to a courier customer using the information provided during the account sign-up, the courier service shall make all reasonable attempts to locate the courier customer prior to the expiration of the prize. If after all reasonable attempts fail, and the ticket expires, the courier service shall retain all evidence of its attempts to make contact with the courier customer. Should the courier customer contact the courier service after the ticket is expired, it is the responsibility of the courier service to explain what steps were taken to find the customer prior to the expiration of the ticket.

(h) As tickets are held in trust, and not owned by the courier service, under no circumstance shall a winning ticket for a prize of $600.00 or more that is about to expire be redeemed by anyone except the courier customer who purchased the ticket.

(i) The Division shall bear no responsibility or liability for locating courier customers having winning ticket(s) who have not been found by the courier service.

(j) The Division shall bear no responsibility or liability to a courier customer when a winning ticket expires. A courier service shall retain all non-winning tickets and winning tickets redeemed by the courier service until at least 90 days have passed from the expiration of the applicable period in which a prize claim may be made validly to the Division in regard to such ticket.

(l) A courier service shall report to the Division within two hours of discovery regarding any theft from, or unauthorized entry upon, its premises, including whether any tickets or property appear to be missing at the time, and shall supplement such report regarding any missing tickets or property immediately upon obtaining additional information thereon.

17:20-12.18 Courier service ticket sale occurrence and ownership

(a) Courier service ticket sale occurrence:

1. No courier customer request or payment for courier service and no receipt or acknowledgment of any such request constitutes evidence of a validly issued ticket. A ticket, in order to be deemed validly issued, shall be physically generated by a lottery terminal authorized by the Division for sale to a customer (including sale through a courier service). A courier service shall not charge a courier customer’s account until such time as the physical ticket is printed from the dedicated terminal and the courier customer is notified. See N.J.A.C. 17:20-12.16(a);

2. Required disclosures to courier customers:
   i. A courier service shall disclose prominently on its courier service system the text of paragraph (a) above; and
   ii. A courier service shall disclose prominently on its courier service system a warning to customers to take care to ensure the safekeeping of tickets and not to risk claim complications by disseminating images of purchased tickets.

(b) Ticket ownership:

1. A courier service that purchases a ticket on request from a courier customer holds such ticket in trust for such courier customer and acquires no ownership interest in such ticket. Notwithstanding such lack of ownership, a courier service may destroy a ticket in compliance with the retention requirements set forth in N.J.A.C. 17:20-12.17. Tickets in the possession of the courier service are the sole responsibility of the courier service and it is the courier service’s duty as a fiduciary of the courier customer to handle such tickets as set forth in this subchapter. This shall be an express trust relationship between the courier service and the courier customer with respect to the tickets and any winning related to such tickets. Any failure to deliver tickets purchased by the courier customer, pursuant to this subchapter, or to deliver winnings related to such tickets to the courier customer in accordance with the provisions of this subchapter will be considered a fraud or defalcation by a fiduciary.

17:20-12.19 Persons prohibited to use courier service

(a) A courier service shall prevent the following persons from opening an account or placing a request for courier services through its system:

1. Persons under the age of 18;
2. Employees, officers, directors, or direct or indirect owners of such courier service; and
3. Any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of any employee, officer, director, or direct or indirect owner of such courier service.

(b) A courier service shall submit as part of its application for registration procedures to prevent persons from opening an account or placing a request for courier services through its system. A courier service shall implement any changes to such procedures as the Division may direct at any time. Such procedures are subject to Division approval.

1. Such plan shall include the following, in regard to prevention of play by a minor:
   i. Specification of parental controls procedures to allow parents and guardians to exclude persons under the age of 18 from placing a request for courier services through such courier service’s system. The courier service shall explain what information is made available to parents and guardians about the specific steps they may take to implement parental controls, including use of the toll-free number that a courier service shall provide for individuals seeking help in establishing such parental controls;
   ii. Detailed explanation of the steps taken to prevent persons under the age of 18 from placing a request for courier services through such courier service’s system. The courier service shall explain what types of native or third-party age verification procedures are implemented to verify that each person registering for an account is not under the age of 18. The courier service shall explain the mechanism or mechanisms used to identify and deactivate accounts created or used by minors, age verification, and identification procedures to exclude persons under the age of 18 from registering on a courier service system;
iii. Procedures used to identify and deactivate accounts created or used by persons under the age of 18 and to exclude such persons from all activity offered through such courier service’s system;

iv. Verification that any account balance attributable to a person under the age of 18 shall be refunded, less any prizes already awarded, within no more than two business days of discovery that such account is attributable to such person. The courier service shall explain how deposits will be refunded; and

v. Procedures to ensure that persons under the age of 18 do not receive promotional materials that relate to a courier service’s system.

2. Such plan shall include, in regard to verification of geolocation capabilities, procedures to ensure the courier service system’s ability to prevent requests for courier services by players not physically present in the State of New Jersey at the time of such request.

(c) A courier service shall specify in the courier service system terms of use that each category of individuals identified in this section is prohibited from placing requests for courier services through such courier service’s system.

(d) A courier service shall be strictly liable for a civil penalty assessed by the Director, for permitting any prohibited courier customer, as set forth in subsection (a) above, to use such courier service’s system. The Division shall consider, however, before imposing any penalty or sanction upon a courier service for a violation of this section, any circumstances that such courier service presents in writing to the Division as mitigating factors for the violation of this section, including, without limitation, good-faith reliance on false or misleading information provided by the prohibited person and good-faith compliance with appropriate internal controls and courier service system processes designed to prevent play by a prohibited person.

(e) The Director shall penalize a courier service found to have allowed a minor to use a courier service system up to $10,000 per violation.

17:20-12.20 Courier service fees

(a) A courier service may charge a fee for the purchase and delivery of tickets. The fee shall be per request for courier services by a courier customer and shall not be per ticket requested.

(b) For each courier services request made by a courier customer, the fee for the transaction must be clearly displayed and the courier customer must affirmatively accept and consent to the fee.

(c) The courier service shall permit charge any fee other than the fee described in subsection (a) above. Prohibited fees include: any fee relating to account sign-up, validation of a winning ticket, the period specified contains no data to be presented. The report processing records, shall be subject to both random and scheduled financial and/or operational audits by the Division and/or the Lottery’s independent auditing firm, as well as any other authorized State or Federal entity. The courier service shall cooperate with any such audit. The Director may immediately suspend or revoke a courier service’s registration for failure to cooperate with any such audit.

(g) The courier service software system shall be designed to generate reports as specified by the Division that shall include at a minimum:

1. The report title;
2. The version number of the current system software and report definition;
3. The date or time period of activity, or description “as of” a point in time;
4. The date and time the report was generated;
5. Page numbering, indicating the current page and total number of pages;
6. Subtotals and grand totals as required by the Division;
7. A description of any filters applied to the data presented in the document;
8. Column and row titles, if applicable; and
9. The name of the courier service.

(h) All required reports shall be generated by the system, even if the period specified contains no data to be presented. The report generated shall indicate all required information and contain an indication of “No Activity” or similar message if no data appears for the period specified.

(i) Systems shall provide a mechanism to export the data generated for any report to a format approved by the Division.

(j) A courier service system shall generate, on a monthly basis commencing 13 months after the creation of the first website or mobile account, a dormant account report, which shall list all courier customer accounts that have had no activity for a period of 13 months. The report shall include:

1. The courier customer name and account number;
2. The date of the last transaction; and
3. The account balance.

(k) A software system shall generate a Courier Customer Account Adjustments Report, which shall be reviewed on a monthly basis to evaluate the legitimacy of courier customer account adjustments. Unless otherwise authorized by the Division, the report shall at a minimum include:

1. The courier customer’s name;
2. An account number;
3. The date and time of the adjustment;
4. The person who performed the adjustment;
5. The reason for the adjustment; and
6. The amount of the adjustment.

(l) All courier service lottery operations, reports, and records shall be subject, upon demand, to inspection and audit by representatives of the Lottery, but such reports and records shall remain confidential for all other purposes except income tax reporting required by law.

17:20-12.22 Courier service customer complaints
(a) Each courier service shall maintain for a period of two years, a record of each courier customer complaint, the inquiry or investigation undertaken by the courier service, action taken by the courier service to resolve the complaint, and the final disposition of the complaint. Such records shall contain the original or copies of the customer complaint, all written communications between the courier service and the complainant, all documents or telephone or in-person recordings created in connection with a complaint, and any documentation provided to the courier customer by the courier service. Such courier customer complaint records shall include:
1. The name and address of the complainant;
2. The nature or purpose of the complaint;
3. The date the complaint was received by the courier service;
4. The complaint denial, including the notice to the courier customer of the complaint denial, whenever a complaint is denied; and
5. Any additional information used by the courier service in determining how to resolve the complaint.
(b) The courier service shall maintain a permanent record summarizing the number and nature of consumer complaints and the resolution or outcome of such complaints. These records shall be made available to the Lottery upon request.

(c) A courier service shall display on the courier service website and mobile applications the Lottery’s customer service hotline telephone number 1-800-222-0996 for courier service customer complaints.
(d) If a courier service is unable to resolve a complaint after a period of 10 days, the complaint shall be sent to the Division for the Division’s review.

17:20-12.23 Advertising and marketing by courier service
(a) A courier service may offer to courier customers, at such courier service’s own expense, any promotion, discount, or other marketing feature not inconsistent with this subchapter. The Director may order a courier service to cease any promotion, discount, or other marketing feature that the Director deems to be not in the best interests of the Lottery program, in the discretion of the Director. Each courier service shall provide to each courier customer each promotion, discount, or other marketing feature to which such courier customer is entitled and shall in no case retain for such courier service’s benefit or the benefit of any of courier service’s owners, officers, or employees, any promotion, discount, or other marketing benefit intended for a courier customer.
(b) A courier service shall provide links to Lottery web pages as the Director may direct from time to time.

(c) No courier service may make any announcement of a winner or prospective winner, whether live or through any media, without the prior written approval of the Director.
(d) A courier service shall not divulge, publish, or announce winner or prospective winner information known solely because of the courier service/courier customer relationship without the written approval of the Director.