

**Readopt with amendments and renumber Pari 1101, effective 2-1-15 (Document #10773), as Lot 7101 to read as follows:**

CHAPTER Lot 7100 LUCKY 7

Statutory Authority: RSA 287-E:18

PART Lot 7101 PURPOSE AND SCOPE

Lot 7101.01 Purpose. The purpose of this chapter is to establish requirements for the manufacture, distribution and sale of lucky 7 tickets pursuant to RSA 287-E:1 and RSA 287-E:16 through RSA 287-E:26, to ensure that the games are fair, honest, secure and auditable.

Lot 7101.02 Scope. This chapter shall apply to:

- (a) Manufacturers of lucky 7 tickets, lucky 7 ticket dispensing devices and associated equipment;
- (b) Distributors of lucky 7 tickets lucky 7 ticket dispensing devices and associated equipment;
- (c) Charitable organizations which sell lucky 7 tickets; and
- (d) Entities or individuals providing gaming consultant services.

**Readopt and renumber Pari 1102.01, effective 2-1-15 (Document #10773), as Lot 7102.01, cited and to read as follows:**

PART Lot 7102 DEFINITIONS

Lot 7102.01 “Cash-out voucher” means a printed receipt tendered to the player, upon request, for any unused plays or winnings that remain on the electronic lucky 7 ticket dispensing device.

**Adopt Lot 7102.02 to read as follows:**

Lot 7102.02 "Charitable organization" means “charitable organization” as defined in RSA 287-E:1, V, namely “any bona fide religious, charitable, civic, veterans or fraternal organization which shall have been registered with the secretary of state for at least 2 years and in existence and organized under the laws of this state for at least 2 years in a town or city in this state, and which possesses a tax exempt status under Internal Revenue Code 501(c)(3), 501(c)(4), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) or is covered under a group ruling issued by the Internal Revenue Service under authority of those section.”

**Readopt and renumber Pari 1102.02, effective 4-26-16 (Document #11087), as Lot 7102.03 to read as follows:**

Lot 7102.03 “Commission” means the New Hampshire lottery commission established pursuant to RSA 284:21-a, or its designated staff acting on behalf of the commission.

**Repeal Pari 1102.03, effective 2-1-15 (Document #10773) as follows:**

~~Pari 1102.03 “Consultant” means a person or entity that has been hired by the charitable organization for consulting, managing, assisting in the sale of lucky 7 tickets, record keeping, filing forms with the~~

~~commission, advertising, providing free offer of coffee and donuts to customers, or security protection for the organization itself, not including security for the hall or parking area, as allowed by RSA 287-E:7, II(b).~~

**Readopt with amendments and renumber Pari 1102.04-Pari 1102.09, effective 2-1-15 (Document #10773), as Lot 7102.04-Lot 7102.09 to read as follows:**

Lot 7102.04 “Deal” means each separate set of no more than 3,500 lucky 7 tickets consisting of one game of lucky 7 bearing the same game form number and serial number.

Lot 7102.05 “Distributor” means any person who sells, leases, offers or otherwise provides, distributes, or services any lucky 7 tickets, lucky 7 ticket dispensing devices or associated equipment for use or play in this state.

Lot 7102.06 “Electronic lucky 7 ticket dispensing device” means a unit that uses electronic features to dispense lucky 7 tickets, and which might also have an auditory or visual enhancement to promote or provide information about a game being dispensed, but does not affect the outcome of a game, and includes:

(a) An electromechanical dispensing device that dispenses pre-printed lucky 7 tickets, and might have the added ability to:

- (1) Read a bar code or similar form of encryption or marking on the ticket as or after it is dispensed;
- (2) Display the results on a video monitor,
- (3) Issue a cash out voucher; or
- (4) Track sales via remote access; and

(b) A computerized system that electronically generates lucky 7 tickets, and might have the added ability to:

- (1) Read a bar code or similar form of encryption or marking on the ticket as or after it is dispensed;
- (2) Display the results on a video monitor;
- (3) Issue a cash out voucher; or
- (4) Track sales via remote access.

Lot 7102.08 “Game date” means lucky 7 tickets played on a specified date.

Lot 7102.09 “Game form number” means the unique, manufacturer-designated number or alphanumeric code that identifies the cost per play, ticket count, payout structure, and extended payout structure.

**Adopt Lot 7102.10 to read as follows:**

Lot 7102.10 “Gaming consultant” means “gaming consultant” as defined in RSA 287-E:1, VI-b, namely “any individual or business entity who is hired by or otherwise receives compensation from a charitable organization to provide gaming related services including consultation, management, assistance with the operation of the bingo game or the sale of lucky 7 tickets, record keeping, filing forms with the

commission, advertising, or security and who handles, manages, oversees, or disburses any of the funds derived from the operation of the charitable games.

**Readopt with amendments and renumber Pari 1102.10-Pari 1102.14, effective 1-20-07 (Document #8803), as amended effective 2-1-15 (Document #10773), as Lot 7102.11-Lot 7102.15 to read as follows:**

Lot 7102.11 “House rules” means instructions, adopted by the charitable organization, which describe how lucky 7 tickets are sold, played and won.

Lot 7102.12 “Lucky 7 ticket” means a paper or cardboard ticket for sale in New Hampshire designed with pull-tabs or similar break-open features with concealed numbers or symbols that indicate if the ticket is a winner, and includes:

(a) Pre-printed tickets that can be dispensed by either a passive or electronic lucky 7 ticket dispensing device; and

(b) Electronic lucky 7 tickets, which are produced and dispensed on demand by an electronic lucky 7 ticket dispensing device.

Lot 7102.13 “Lucky 7 ticket dispensing device” means a cabinet that delivers lucky 7 tickets and has no additional function as an amusement or gambling device. This term includes passive and electronic lucky 7 ticket dispensing devices.

Lot 7102.14 “Manufacturer” means any person who manufactures, builds, rebuilds, fabricates, assembles, produces, programs, designs, or otherwise makes modifications to any lucky 7 tickets, lucky 7 ticket dispensing devices or associated equipment for use or play in this state.

Lot 7102.15 “Multiple jackpot seal card” means a single seal card that contains up to 4 individual jackpots.

**Readopt with amendments and renumber Pari 1102.15-Pari 1102.18, effective 2-1-15 (Document #10773), as Lot 7102.16-Lot 7102.19 to read as follows:**

Lot 7102.16 “Passive lucky 7 ticket dispensing device” means a unit that is electro-mechanical in nature used to dispense preprinted lucky 7 tickets without the means of electronically displaying a ticket or other graphic representation of a lucky 7 ticket game.

Lot 7102.17 “Role-based access control” means a principle by which developers create systems that limit access or restrict operations according to a user’s constructed role within a system. This system is used by businesses and organizations to ensure that unauthorized users do not gain access to privileged information within an IT architecture. Role-based access control is also known as role-based security.

Lot 7102.18 “Rolling jackpot” means the designated jackpot value that is not won on a given lucky 7 ticket that is added to the designated jackpot value of the next lucky 7 ticket for sale of the same game form number.

Lot 7102.19 “Rolling jackpot bonus game” means a seal card with a rolling jackpot feature.

**Readopt with amendments and renumber Pari 1102.19, effective 2-1-15 (Document #10773), as Lot 7102.20 to read as follows:**

Lot 7102.20 “Seal card” means a board or placard used in conjunction with a deal of pre-printed lucky 7 tickets that contains one or more seals that, when opened or removed, reveals a pre-designated winning letter, number or symbols and awards selected players additional ways to win.

**Readopt and renumber Pari 1102.20, effective 2-1-15 (Document #10773), as Lot 7102.21 to read as follows:**

Lot 7102.21 “Server” means a computer either physically located at the premises where an electronic lucky 7 ticket dispensing device is operated or located at a facility approved by the commission, and that has predetermined the winning and losing electronically generated lucky 7 tickets within a deal, and which provides that information via secure and redundant telecommunications facilities to electronic lucky 7 ticket dispensing devices.

**Readopt with amendments and renumber Pari 1103.01 effective 2-1-15 (Document #10773), as Lot 7103.01, cited and to read as follows:**

PART Lot 7103 LICENSING REQUIREMENTS

Lot 7103.01 Licensing Requirements of Manufacturers and Distributors.

(a) In accordance with RSA 287-E:17, no manufacturer or distributor shall supply or sell lucky 7 tickets or lucky 7 ticket dispensing devices in New Hampshire without possessing a current and valid license issued by the commission in accordance with this chapter.

(b) To qualify for licensure, an applicant as well as all partners, officers, or directors of the entity shall:

(1) Not have been convicted of a felony, which has not been annulled by any court, within 10 years from the date of the application, or violated any of the statute or rules governing charitable gaming in the past in this or any other state, as prohibited by RSA 287-E:7, VI and RSA 287-E:23, II; and

(2) When applying as a distributor, have a principal place of business located within New Hampshire, as required by RSA 287-E:23, IV.

(c) To obtain a license to manufacture lucky 7 tickets or lucky 7 ticket dispensing devices, the applicant shall submit the following to the commission:

(1) A completed and accurate “Application for Manufacturer License” form (1/2020), which shall include the certification required by RSA 287-E:23, II, affirming that neither the applicant nor any partner, officer, or director has been convicted of a felony, which has not been annulled by any court, within 10 years from the date of the application;

(2) Payment for the licensing fee of \$5,000 as established by RSA 287-E:23, VI(c); and

(3) A copy of bond posted in the amount of \$50,000, payable to the commission and conditioned upon the licensee’s compliance with the rules and laws of the commission, as established by RSA 287-E:23, III .

(d) As allowed by RSA 287-E:8-a, V, a manufacturer with a current New Hampshire license to manufacture lucky 7 tickets shall be authorized to manufacture paper bingo supplies, electronic bingo player systems, or shared carryover coverall supplies or network systems, and not be required to pay an additional licensing fee under this chapter.

(e) To obtain a license to distribute lucky 7 tickets and lucky 7 ticket dispensing devices, a distributor shall submit the following to the commission:

- (1) A complete and accurate "Application for Distributor License" form (1/2020), which shall include the certification required by RSA 287-E:23, II affirming that neither the applicant nor any partner, officer, or director has been convicted of a felony, which has not been annulled by any court, within 10 years from the date of the application;
- (2) Payment for the licensing fee of \$10,000, pursuant to RSA 287-E:23, I; and
- (3) A copy of a bond posted in the amount of \$50,000, payable to the commission and conditioned upon the licensee's compliance with the rules and laws of the commission, pursuant to RSA 287-E:23, III.

(f) As allowed by RSA 287-E:8-a, I and III, a distributor with a current New Hampshire licensed for distribution of lucky 7 tickets may distribute bingo paper supplies, electronic bingo player systems, and shared carryover coverall supplies and networking systems, and shall not be required to post an additional bond or file for a separate licensing under this chapter.

(g) If at any time, the information provided in accordance with (c) and (e) above changes, or is otherwise found to be inaccurate, the applicant shall submit updated or corrected information to the commission within 15 days of the event that resulted in the change, or discovery of the inaccuracy.

**Readopt with amendments and renumber Pari 1103.02, effective 2-1-15 (Document #10773), as amended effective 4-26-16 (Document #11087), as Lot 7103.02 to read as follows:**

Lot 7103.02 Licensing Requirements of Charitable Organizations.

(a) In accordance with RSA 287-E:17, no charitable organization shall sell lucky 7 tickets without possessing a current and valid license issued by the commission in accordance with RSA 287-E and this chapter.

(b) To be eligible for licensure, an organization shall:

- (1) Be a bona fide religious, charitable, civic, veterans or fraternal organization in existence and organized under the laws of this state for at least 2 years in a town or city in this state;
- (2) Be able to establish that the purposes for which it was organized have been furthered through its activities;
- (3) Possess a tax exempt status under Internal Revenue Code 501(c)(3), 501(c)(4), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) or be covered under a group ruling issued by the Internal Revenue Service under authority of those sections;

- (4) Be in good standing, and registered with the secretary of state for 2 or more years prior to the application as a domestic non-profit authorized to do business in New Hampshire; and
  - (5) Be in good standing and registered with the director of charitable trusts, if required under RSA 7:19 through RSA 7:32.
- (c) To obtain a lucky 7 license, a charitable organization shall submit the following to the commission:
- (1) A completed “Lucky 7 Application - Charitable Organization” form (1/2020), which shall include a certification affirming that:
    - a. The individual signing the application is an official of the charitable organization authorized to sign the application on the organization’s behalf;
    - b. Except as otherwise allowed, only bona fide members of the charitable organization will be permitted to sell lucky 7 tickets, and that such members are aware of all statutes and rules applicable to the operation of such an event;
    - c. The charitable organization has taken action to ensure compliance with RSA 287-E:7, VI relative to individuals with a criminal history participating in the sale of lucky 7 tickets;
    - d. The charitable organization has established and will adhere to internal control policies and procedures in accordance with the requirement of Lot 7100;
    - e. The information provided on the application and any supporting documentation submitted with the application is true, accurate, and complete, and that there are no willful misrepresentations in or falsifications of the information provided; and
    - f. Any amendments or corrections to the provided documents will be submit to the commission within 15 days of any event that resulted in a change, or the discovery of the inaccuracy;
  - (2) Supporting documentation, as required by (d) below; and
  - (3) Payment of the licensing fee of \$10 per month or any part of a month for up to 12 consecutive months per application as established by RSA 287-E:19, I.
- (d) The supporting documentation required by (c)(2) above shall include:
- (1) One of the following documents confirming the organization’s tax-exempt status:
    - a. An affirmation letter or letter of determination from the Internal Revenue Service (IRS) that indicates the organizations tax exempt status under 26 USC §501(c)(3), (4), (7), (8), (10), or (19); or
    - b. If the charitable organization is exempt by virtue of a group ruling:
      1. A copy of the group exemption letter issued to the central organization recognizing on a group basis the exemption under section 501(c)(3), (4), (7), (8), (10), or (19), of subordinate organizations on whose behalf the control organization has applied for recognition of exemption; and

2. A letter from the central organization with which the charitable organization is affiliated confirming that the charitable organization is covered under the central organization's group tax exemption;

(2) Documentation from the New Hampshire secretary of state, which includes the organization's name and ID number, confirming that the organization has been registered as a domestic non-profit for at least 2 years prior to the application, and is currently in good standing;

(3) One of the following from the director of charitable trust:

a. Documentation, which includes the organization's name and ID number, confirming that the organization is registered and in good standing; or

b. If registration is not required under RSA 7:19-32-a, written documentation confirming that the organization is exempt from this requirement;

(4) A letter written on the charitable organizations letterhead and signed by an authorized officer of the organization, which describes:

a. The charitable purposes of the organization for which it is organized; and

b. The extent to which these charitable purposes have been furthered by the organization's activities in the 2 years prior to the date of the application;

(5) A completed "Bingo/Lucky 7 Operations Participant List" form (1/2020) that has been signed, dated, and certified as accurate by an officer of the organization;

(6) A copy of the charitable organization's lucky 7 house rules, which meets the requirements set forth in Lot 7105.01 below; and

(7) Copies of all written agreements or contracts, including those relative to services provided in accordance with RSA 287-E:7, II(b).

(e) Upon request of the commission, the individual signing the application shall show proof that he or she is an official of the charitable organization authorized to sign the application on behalf of the organization, such as providing copies of the meeting minutes at which the governing body authorized such authority.

(f) The charitable organization shall submit a license application and related documentation to the commission at least 15 days, but no more than 45 days prior to the first game date of the month or year for which the license has been requested.

(g) If at any time, the information provided in accordance with (d) above changes, or is otherwise found to be inaccurate, the charitable organization shall submit updated or corrected information to the commission within 15 days of the event that resulted in the change, or discovery of the inaccuracy.

(h) An organization shall immediately notify the commission in the event that it no longer meets the qualifications for licensure, including the loss of its tax exempt status, or failure to maintain its registration with the secretary of state or director of charitable trust, as required by RSA 287-E:1, V.

**Adopt Lot 7103.03 to read as follows:**

Lot 7103.03 Licensing Requirements of Gaming Consultants.

(a) In accordance with RSA 287-E:7, II(b), no person shall receive compensation for providing gaming related services, as described in (b) below, unless licensed by the commission as a gaming consultant, and the services to be provided are agreed to in advance, and a copy of a written agreement is submitted to the commission.

(b) An individual shall be deemed as providing gaming related services when he or she participate in the management or operation of the charitable gaming event, or handles, manages, oversees, or disburses any of the funds derived from the operation of the charitable gaming event.

(c) Gaming related services shall include the following:

- (1) Providing consultation services;
- (2) Managing the sale of lucky 7 tickets, including:
  - a. Providing direct on-site supervision of the ticket sales; or
  - b. Coordinating volunteers;
- (3) Participating in the operation of lucky 7 tickets, including:
  - a. Selling lucky 7 tickets; and
  - b. Determining winners or distributing prizes;
- (4) Providing record keeping services relative to lucky 7;
- (5) Preparing reports and other forms;
- (6) Developing or arranging advertising; and
- (7) Providing security or advertising services relative to the sale of lucky 7 tickets.

(d) A gaming consultant shall not be a licensed distributor or manufacturer, be employed by a distributor or manufacturer, or have any direct or indirect financial relationship with a distributor or manufacturer.

(e) All individuals providing services on behalf of a licensed entity shall also be licensed as gaming consultants prior to offering such services.

(f) To obtain a gaming consultant license, the applicant shall submit the following to the commission:

- (1) A completed and accurate "Gaming Consultant Application" form (1/2020), which shall include a certification affirming that:
  - a. The applicant is 18 years of age or older, and does not have a criminal record as prohibited by RSA 287-E: 7, VI;
  - b. The applicant will abide by RSA 287-E, Lot 7000 and Lot 7100, as applicable, in the performance of his or her duties as a licensed Gaming Consultant;



c. The information provided on the application and on any of the supporting documentation is true, accurate and complete and that there are no willful misrepresentations in or falsifications of the information provided; and

d. Any amendments or corrections to the provided documents will be submit to the commission within 15 days of any event that resulted in a change, or the discovery of the inaccuracy;

(2) Copies of all agreements with charitable organizations relative to gaming consultant services, enacted in accordance with (i) below; and

(3) Payment of the licensing fee of \$100, as established by RSA287-E:4, II-b.

(g) Applicants for a gaming consultant license shall submit the application and all related documentation to the commission at least 45 days prior to the services being provided.

(h) If at any time, the information provided in accordance with (f) above changes, or is otherwise found to be inaccurate, the gaming consultant shall submit updated or corrected information to the commission within 15 days of the event that resulted in the change, or discovery of the inaccuracy.

(i) All agreements between the gaming consultant and a charitable organization shall be enacted using the “Standard Form of Agreement for Gaming Consultants” form (1/2020);

(j) The gaming consultant shall submit all amended agreements to the commission prior to the agreement going into effect, and attest in writing that the agreement complies with the requirements set forth in this part.

(k) In accordance with RSA 287-E:7,VI, no individual who has been convicted of a felony or class A misdemeanor within the previous 10 years, or a class B misdemeanor within the past 5 years and neither of which has been annulled, or who has violated any of the statutes or rules governing charitable gaming in the past in this or any other state shall participate in the sale of lucky 7 tickets licensed under this chapter.

**Readopt with amendments and renumber Pari 1104.01, effective 1-27-17 (Document #12095), as Lot 7103.04 to read as follows:**

Lot 7103.04 Criteria for the Approval or Denial of an Application for Licensure.

(a) The commission shall approve an application and issue the applicable license when:

(1) The applicant has been found to meet the requirements for licensure as set forth under RSA 287-E and this chapter;

- (2) The application is found to be complete and accurate;
  - (3) The applicable licensing fee has been paid, in accordance with Lot 7103.01-.03 above;
  - (4) If required, a bond has been posted, and a copy of the bond certificate has been submitted to the commission with the application;
  - (5) All documents required by Lot 7003.01-.06 above, including written agreements between licensees, have been submitted, and found to be complete, accurate and in compliance with the requirements set forth in this chapter;
  - (6) In the case of a distributor application, the applicant's principal place of business is located within New Hampshire, as required by RSA 287-E:23, IV;
  - (7) In the case of a charitable organization application:
    - a. If the organization was previously licensed, there are no outstanding "Lucky 7 Monthly Financial Reports" (1/2020) due to the commission per Pari 7107.03 below;
    - b. The commission determines that the written internal control procedures are adequate to preserve the integrity of the games;
    - c. The organization has demonstrated progress in accomplishing its charitable purposes during the 2-year period prior to the date of the application. For the purpose of this subparagraph, "accomplishing its charitable purposes" means relief of poverty, advancement of education, protection of health, relief from disease, relief from suffering or distress, protection of the environment, conservation of wildlife, advancement of civic, governmental, or municipal purposes, or advancement of those purposes as delineated in the articles of incorporation or the bylaws of the organization; and
    - d. The organization is in good standing with the director of charitable trust and its central organization, as applicable.
- (b) The commission shall deny the application if the applicant:
- (1) Does not meet the qualifications for licensure specified in RSA 287-E and this chapter;
  - (2) Has not complied with the application requirements and procedures, as specified in RSA 287-E and this chapter;
  - (3) Has made a material false statement in the application or in any document that is submitted as part of the application process;
  - (4) Has not complied with an administrative order or fine issued in accordance with Lot 7107, has a criminal record, as prohibited by RSA 287-E:7,VI, or has had a charitable gaming license suspended or revoked within the past year; or
  - (5) The location where the games will be played is not in a city or town that has adopted RSA 287-E in accordance with RSA 287-E:27 and RSA 287-E:27-a.
- (c) In accordance with RSA 287-E:20:
- (1) A license shall not be transferable; and

(2) For a charitable organization:

- a. The license shall specify where the tickets may be offered for sale; and
- b. The license shall only be valid for one location. A separate license shall be required for each location at which lucky 7 tickets are to be sold.

**Repeal Pari 1104.02 effective 1-20-07 (Document #8803), as amended effective 2-1-15 (Document #10773) to read as follows:**

~~Pari 1104.02 Approval/Denial of a Charitable Organizations Licenses.~~

~~(a) The commission shall approve an application and issue a license to the charitable organization to sell lucky 7 tickets when:~~

- ~~(1) The application is found to be complete and accurate;~~
- ~~(2) All supporting documentation required by Pari 1103.02(d) above has been submitted and found to be complete and accurate;~~
- ~~(3) All fees have been paid, in accordance with RSA 287 E:19 and Pari 1103.02(e)(3) above;~~
- ~~(4) The organization qualifies as a charitable organization, as defined by RSA 287 E:1, V;~~
- ~~(5) The charity has demonstrated progress in accomplishing its charitable purposes during the 2 year period prior to the date of the application. For the purpose of this subparagraph, "accomplishing its charitable purposes" means relief of poverty, advancement of education, protection of health, relief from disease, relief from suffering or distress, protection of the environment, conservation of wildlife, advancement of civic, governmental, or municipal purposes, or advancement of those purposes as delineated in the articles of incorporation or the bylaws of the organization;~~
- ~~(6) The organization's house rules comply with the requirements of Pari 1106.01 above;~~
- ~~(7) When applicable, the organization is in good standing with the director of charitable trust and its central organization; and~~
- ~~(8) The applicant otherwise meets the requirements for licensure under RSA 287 E and this chapter.~~

~~(b) The commission shall deny the application if the applicant has:~~

- ~~(1) Not complied with the application requirements and procedures, as specified in this chapter;~~
- ~~(2) Made a material false statement in the application or in any document that is submitted as part of the application process;~~
- ~~(3) Been found in violation of this chapter, or had its license revoke within the past year, per RSA 287 E:25; or~~
- ~~(4) Not otherwise met the qualifications for licensure specified in RSA 287 E, and this chapter.~~

**Readopt with amendments and renumber Pari 1104.03, effective 1-27-17 (Document #12095), as Lot 7103.05 to read as follows:**

Lot 7103.05 Expiration of an Issued License.

(a) A license issued to a distributor or manufacturer pursuant to this chapter shall expire on June 30 following the date of issue.

(b) A license issued to a charitable organization pursuant to this chapter shall expire as follows:

(1) For charitable organizations selling lucky 7 tickets in conjunction with bingo, the license shall expire on the last day of the month for which the license was issued; and

(2) For charitable organizations selling lucky 7 tickets without bingo, the license shall expire on the last day of the year in which it was issued.

(c) A license shall be valid only for the activities, location, dates and times as listed on the license.

(d) Any licensee that ceases to conduct lucky 7 activities shall immediately notify the commission in writing and provide the commission a report as to the disposition of:

(1) All unused lucky 7 ticket inventory; and

(2) Any lucky 7 ticket dispensing devices used by the charity.

**Readopt with amendments and renumber Pari 1105, effective 2-1-15 (Document #10773), as Lot 7104 to read as follows:**

PART Lot 7104 RESPONSIBILITIES OF THE LICENSEE

Lot 7104.01 Responsibilities of All Licensees.

(a) All licensees shall conduct charitable gaming activities in a manner that ensures:

(1) The integrity of the game;

(2) That the games are fair, secure, and able to be auditable and operate correctly; and

(3) That all games are free from corruption, criminal influences, and conflicts of interest.

(b) Maintain all records for a period of 2 years, or longer than 2 years when notified by the commission that an audit, compliance review, or investigation is being conducted, in which case all records shall be maintained until the audit, review or investigation has concluded; and

(c) Permit the commission or its designee to examine all lucky 7 related books, records, inventory, and business or gaming premises as deemed necessary for an ongoing inspection, investigation or audit, or to otherwise determining the licensee's compliance with RSA 287-E and this chapter.

Lot 7104.02 Responsibilities of the Licensed Manufacturer.

(a) Each licensed manufacturer of lucky 7 tickets shall:

(1) Ensure that all lucky 7 tickets and devices sold or supplied for use in New Hampshire have been approved by the commission, and comply with the standards set forth in this chapter;

(2) When selling lucky 7 tickets, or related supplies and systems for use in New Hampshire, only sell to New Hampshire licensed distributors;

- (3) Develop internal control procedures and recordkeeping standards to ensure the proper control and accountability of all Lucky 7 supplies and systems sold for use in New Hampshire, including the ability to track lucky 7 ticket deals, by form and serial number from the point of manufacture to the point of transfer of ownership to a licensed distributor;
  - (4) Maintain records and information for all lucky 7 tickets sold to licensed New Hampshire distributors for use in New Hampshire as required by Lot 7107.01(a)(1);
  - (5) Comply with the construction standards as set forth in Lot 7108;
  - (6) Comply with the reporting requirements set forth in Lot 7107.01 below;
  - (7) Take such action as to ensure compliance with RSA 287-E:23, II which prohibits any partner, officer or director of the entity from having been convicted of a felony, which has not been annulled by any court, within the past 10 years;
  - (8) Ensure that all pre-printed lucky 7 tickets are shipped in accordance with the following:
    - a. Each package of lucky 7 tickets is sealed at the point of manufacture with tamper evident seals or tape, including a warning to the purchaser that the package might have been compromised if the package, box or other container was received by the purchaser with evidence of tampering;
    - b. The seal or tape is visible from outside the package, box, or container and is of such construction as to guarantee that should the container be opened or otherwise tampered with, evidence of the opening or tampering would be easily detected;
    - c. Each package of tickets includes a visible description of the box or bag contents for all tickets in that deal; and
    - d. The serial number of each deal contained within is clearly and legibly placed on the outside of the package, box or other container, or is viewable from the outside of the box; and
  - (9) Ensure that all electronically generated lucky 7 tickets designated for sale in New Hampshire are securely transmitted to a server located at the licensed distributor's principle place of business, located in New Hampshire in accordance with Lot 7103.04(a)(6).
- (b) In addition to (a) above, manufacturers of electronically generated lucky 7 tickets shall:
- (1) Provide to the commission all current protocols, usernames, passwords, and any other required information needed to download or otherwise access the system via a remote connection; and
  - (2) In the event that a ticket dispensing device malfunctions in a way that affects the security or integrity of the lucky 7 game, notify the commission in accordance with Lot 7107.01(c).
- (c) Neither the manufacturer, nor any of its employees, shall participate in the lucky 7 games it provides to its customers in New Hampshire.

Lot 7104.03 Responsibilities of the Licensed Distributor. Each licensed distributor of lucky 7 tickets, dispensing devices, or related equipment shall:

- (a) Ensure that all lucky 7 tickets and devices sold or supplied for use in New Hampshire have been approved by the commission, and comply with the standards set forth in this chapter;
- (b) Only supply lucky 7 tickets, and related supplies, equipment and dispensing devices to licensed charitable organizations;
- (c) Immediately return any unauthorized tickets in its possession to the manufacturer;
- (d) Only sell and deliver lucky 7 ticket deals that:
  - (1) In the case of pre-printed lucky 7 ticket deals, have an original, unbroken manufacturer's seal; or
  - (2) In the case of electronically generated lucky 7 ticket deals, are transmitted in a secure manner, such as encryption, password protected files, or other means that prevent readability, and not made available for play until the charitable organization has accepted delivery;
- (e) Develop internal control procedures that enable it to track lucky 7 deals sold to each customer and account for all lucky 7 tickets purchased, sold or in inventory, and to track the sale, lease, or rental of any equipment that is used to facilitate the distribution, play, and redemption of lucky 7 tickets;
- (f) Provide invoices to charitable organizations that contain the following information in a manner that makes the information easy to identify:
  - (1) The invoice number and date;
  - (2) The name and address of the charitable organization;
  - (3) For each deal:
    - a. The date of sale or electronic transfer;
    - b. The name of the manufacturer;
    - c. The game name;
    - d. The game form number;
    - e. The serial number;
    - f. The number of tickets in each deal; and
    - g. The cost of each deal;
  - (4) The total number of deals purchased;
  - (5) The total cost to the charitable organization for the deals purchased; and
  - (6) The total due in deal fees;
- (g) Collect all deal fees from the charitable organizations, and submit payment of such fees to the commission within 15 days of the distribution, electronic transmission or shipping date of the deal, in accordance with RSA 287-E:22, V and Lot 7107.02 below;
- (h) With each deal fees payment submitted to the commission in accordance with (f) above, include a summary of the information specified in (f) above for all deals sold during the reported period.

- (i) Complete and submit a “Lucky 7 Ticket Dispensing Device Location Report” form (1/2020) to the commission within 5 days of an approved lucky 7 ticket dispensing device being installed or removed;
- (j) Comply with the reporting requirements set forth in Lot 7108.02 below;
- (k) Take such action as to ensure compliance with RSA 287-E:23, II which prohibits any partner, officer or director of the entity from having been convicted of a felony, which has not been annulled by any court, within the past 10 years; and
- (l) Not participate, or allow its employees to participate, in the lucky 7 games it provides to its customers in New Hampshire.

Lot 7104.04 Responsibilities of the Licensed Charitable Organization. Licensed charitable organizations shall:

- (a) Adopt house rules in accordance with Lot 7105.01 below;
- (b) Prominently display the following documents within the hall in areas that are accessible to and easily seen by the public, including in the immediate area where the lucky 7 tickets are sold:
  - (1) The organization’s current lucky 7 license, pursuant to RSA 287-E:20, V;
  - (2) At least one copy of RSA 287-E and this chapter; and
  - (3) At least one copy of any house rules that apply;
- (c) Prominently display a sign in the immediate area where the lucky 7 tickets are sold advising the public of the phone number where complaints related to charitable gaming may be made;
- (d) Only compensate for gaming related services when the individual or entity providing the services is a licensed gaming consultant with whom the organization has a written agreement;
- (e) Only reimburse bona fide members of the organization for out-of-pocket expense in an amount not to exceed \$8 per game date when such expenses are itemized and submitted in writing to the organization;
- (f) Designate a member of the charitable organization or engage a gaming consultant to act as the gaming manager who shall be responsible for overseeing the gaming operation including:
  - (1) Ensuring that the games are conducted in accordance with RSA 287-E and this chapter;
  - (2) Ensuring that all receipts and disbursements have been properly accounted for, all source documents, and inventory records are complete, and all inventory records have been reconciled;
  - (3) Verifying proper accounting for that all gambling expenditure, equipment, assets and receipts; and
  - (4) Ensuring that all security measures and internal controls are in place to protect the integrity of the games and gaming assets;
- (g) Only sell lucky 7 tickets and use ticket dispensing devices that have been:
  - (1) Purchased from a licensed distributor and manufactured by a licensed manufacturer, pursuant to RSA 287-E:23; and

(2) Approved by the commission;

(h) Utilize only lucky 7 tickets and lucky 7 ticket dispensing devices that have been approved by the commission in accordance with Lot 7109 below;

(i) Ensure that any lucky 7 tickets put into play are:

(1) For pre-printed tickets, as defined in Lot 7102.11(a) above, received as unopened deals with an original, unbroken manufacturer's seal; or

(2) For electronically generated tickets, as defined in Lot 7102.11(b) above, generated or transferred in a secure manner such as encryption, password protected files, or other means that prevent readability;

(j) Immediately return to the distributor, any lucky 7 deals that were not received in a secure manner as described in (h) above, or that do not otherwise comply with existing laws or this chapter;

(k) Conduct lucky 7 ticket sales in accordance with RSA 287-E and this chapter;

(l) Develop, implement, and adhere to written internal control policies and procedures designed to ensure effective control over the gaming operation by discouraging and protecting against illicit behavior and safeguarding the integrity of the games, which ensure that:

(1) Assets are safeguarded;

(2) Financial records are accurate, reliable, and permit proper reporting of gaming revenue, fees and taxes;

(3) Transactions are performed only in accordance with management's general and specific authorization;

(4) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxed, and to maintain accountability of assets;

(5) Recorded accountability for assets is compared with actual assets at reasonable intervals, and appropriate action is taken with respect to any discrepancies;

(6) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound business practice by competent, qualified personnel, with no individual in a position that would allow them to perpetuate and conceal errors or irregularities in the normal course of duties;

(7) The integrity of the game is preserved by preventing unauthorized access, misappropriation, forgery, theft, or fraud;

(8) Controls that have been put in place are effective, and that any abnormalities are investigated and addressed; and

(9) Accountability for assets is maintained in accordance with generally accepted accounting principles;

(m) Establish and incorporate the following control procedures to provide the maximum accountability for all lucky 7 tickets, dispensing devices, revenues and disbursements:

(1) Control access and distributions of all Lucky 7 tickets by:



- a. Designating an individual who will control, purchase, track, and account for lucky 7 tickets and related supplies;
  - b. Developing procedures to track the purchase, storage, removal from inventory, and distribution to individuals selling lucky 7 tickets;
  - c. Developing procedures to account for the tickets sold by individual pull-tab sellers;
  - d. Ensuring that all expenses are paid by check, or electronic transfer, from the lucky 7 bank account; and
  - e. Assigning an individual, who is independent of the person primarily responsible for the control of the inventory and purchasing of the lucky 7 tickets or responsible for accounting for the funds generated from the sale of lucky 7 tickets, to reconcile the funds deposited into the lucky 7 bank accounts to the funds generated from the sale of lucky 7 tickets;
- (2) Develop a perpetual inventory tracking system and conduct monthly physical inventory counts to compare and reconcile with that system, and investigating and resolving any discrepancies;
- (3) Develop a receipting system for the sale of the tickets comparing cash register receipt or manual receipt summaries to calculated sales based on the selling price of the tickets sold, where the calculated sales are based on the quantity of tickets sold, determined by the quantity of tickets issued out of inventory at the beginning of the specified time period, less the quantity of tickets returned to inventory at the conclusion of the designated time period, where the designated time period is no less frequent than once per month;
- (4) Develop a procedure to record the gross receipts generated from the sale of lucky 7 tickets sold, and implement such procedures through such things as an inventory accounting system or a floor worker sales report;
- (5) Limit access to the funds in the lucky 7 bank accounts created in accordance Lot 7106.01(b) to authorized executive members of the organization; and
- (6) Maintain a perpetual inventory, which is continually updated and includes a minimum of the following information for each deal purchased by the organization:
- (n) Retain control over funds jointly held in a cooperative agreement, and ensure that such authority is not extended to a facility owner, or other outside agents;
- (o) Not allow an individual to serve as both the treasurer and the chairperson of the charitable organization or their designee;
- (p) Maintain records of all purchases of lucky 7 deals, including electronic deals, including, at a minimum, the following:
- (1) The date and, in the case of electronic deals, the time the deal was received;
  - (2) The name of the authorized individual who took possession of the deal from the distributor, or otherwise accepted the deal on behalf of the charitable organization;
  - (3) The location where deal will be played;
  - (4) The serial and game form numbers of the deal;

- (5) The name and description of the game;
  - (6) The total number of lucky 7 tickets in the deal; and
  - (7) The purchase price for the deal;
- (q) Maintain records that adequately record, track and reconcile all lucky 7 ticket sales and voids, including, at a minimum, the following:
- (1) The date(s) the tickets were sold or voided;
  - (2) The location where the tickets were sold;
  - (3) The serial and game form numbers of the deal;
  - (4) The name and description of the game; and
  - (5) The total number of lucky 7 tickets sold from the deal;
- (r) Maintain, at a minimum, the following records pertaining to lucky 7 gaming activities:
- (1) Copies of all policies and procedures related to lucky 7 games, including play, surveillance, security, revenue collection, and accounting for, reporting, and auditing the results produced;
  - (2) When electronic lucky 7 ticket dispensing devices are used, documentation of procedures and controls, including monitoring systems for security incidents, data back-up, and periodic test and maintenance to ensure that the system is functioning properly and the integrity of games is preserved;
  - (3) Bank statements, check registers, reconciliations, and cancelled checks and bank deposit slips for lucky 7 bank accounts;
  - (4) Documentation of all prize and promotional payouts;
  - (5) Documentation of the calculation of charity allocation and state tax;
  - (6) All written contracts, agreements, leases, rental agreements, or any other statement of understanding regarding the operation of lucky 7 games;
  - (7) Work schedules and assignments of all employees, volunteers and bona fide members;
  - (8) Logs relative to the access of lucky 7 ticket dispensing devices that include the date, time, name of the individual(s) accessing the device; and
  - (9) Copies of by-laws, articles of incorporation and organization chart listing titles, roles, and responsibilities;
- (s) Institute written protocols for receiving cash, including the stipulation that at least 2 persons be present when opening cash collection boxes, with each person counting the cash and attesting to the accuracy of the count by completing a receipt document that includes at a minimum:
- (1) The amount of cash withdrawn from the lucky 7 ticket dispensing device;
  - (2) The date and time of the cash withdrawal; and
  - (3) The signature of each person involved in the withdrawal;

(t) Ensure the effectiveness of the controls put in place by having a person or persons independent of the lucky 7 ticket sales and inventory control:

- (1) Verify the accuracy of the end balance in the lucky 7 control by reconciling the lucky 7 tickets on hand;
- (2) Conduct a comparison for reasonableness of the amount of lucky 7 tickets sold from the lucky 7 ticket control log to the amount of revenue recognized;
- (3) Review statistical information; and
- (4) Investigate any large or unusual statistical fluctuations or other abnormalities noted by the review activities described in (1)-(3) above;

(u) Comply with the financial and reporting requirements set forth in Lot 7106 and Lot 7107 below;

(v) Submit copies of any written agreements to the commission prior to services being rendered, as required by RSA 287-E:7, II(b);

(w) Notify the commission in writing within 15 days of an event affecting the charitable organization's qualifications for licensure under Lot 7103.02, including any changes to the organization's:

- (1) IRS tax exemption status; or
- (2) Status of good standing with the New Hampshire secretary of state, director of charitable trust, or the organization's state or national organization; and

(x) Take actions to ensure compliance with RSA-E:7, VI such that no person who has been convicted of a felony or class A misdemeanor within the previous 10 years, or a class B misdemeanor within the past 5 years, neither of which has been annulled by the court, or who has violated any of the statutes or rules governing charitable gaming in the past in this or any other state are permitted to participate in the sale of lucky 7 tickets licensed under this chapter.

Lot 7104.05 Responsibilities of the Licensed Gaming Consultant.

(a) The requirements set forth in Lot 7104.04 above shall apply to the licensed gaming consultant when the consultant is acting on behalf of the organization per a written agreement.

(b) In addition to the requirements of (a) above, the licensed gaming consultant shall provide gaming services in accordance with RSA 287-E, this chapter and its written agreement with the charitable organization;

**Readopt with amendments and renumber Pari 1106.01-Pari 1106.02, effective 2-1-15 (Document #10773), as Lot 7105.01-Lot 7105.02, cited and to read as follows:**

PART Lot 7105 CONDUCT OF LUCKY 7 TICKET SALES

Lot 7105.01 Lucky 7 House Rules.

(a) In accordance with Lot 7103.02, a charitable organization shall submit proposed house rules to the commission with its application for licensure, and at any time thereafter when a change to the house rules is being made.

(b) Charitable organizations shall only adopt and follow house rules that:

- (1) Ensure that the games are conducted in a manner that complies with standard practice; and
- (2) Do not violate the requirements set forth in RSA 287-E or this chapter.

(c) In accordance with Lot 7104.04(b)(3) above, the charitable organization shall prominently display at least one copy of its lucky 7 house rules in locations within the hall which are accessible to and easily seen by the public, including in the immediate area where the lucky 7 tickets are sold.

(d) House rules adopted by the licensed charitable organization shall address at a minimum the following:

- (1) Payment of lucky 7 tickets and lucky 7 seal card prizes to winners who are not in attendance at the time of the win, or who fail to collect their prize before leaving the premises, if applicable;
- (2) The responsibility of the player to make it known to the game officials that the player has won;
- (3) The amount of time that players have to claim a winning lucky 7 ticket;
- (4) How the player claims a winning lucky 7 ticket;
- (5) The days of the week and time of day when the tickets are available for sale;
- (6) Smoking/non-smoking policy, which shall comply with RSA 155:66 through RSA 155:70;
- (7) The organization's name and the effective date of the house rules;
- (8) The name of a member of the charitable organization to be contacted by a player with comments, concerns or questions; and
- (9) That the lucky 7 tickets will be sold in accordance with RSA 287-E and this chapter.

Lot 7105.02 Randomization.

(a) For tickets that are not electronically generated, each deal shall be assembled so that no placement of winning or losing pull-tabs exists that allows the possibility of prize manipulation or pick out, as follows:

- (1) Deals shall be assembled so that winning tickets are placed randomly throughout each deal;
- (2) Deals shall be assembled and packaged in a manner that prevents isolation of winning tickets due to variations in printing, graphics, colors, sizes, appearances of cut edges, or other marking of lucky 7 ticket; and
- (3) Winning tickets shall be distributed and mixed among all other lucky 7 tickets in a deal so as to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning lucky 7 ticket might be determined.

(b) Every deal of electronically generated lucky 7 tickets shall be shuffled using a method that has successfully passed a standard test for randomness and unpredictability, to a confidence level of 99 percent including, but not limited to, one of the following:

- (1) Chi-square test;
- (2) Equi-distribution test;
- (3) Gap test;

- (4) Poker test;
- (5) Coupon collector's test;
- (6) Permutation test;
- (7) Run test;
- (8) Spectral test;
- (9) Serial correlation test potency and degree of serial correlation; and
- (10) Test on subsequences.

(c) The random number generator and random selection process shall be impervious to electromagnetic interference, electrostatic interference, radio frequency interference, and other influences from outside the system or device that might affect the game outcome.

**Readopt with amendments and renumber Pari 1106.03, effective 6-1-18 (Document #12541), as Lot 7104.03 to read as follows:**

Lot 7105.03 Lucky 7 Ticket Sales.

(a) Pursuant to RSA 287-E:21, II, a charitable organization shall only sell lucky 7 tickets at the location specified in the license issued by the commission, which includes:

- (1) The regular meeting place of or a facility owned, leased or utilized by the charitable organization for its activities; or
- (2) Any other location where the sale of lucky 7 tickets is conducted in conjunction with and at the same time as an event sponsored or co-sponsored by the charitable organization, to be held once a year, and for no more than 4 consecutive days.

(b) In accordance with RSA 287-E:21,II(c), when lucky 7 tickets are sold in conjunction with a bingo event, the tickets shall only be sold between the hours of noon and 1AM.

(c) Pursuant to RSA 287-E:21, III, a charitable organization shall not sell lucky 7 tickets door-to-door.

(d) A charitable organization may have up to 4 deals of the same game form number open at any one time when the following are true:

- (1) The total ticket count does not exceed 14,000 tickets at any one time;
- (2) Prior to making a purchase, players are informed of:
  - a. The number of deals that are open;
  - b. The serial number of each open deal; and
  - c. The method by which tickets will be selected and distributed; and

(3) The deals are separately tracked and reported on the form "Lucky-7 Monthly Financial Report (L7MFR)" (1/2020).

(e) The charitable organization shall accept an electronically transmitted deal from the distributor before it can be put into play. Deals shall not be uploaded to the electronic lucky 7 ticket dispensing device without acknowledgement and approval from the charitable organization to do so.

(f) Except as required by (g) below, when a charitable organization engages the services of one or more gaming consultants, the charitable organization shall ensure that a majority of the individuals participating in the sale of lucky 7 tickets are volunteers of the charitable organization.

(g) An employee of a veterans' or fraternal organization selling lucky 7 tickets shall be a person employed by the organization such as a bartender, manager, or custodian whose wages are subject to federal tax withholding and who regularly works on the premises of the organization.

(h) Pursuant to RSA 287-E:21, V, no lucky 7 tickets shall be sold to any person under 18 years of age.

(i) Members and employees of the charitable organization shall not engage in any act, practice, or course of operation that manipulates the outcome of any game.

(j) A person selling lucky 7 tickets may only purchase and play lucky 7 tickets after the person has finished selling tickets and has returned all revenue and unsold tickets in their possession to the charitable organization's chairperson, treasurer or designee overseeing the game.

(k) The licensed charitable organization shall not put into play any lucky 7 tickets that have been altered or tampered with, or operate a game in a manner that tends to deceive the public or affects the chances of winning or losing.

(l) The flare accompanying the deal shall be:

(1) Posted in view of the players near the area where the tickets are sold;

(2) In the case of deals sold via an electronic ticket dispensing device, electronically displayed to the player prior to purchase; or

(3) In the case of seal cards, be posted until all seal prizes are won, including the jackpot prize in a progressive game.

(m) Once a deal is made available for play, the deal cannot be closed for any reason, and then subsequently reopened for play. Once closed, the game shall be permanently closed from play.

(n) Licensed charitable organizations that remove unsold lucky 7 tickets from play, for whatever reason, shall:

(1) Keep, for one year, the un-played tickets within an opened deal for inspection by the commission; and

(2) Notify the commission within 7 days of the removal date.

(o) All credits maintained on an electronic lucky 7 ticket dispensing device when removed from play may be redeemed by the player or used for play upon reactivation of the device.

(p) The value of winning electronically generated lucky 7 tickets shall be credited to the electronic lucky 7 ticket dispensing device, and allow for the continuation of play or redemption by the player at any time. A deal sold over multiple days or bingo sessions shall not be considered closed or removed from play until the charitable organization no longer intends to sell tickets from the deal.

(q) Any unclaimed credits left in an electronic lucky 7 ticket dispensing device shall be retained by the licensed charitable organization and reported as income.

**Readopt and renumber Pari 1106.04, effective 2-1-15 (Documents #10773), as Lot 7105.04 to read as follows:**

Lot 7105.04 Rolling Jackpot and Seal Card Games.

(a) If a seal card game contains a separate information sheet that describes additional play instructions, then the information sheet shall be publicly posted next to its accompanying seal card.

(b) The charitable organization shall have only one deal of the same rolling jackpot bonus game form number on sale at the same time at each licensed location.

(c) The charitable organization may have a new deal of an identical rolling jackpot bonus game form number for sale when the prior deal of an identical rolling jackpot bonus game form number is closed.

(d) A rolling jackpot bonus game shall be considered closed when all bonus prizes have been awarded.

(e) The rolling jackpot amount for a seal card game shall:

(1) Be added to the designated jackpot value of the next lucky 7 game of the same name for sale and sold by the same charitable organization;

(2) Accumulate until there is a winner; and

(3) Be paid to players prior to the expiration of the charitable organization's final licensed sale date.

(f) The individual rolling jackpot amounts on a multiple jackpot seal card shall:

(1) Be added to the designated jackpot values of the next lucky 7 game of the same name for sale and sold by the same charitable organization;

(2) Accumulate until there is a winner for each respective designated jackpot on the multiple jackpot seal card; and

(3) Be paid to players prior to the expiration of the charitable organization's final licensed sale date.

(g) A rolling jackpot bonus game prize, when tickets for such a game are sold in conjunction with a licensed bingo game, shall be rolled over to a successive game day in the event there is no winner on the original or preceding game day.

(h) A charitable organization may carry over the rolling jackpot bonus game prize from one licensed game date to another licensed game date regardless of which day of the week the rolling jackpot bonus game prize ticket is sold, provided that:

(1) Each licensed game date, wherein the rolling jackpot bonus game prize tickets is sold, shall be at the same location;

(2) The charitable organization shall post in a prominent place at its location, no less than 7 days in advance, its intention to offer the rolling jackpot bonus game prize from one licensed game date to another licensed game date;

(3) The charitable organization shall notify the commission, no less than 7 days in advance, of its intention to offer the rolling jackpot bonus game prize from one licensed game date to another

- licensed game date;
- (4) The rolling jackpot bonus game tickets shall contain the same name and game form number; and
- (5) The operation of the rolling jackpot bonus game prize ticket shall not be changed or amended in any way, until the existing rolling jackpot bonus game prize ticket is won and fully disbursed.
- (i) Pursuant to RSA 287-E:20, II, a rolling jackpot bonus game prize shall:
- (1) Be organization-specific;
  - (2) Be location-specific; and
  - (3) Not be transferable between charitable organizations.
- (j) Following the player's final game play on the seal card, the charitable organization shall, upon request of any person, immediately open remaining seal card windows for public inspection.
- (k) On the charitable organization's final licensed lucky 7 sale date or when a lucky 7 game that contains an unclaimed rolling jackpot is not available for sale on a subsequent licensed lucky 7 sale date, the organization shall:
- (1) Develop rules to fully distribute the rolling jackpot value in the event there is no jackpot winner;
  - (2) Prominently display the rules in the immediate area where lucky 7 tickets are sold at least 30 minutes prior to the start of that game's sales; and
  - (3) After the start of the lucky 7 game sales, make at least one public announcement of the rules in the immediate area where the lucky 7 tickets are sold.
- (l) Rolling jackpot bonus game tickets shall not be sold through electronic lucky 7 ticket dispensing devices.

**Readopt with amendments and renumber Pari 1106.05, effective 2-1-15 (Document #10773), as Lot 7105.05 to read as follows:**

Lot 7105.05 Payment of Prizes.

- (a) Only cash prizes shall be awarded to lucky 7 ticket winners and lucky 7 seal card winners.
- (b) The charitable organization shall pay all individual cash prizes of \$500 or more by check from the account specified in Lot 7106.01(b) below.
- (c) Pursuant to RSA 287-E:20, IV, the percentage of payback to the player shall be at least 45 percent of gross revenues for the deal.

**Readopt with amendments and renumber Pari 1107, effective 2-1-15 (Document #10773), as Lot 7106 to read as follows:**

PART Lot 7106 LUCKY 7 FINANCIAL REQUIREMENTS

Lot 7106.01 Lucky 7 Account Requirements for Charitable Organizations.



- (a) The charitable organization shall:
- (1) Maintain all books of accounts, records and supporting documentation of sufficient detail to enable preparation of the monthly financial reports as specified in Lot 7107.03 below; and
  - (2) Have proof of all revenues and expenditures related to the sale of lucky 7 tickets available for review by the commission.
- (b) Pursuant to RSA 287-E:9, IV, the charitable organization shall have a separate checking account for depositing bingo and lucky 7 revenue at a financial institution in New Hampshire.
- (c) The charitable organization shall:
- (1) Separately identify money deposited from bingo and lucky 7 revenue on each deposit slip, pursuant to RSA 287-E:9, IV;  
and
  - (2) Not transfer or deposit any funds, other than bingo or lucky 7 revenues, into the account specified in (b) above.
- (d) All receipts for each lucky 7 games session shall be deposited by the second business day following the session at which they were received.
- (e) The charitable organization shall use the funds in the account specified in (b) above only for:
- (1) Expenditures related to bingo or lucky 7; or
  - (2) Disbursement of bingo or lucky 7 proceeds for a charitable purpose.
- (f) In accordance with RSA 287-E:24, all expenses shall be paid by preprinted check or electronic funds transfer from the organization's charitable gaming account specified in (b) above.
- (g) The charitable organization shall maintain all financial accounts, records and ticket inventories which verify the following:
- (1) Gross revenue;
  - (2) Prizes paid out;
  - (3) Adjusted gross revenue;
  - (4) Bank deposits;
  - (5) Cost of full deals sold;
  - (6) Fee payments;
  - (7) Other expenses;
  - (8) Net profit;
  - (9) Inventory data by ticket type; and
  - (10) Names and addresses of members selling lucky 7 tickets.
- (h) The charitable organization shall separately record all tickets sold for less than their marked price in order for the charitable organization to record any loss.

(i) The charitable organization shall keep the checking account records for the lucky 7 account on the premises where the tickets are sold.

**Readopt with amendments and renumber Pari 1108, effective 2-1-15 (Document #10773), as Lot 7107 to read as follows:**

PART Lot 7107 RECORDING AND REPORTING REQUIREMENTS

Lot 7107.01 Requirements for Manufacturers.

(a) Each licensed manufacturer of lucky 7 tickets shall:

(1) Maintain, at a minimum, the following records and information for all lucky 7 tickets sold to licensed New Hampshire distributors for use in New Hampshire:

- a. Copies of all invoices for lucky 7 tickets;
- b. Copies of shipping documents verifying shipments of lucky 7 tickets and invoices;
- c. Game name and game form number sold;
- d. Number of lucky 7 ticket deals sold by serial number;
- e. The date that each lucky 7 ticket deal was sold; and
- f. Name and address of the licensed distributor that each deal was sold to; and

(2) Submit a monthly report to the commission, which includes the following information:

- a. The name and address of each distributor in New Hampshire to whom any lucky 7 tickets were shipped or electronically transmitted;
- b. The name, quantity and type of tickets shipped or electronically transmitted to each distributor;
- c. The number of deals shipped or electronically transmitted to each distributor;
- d. The game form number of the tickets shipped or electronically transmitted to each distributor;
- e. The dates of each shipment or electronic transmission; and
- f. The cost of the tickets.

(b) The licensed manufacturer shall retain copies of all invoices corresponding to given monthly report for 2 years, and provide copies to the commission upon request.

(c) The invoices described in (b) above shall include serial numbers, quantity, type and cost of tickets shipped for lucky 7 tickets shipped to licensed distributors.

(d) In the event that a ticket-dispensing device malfunctions in a way that affects the security or integrity of the lucky 7 game, the manufacturer shall notify the commission in writing within 3 business days of the malfunction by supplying the following information:

- (1) A description of the malfunction and the date on which it occurred;

- (2) The steps taken or that will be taken to remedy the situation; and
- (3) The date by which the issue will be resolved.

Lot 7107.02 Requirements for Distributors. Each licensed distributor shall:

(a) Pursuant to RSA 287-E:22, V, submit to the commission a monthly lucky 7 ticket fee report within 15 days of the distribution, electronic transmission or shipping date of the deal, which shall include:

- (1) The quantity and types of tickets sold to the given charitable organizations;
- (2) The name of the charitable organizations purchasing tickets; and
- (3) The total number of deals sold and the amount of the enclosed check;

(b) Submit to the commission a completed “Annual Lucky 7 Financial Statements” (1/2020) by July 30 of each year, which has been:

- (1) Prepared by a certified public accountant, the company comptroller, chief accountant, or auditor; and
- (2) Reviewed and approved for submission to the commission by an owner or officer of the company; and

(c) Submit to the commission a completed “Lucky 7 Ticket Dispensing Device Location Report” (1/2020), within 5 days of an approved lucky 7 dispensing device being install or removed.

Lot 7107.03 Requirements for Charitable Organizations.

(a) Each licensed charitable organization shall complete and submit a “Lucky 7 Monthly Financial Report (L7MFR)” (1/2020) to the commission to document the organization’s income and expenses with regard to lucky 7 activities.

(b) In accordance with RSA 287-E:24, I, the charitable organization shall submit a complete financial report for each license issued under RSA 287-E:20 to the commission within 105 days from the date of issue and every 90 days thereafter, or within 15 days after the expiration date of the license, whichever occurs first.

(c) Failure to submit a L7MFR within the timeframe noted in (b) above, shall subject the charitable organization to penalties per Lot 7112 below..

Lot 7107.04 General Reporting Requirements.

(a) If a manufacturer, distributor or charitable organization has been identified through inspection, audit, or other means as having deficiencies in complying with statutory or regulatory requirements or having ineffective internal controls, the commission shall impose restrictions or additional recordkeeping and financial reporting requirements.

(b) Upon request, the licensee shall provide the commission with any and all records deemed necessary for an ongoing inspection, investigation or audit.

(c) Where electronic ticket dispensing devices are utilized, the licensee shall extrapolate and provide data as requested by the commission at no cost to the State, when such information is needed as part of an inspection, audit, or related function of the commission.

**Readopt with amendments and renumber Pari 1109, effective 2-1-15 (Document #10773), as Lot 7108 to read as follows:**

PART Lot 7108 LUCKY 7 TICKETS AND LUCKY 7 TICKET DISPENSING DEVICE REQUIREMENTS

Lot 7108.01 Lucky 7 Ticket Price and Markings.

(a) No lucky 7 ticket shall be sold, or otherwise furnished to any licensee in New Hampshire for use in conducting charitable gaming until an identical sample has been approved by the commission.

(b) Licensed distributors and manufacturers shall only sell lucky 7 tickets that:

(1) Are constructed in such a manner as to be fair, honest, and as such prevents the determination of a winning or losing ticket without:

- a. Removing the tabs or otherwise uncovering the symbols or numbers as intended; or
- b. Being scanned by the electronic lucky 7 dispensing device when the ticket includes a barcode or similar encryption;

(2) Have a single payout structure for a given form number;

(3) Have a serial number for each deal of lucky 7 tickets that is:

- a. A minimum of 5 numeric, alpha, or a combination of numeric and alpha characters; and
- b. Unique for each deal of lucky 7 tickets, and not used by the manufacturer for the same form number within the past 3 years;

(4) Include on each ticket an identifying number, mark or symbol to indicate the manufacturer of the ticket;

(5) Are sold for no more than 50 cents per ticket, as required by RSA 287-E:20, II;

(6) Provide for the playing of only one game per lucky 7 ticket; and

(7) Have been approved by the commission in accordance with Lot 7109.01 below.

(c) Each deal shall meet the following minimum requirements:

(1) Each deal shall consist of a maximum of 3,500 tickets;

(2) All tickets making up a particular deal shall be of the same purchase price;

(3) Each deal shall be assigned a unique serial number; and

(4) Each deal shall include a flare, which is a document, whether printed or electronically displayed, that provides deal specific information including:

- a. The game name;
- b. The manufacturer's name or distinctive logo;
- c. The form number;
- d. The ticket count;

- e. The number of prizes and prize structure, including the number of symbols or number combinations for winning pull-tab by denomination, with their respective winning symbols or number combinations;
- f. The cost per ticket; and
- g. The game serial number.

(d) The following information shall appear on the exterior of each pre-printed lucky 7 ticket:

- (1) The number of winners and respective winning number(s) or symbol(s);
- (2) The prize amounts within a deal;
- (3) The price of each ticket;
- (4) The game name;
- (5) The game form number;
- (6) The serial number;
- (7) The name or logo of the manufacturer of the ticket;
- (8) The New Hampshire state seal; and
- (9) The words "Please play responsibly".

(e) Except as provided in (f) below, the following shall appear on either the interior or exterior of an electronic lucky 7 ticket printed on demand at the terminal:

- (1) All of the information specified in (d) above;
- (2) The date, time and gaming location where the ticket was sold;  
and
- (3) A barcode or similar form of encryption from which the validity of the prize can be determined.

(f) When an electronic lucky 7 ticket dispensing device is equipped with a video monitor that displays the results of the lucky 7 ticket as or after it is dispensed, the following information may appear on the monitor instead of on the ticket itself:

- (1) The number of winners and respective winning number(s) or symbol(s);
- (2) The prize amounts within a deal;
- (3) The price of each ticket;
- (4) The game name;
- (5) The game form number; and
- (6) The name or logo of the manufacturer of the ticket.

(g) All lucky 7 tickets shall be initially displayed with a cover and require player interaction to reveal the symbols and game outcome.

(h) When a cash-out voucher is produced by an electronic lucky 7 ticket dispensing devices, a minimum of the following shall appear on the cash-out voucher:

- (1) The location where the electronic lucky 7 ticket dispensing device is located;
- (2) The device number of electronic lucky seven dispensing device;
- (3) The value of the unused game plays or winnings in both words and numerical form;
- (4) The date and time that the cash-out voucher was printed;
- (5) The sequential number of the cash-out voucher;
- (6) A barcode or similar form of encryption that can be used to validate the cash amount payable to the player; and
- (7) The period of time during which the games or winnings must be claimed.

(i) Seal cards and multiple jackpot seal cards shall contain the following information on the front of the card :

- (1) The name, serial number and game form number of the Lucky 7 ticket;
- (2) The name or logo of the manufacturer of the ticket;
- (3) Instructions that describe how the seal card player(s) is/are selected unless a separate information sheet is enclosed with the game that contains the instructions;
- (4) Instructions that describe the number of individual jackpots on the multiple jackpot seal card;
- (5) The identifying number of each individual jackpot on the multiple jackpot seal card;
- (6) Instructions that describe how the seal card player(s) can win the individual jackpots or individual prizes on the seal card or the multiple jackpot seal card, unless a separate information sheet is enclosed with the game that contains the instructions;
- (7) Except for the jackpot for rolling jackpot bonus games, a depiction of every prize value that can be won on the seal card or multiple jackpot seal card;
- (8) Individual lines large enough for each selected players' name, phone number, or both, for games that require such information;
- (9) Except for the jackpot for rolling jackpot bonus games, the total seal card prize values that can be won by a single player; and
- (10) For rolling jackpot bonus games, a clearly defined area whereby a bingo operator can write in the value of that seal card's individual jackpot or multiple rolling jackpots.

(j) If a seal card or multiple jackpot seal card includes game information visible only after seal card windows are opened, then an information sheet that contains the same game information as is printed under the seal card or multiple jackpot seal card windows, shall be included with the seal card.

(k) Multiple seal cards for a single game shall each indicate the total number of seal cards played for that game form number.

Lot 7108.02 Lucky 7 Ticket Dispensing Devices.

(a) No lucky 7 ticket dispensing device shall be sold, leased, or otherwise furnished to any licensee in New Hampshire for use in conducting charitable gaming until an identical model, or equipment containing identical software, has been approved by the commission, pursuant to Lot 7109.02.

(b) All lucky 7 ticket dispensing devices shall:

- (1) Have the ability to accept \$1, \$5, \$10, \$20, and \$50 bills;
- (2) Contain a money receptacle that is robust enough to withstand forced illegal entry, and otherwise prevents and identifies cases of tampering;
- (3) Dispense a cardboard or paper ticket, as required by RSA 287-E:21, III(a);
- (4) Not be in the nature of a slot machine, as stipulated by RSA 287-E:21. A device shall not be considered to be in the nature of a slot machine when there is a finite probability basis of having a predetermined quantity of chances among which there is a predetermined quantity of winners that pay a fixed and predetermined value of prizes, regardless of the symbols that are used or how those symbols are displayed; and
- (5) Have a distinctive serial number.

(c) In addition to the requirements of (b) above, all electronic lucky 7 ticket dispensing devices, software and associated equipment shall:

- (1) Be tested by an independent gaming laboratory that has been formally recognized by the commission as a testing facility that upholds the standards of integrity established by the commission, and been found by the laboratory to be:
  - a. In compliance with the requirements of this chapter, and RSA 287-E:16-26;
  - b. Fair and equitable to both the players and the operators; and
  - c. In compliance with currently accepted gaming test industry standards, such as GLI-14, Finite Scratch Ticket and Pull-Tab Systems (version 2.2, 2011) and GLI-21 Client Server Systems (version 2.2, 2011), available as noted in Appendix A, as applicable under New Hampshire laws and this chapter;
- (2) Use only secure communication protocols designed to prevent unauthorized access or tampering to ensure secure data transmission to each participating location, and connections between all components and access points of the electronic game system;
- (3) Have the ability to retain accounting information in the event of a power failure or electrical interruption;
- (4) Be capable of recording the following information regarding the sale of each lucky 7 ticket:
  - a. Serial number of the game from which the ticket is purchased;
  - b. Quantity of tickets purchased;
  - c. Ticket price; and
  - d. The serial number of the device that produced the ticket;
- (5) Be capable of recording the following information for each sale of a ticket:

- a. Date of the prize payout;
  - b. Operator's unique identification code;
  - c. Serial number of the winning ticket; and
  - d. Amount of the prize payout, if any;
- (6) Be capable of providing a report that shows each deal in play including the balance of each deal to be played at the time of the report;
- (7) Dispense either:
- a. A pre-printed lucky 7 ticket; or
  - b. An electronic lucky 7 ticket and, upon request by the player, a cash-out voucher;
- (8) Have at least one keyed lock with a multiple function position or a role-based access control capable of restricting access to accounting and auditing functions;
- (9) Have an operating switch, lock or role-based access control that will allow the point of sale system to operate only when a unique identification code has been entered;
- (10) Not display a spinning reel or reels, or otherwise appear to be in the nature of a slot machine, as prohibited by RSA 287-E:21, III-a; and
- (11) Not issue a ticket or visually display the results of any ticket on a video monitor in less than 2 second intervals.
- (d) In addition to (c) above, electronic lucky 7 dispensing devices that dispense or produce electronic lucky 7 tickets shall be capable of:
- (1) Communicating with the charitable organization's server to obtain the next available ticket in a finite deal that has been downloaded to the charitable organization's server from the distributor's server;
  - (2) Operating using a system server that allows the commission real-time, remote, read-only access, at no cost to the state, for the purpose of:
    - a. Monitoring each charity location, vendor, terminal, game form, deal, ticket number and time of sale for each ticket purchased; and
    - b. Reviewing and downloading reporting and auditing data, monitor device status and update contact information for all devices;
  - (3) Allowing authorized employees of the manufacturer and commission to access the secure server to review and download reporting and auditing data, monitor device status and update contact information for all devices;
  - (4) Recording the following information regarding the sale of each lucky 7 ticket:
    - a. The date the ticket was sold; and
    - b. The charitable organization's unique identification code;



- (5) Recording the information regarding each deal including the ability to produce a printout for any or all of the deals in play, and a final deal record; and
  - (6) Ceasing play in the event that tickets are not being dispensed, such as when the device runs out of paper.
- (e) The following shall also apply to all electronic lucky 7 dispensing devices:
- (1) All application software shall be wholly owned free and clear and without any further obligation or condition by any entity other than the licensed manufacturer;
  - (2) The communications network system shall be available for and have the capability of being tested by the commission on site. The communications network system refers to an internet-based communications system used for the data transfer of all transactions associated with the conduct of electronic games;
  - (3) The electronic pull-tab system shall include on-demand remote access at all times by the commission to all electronic reporting data without participation of the manufacturer or the distributor;
  - (4) Electronic monitoring of the operation of electronic lucky 7 system by the commission will be limited to read-only access of transaction logs and status of the system. The commission shall not alter any data or game play; and
  - (5) The electronic game system and all devices that communicate with the game system shall have the ability to allow for an independent verification check of the system's software.
- (f) Prior to putting an approved lucky 7 dispensing device into play, the charitable organization shall ensure that the device bears a registration decal that has been affixed by the commission. The decal shall not be removed for any reason, except as authorized by the commission.
- (g) When leasing lucky 7 ticket dispensing devices to a charitable organization, the distributor shall base the lease fee on a predetermined amount, and not on a percentage of gross receipts.

Lot 7108.03 Data Requirements for Each Deal of Electronic Lucky 7 Tickets.

- (a) The following shall be available prior to the opening of a deal for distribution and shall be maintained and be viewable both electronically, and, if requested by the commission, by printed report, upon demand:
- (1) A unique serial number identifying each deal;
  - (2) A description of a deal sufficient to categorize the deal relative to other deals;
  - (3) The total number of lucky 7 tickets in the deal;
  - (4) The payout percentage of the entire deal;
  - (5) The purchase price per lucky 7 tickets assigned to the deal; and
  - (6) Prize values with an associated index and frequency.
- (b) The following data shall be available subsequent to the completion of a deal and shall be maintained and viewable both electronically and, if requested by the commission, by printed report, upon demand:

- (1) A unique serial number identifying each deal;
- (2) A description of a deal sufficient to categorize the deal relative to other deals;
- (3) The total number of lucky 7 tickets unsold;
- (4) Total number of lucky 7 tickets purchased;
- (5) The time and date that the deal became available for play;
- (6) The time and date that the deal was completed or removed from play;
- (7) The location where the deal was played;
- (8) The final payout percentage of the deal when removed from play; and
- (9) The purchase price per lucky 7 tickets assigned to the deal.

(c) In order to provide maximum game integrity, no unauthorized audit or other determination of the status of any deal, including, but not limited to, a determination of prizes won or prizes remaining to be won, shall be conducted by anyone while the deal is in play without causing the termination of the entire deal.

**Readopt with amendments and renumber Pari 1110, effective 2-1-15 (Document #10773), as Lot 7109 to read as follows:**

PART Lot 7109 REQUEST FOR APPROVAL OF LUCKY 7 TICKETS AND TICKET DISPENSING DEVICES

Lot 7109.01 Lucky 7 Tickets Approval Process.

- (a) No lucky 7 ticket shall be put into play without first being approved by the commission.
- (b) To obtain approval of a lucky 7 ticket, a licensed manufacturer shall submit a written request to the commission on company letterhead, and include the following:
  - (1) Graphic representations of:
    - a. The ticket front;
    - b. The ticket back;
    - c. All game play symbols;
    - d. A single winning ticket; and
    - e. A multiple winning ticket, if applicable; and
  - (2) Game information including:
    - a. Gross payout;
    - b. Percent payout;
    - c. Amount of profit;

d. The overall odds of winning, the calculations of which shall count a ticket with multiple win lines as a single winning ticket; and

e. A detailed description of how the game is played and won.

(c) Within 30 days of receipt, the commission shall approve the lucky 7 ticket for sale when the request has been submitted in accordance with (b) above, and the ticket has been found to comply with RSA 287-E and this chapter, including the following:

- (1) The game form number is unique to the game, including cost per play, ticket count, and payout structure;
- (2) The price of the Lucky 7 ticket does not exceed 50 cents;
- (3) The number of Lucky 7 tickets in a deal does not exceed 3,500;
- (4) The deal's payout and profit amounts are clearly defined;
- (5) The overall odds of winning a prize on a ticket are clearly defined;
- (6) A prize structure is clearly defined that denotes the number of wins per deal for each prize level, including the seal card if applicable;
- (7) The prize structures of each individual jackpot on a multiple jackpot seal card are clearly defined and denote the number of wins per deal for each prize level, including the multiple jackpot seal card if applicable;
- (8) Pursuant to RSA 287-E:20, IV, the percentage of payback to the player is at least 45 percent of gross revenues for the deal; and
- (9) The tickets, seal card and multiple jackpot seal card(s) conform to the requirements of Lot 7108.01(i)-(k) above.

Lot 7109.02 Lucky 7 Ticket Dispensing Device Approval Process.

(a) No lucky 7 ticket dispensing device shall be utilized without first being approved by the commission.

(b) To obtain approval of a lucky 7 ticket dispensing device, a licensed manufacturer or distributor shall:

- (1) Submit a written request to the commission on company letterhead along with documentation that supports the device's compliance with Lot 7108.02 through Lot 7108.03; and
- (2) Demonstrate the device to the commission upon request.

(c) The commission shall approve a lucky 7 ticket dispensing device when it is found to comply with RSA 287-E, and this chapter.

(d) If granted, approval shall extend only to the specific lucky 7 ticket dispensing device systems or components approved by the commission.

(e) In the case of electronic lucky 7 ticket dispensing devices, access to the device's server shall be available to the commission for the purposes of monitoring and auditing at no added cost to the state.

(f) Any modification to system software, hardware, design, or component of an approved lucky 7 ticket dispensing device shall be performed only by the licensed manufacturer or its designated representative.

(g) If any modification results in a change in software or hardware, the manufacturer shall not place the game or system in operation until it:

- (1) Has been assigned a new version or code build number;
- (2) If any changes have an effect on the outcome of a previously approved game, has had the software or hardware tested by a certified independent testing laboratory; and
- (3) Has been submitted to the commission for review and has received commission approval.

(g) Any lucky 7 ticket dispensing device that has been modified in accordance with (f) above, shall be resubmitted for review in accordance with (b) above, and approved by the commission in accordance with (c) above prior to being utilized.

Lot 7109.03 Approved Lucky 7 Tickets and Lucky 7 Ticket Dispensing Devices.

(a) The commission shall restrict specific terms of the approval such as limiting the specific number of the deals or ticket dispensing devices at any one location, or other controls as the commission deems suitable and proper to ensure the integrity of the game.

(b) Any approval shall be cancelled and vacated or modified by the commission in its sound discretion at any time, either specifically as to a particular license or licenses, or generally as to all licenses issued on the basis of the particular certification.

(c) The commission shall give notice and afford an opportunity for the licensee to be heard by the commission before taking any of the actions described in (b) above.

(d) Upon request of the commission, a charitable organization shall allow the commission to inspect any components of an approved lucky 7 ticket dispensing device for the purposes of confirming that such components are operating in accordance with the requirements of this chapter, and are identical to those components that have been tested by an independent gaming laboratory, in accordance with Lot 7108.02(c)(1) above.

(e) The commission shall immediately order that the licensed charitable organization cease the operation and use of any lucky 7 ticket dispensing device when the device:

- (1) Does not appear to be operating in accordance with the requirements of this chapter;
- (2) Is not identical to the device that was approved by the commission; or
- (3) Is otherwise found to be in violation of law or this chapter.

(f) All lucky 7 tickets and lucky 7 ticket dispensing devices that were approved by the commission prior to the effective date of this rule, shall be considered in compliance with this chapter.

**Readopt and renumber Pari 1111, effective 2-1-15 (Document #10773), as Lot 7110 to read as follows:**

PART Lot 7110 LUCKY 7 FEES

Lot 7110.01 Lucky 7 Fees.

(a) The distributor shall pay a lucky 7 fee for each deal of tickets as specified in RSA 287-E:22, I or RSA 287-E:22, II, as applicable, and in accordance with Lot 7104.03(f)-(g).

(b) On any deals used as a promotional item by a licensed distributor, the distributor shall pay the fees to the commission with a notation of “promotional”.

(c) A licensed charitable organization shall pay all deal fees to a licensed distributor as specified in RSA 287-E:23-a.

(d) A licensed distributor shall submit all deal fees due under RSA 287-E:22 to the commission as specified in RSA 287-E:22, V.

**Readopt with amendments and renumber Pari 1112, effective 2-1-15 (Document #10773), as Lot 7111 to read as follows:**

PART Lot 7111 REPORTING VIOLATIONS

Lot 7111.01 Reporting of Violations.

(a) Unless otherwise required by law, the identity of any individual who provides information to the commission regarding alleged violations shall be held in strict confidence.

(b) Any officer of a licensed charitable organization or any officer or director of a supplier or manufacturer shall immediately report to the commission any information pertaining to the suspected misappropriation or theft of funds or any other violation of charitable gaming statutes or these rules.

(c) Any officer of a licensed charitable organization involved in the management, operation, or conduct of charitable gaming shall immediately notify the commission upon being convicted of a felony or a crime involving fraud, theft, bookmaking, gambling, or financial crimes.

(d) Any officer, director, partner or owner of a supplier or manufacturer shall immediately notify the commission upon being convicted or pleading nolo contendere to a felony or a crime involving gambling or an action against any license or certification held by the supplier in any state in the United States.

(e) Any officer of a license charitable organization shall immediately report to the commission any change the Internal Revenue Service makes in the tax status of the organization, or if the organization is a chapter of a national organization covered by a group tax exempt determination, the tax status of the national organization.

(f) Failure to report information required in (d) and (e) above by an officer, director, or game manager or a licensed organization or by any supplier or manufacturer shall result in the denial, or revocation of a license.

**Readopt with amendments and renumber Pari 1113, effective 1-27-17 (Document #12095), as Lot 7112 to read as follows:**

PART Lot 7112 PENALTIES

Lot 7112.01 Imposition of Penalties.

(a) Pursuant to RSA 287-E:25 and RSA 287-E:25-a, disciplinary measures available to sanction misconduct shall include:

- (1) Imposition of an administrative order or fine;
- (2) Suspension of a license for a period of up to one year; and
- (3) Revocation of a license.

(b) Other than the immediate suspension of a license, the commission shall impose disciplinary sanctions only:

- (1) After prior notice to the licensee and the opportunity for him or her to be heard per the requirements of RSA 541-A:3-, II; or
- (2) By agreement in a settlement between the commission and the licensee made pursuant to Lot 200.

(c) The commission shall provide all notices and conduct all hearings in accordance with the requirements set forth in RSA 541-A, Lot 200, and this part, as applicable.

(d) The commission shall apply the following factors to determine which sanction or combination of sanctions to impose:

- (1) The seriousness of the offense;
- (2) Prior disciplinary record(s);
- (3) Previous and subsequent patterns of conduct;
- (4) Acknowledgment of his or her wrongdoing;
- (5) Willingness to cooperate with the commission;
- (6) Action taken to correct the problem;
- (7) The purpose of the rule or statute that was violated;
- (8) The potential harm to public health, safety and welfare; and
- (9) The nature and extent of the enforcement activities required of the commission as a result of the offense.

(e) The commission shall select appropriate sanction(s) by choosing the sanction(s) most likely to:

- (1) Protect public health, safety or welfare;
- (2) Prevent future misconduct;
- (3) Correct the attitudinal, educational, or other deficiencies which led to the misconduct;
- (4) Encourage the responsible practices of operating a charitable gaming event; and
- (5) Ensure the integrity of charitable gaming in New Hampshire.

Lot 7112.02 Administrative Fines.

(a) Pursuant to RSA 287-E:25-a, I, when the commission imposes an administrative order or fine upon a person or entity for a violation of RSA 287-E or this chapter, the order shall be scaled to reflect the scope of the violation for each offense.

(b) When the commission has determined that a violation or violations of RSA 287-E, or this chapter have occurred, the commission shall send a written notice of the proposed fine(s), by certified mail or hand delivery, to the person, entity, applicant or licensee of the commission's intent to assess a fine.

(c) The written notice required under (b) above shall contain the following information:

- (1) The violation(s) alleged by the commission and the facts on which the allegations are based;
- (2) The statutory section(s) that authorize(s) the commissioner to impose a fine;
- (3) The amount of the fine for each violation cited and the total amount of fine(s) being sought; and
- (4) The respondent's right to request an adjudicative hearing prior to the imposition of the fine.

(d) In accordance with RSA 287-E:25-a, II, any administrative fine imposed under this section shall not preclude the imposition of further penalties or administrative actions under RSA 287-E or this chapter.

Lot 7112.03 Administrative Fine Schedule.

(a) For the purposes of this section, "minor violation" means conduct, action, or failure to act by any person, entity, applicant or licensee individual, or entity that was not:

- (1) Of a nature, quality, or extent to effect or potentially effect the integrity of the charitable game(s) being conducted;
- (2) Of a nature, quality or extent to cause or potentially cause harm to the interest of the state or the charitable organization;
- (3) A knowing, willful, or intentional violation;
- (4) A violation that is chronic or part of a continuing pattern or practice of the licensee;
- (5) An indication of a recalcitrant violator or one that has engaged in a pattern of neglect or disregard with respect to applicable regulatory requirements;
- (6) An act that enabled the violator to benefit economically from the noncompliance; or
- (7) Intended to hinder the ability of the commission to determine compliance with any other applicable local, state or federal regulation, information request, order or other requirement.

(b) Minor violations shall include, but not be limited to:

- (1) Failing to prominently display documents, as required by Lot 7104.04(b);
- (2) Selling lucky 7 tickets to an individual under the age of 18, as prohibited by RSA 287-E:21 and Lot 7105.03(f); or
- (3) Allowing individuals who are not bona fide members, salaried employees, or a gaming consultant with whom the organization has a written agreement to sell lucky 7 tickets.

(c) The commission shall impose a fine of no less than \$25, and no more than \$500 per minor violation committed by any person, entity, applicant or licensee.

(d) For the purposes of this section, “moderate violation” means conduct, action, or failure to act by any person, entity, applicant, or licensee that exceeds the strict definition of a minor violation, as defined in (a) above, but do not meet the level of severity of a major violation, as defined in (g) below.

(e) Moderate violations shall include, but not be limited to:

- (1) Failing to submit any reports by the due date with each different type of report or record requested but not provided constituting a separate violation subject to a separate fine;
- (2) Reopening a deal after it has been closed;
- (3) Operating games in a manner that differs from the adopted house rules;
- (4) Failing to maintain the lucky 7 ticket dispensing devices in proper, working order; or
- (5) Committing 3 or more minor violations within 2 years.

(f) The commission shall impose a fine of no less than \$250, and no more than \$1,500 per moderate violation committed by any person, entity, applicant or licensee.

(g) For the purposes of this section, a “major violation” means conduct, action or failure to act by any person, entity, applicant, or licensee that is:

- (1) Of a nature, quality, or extent to effect or potentially effect the integrity of the charitable game(s) being conducted;
- (2) Of a nature, quality or extent to cause or potentially cause harm to the interest of the state or the charitable organization;
- (3) A knowing, willful or intentional violation;
- (4) A violation that is chronic or part of a continuing pattern or practice of the licensee;
- (5) An indication of a recalcitrant violator or one that has engaged in a pattern of neglect or disregard with respect to applicable regulatory requirements;
- (6) An act that enabled the violator to benefit economically from the noncompliance; or
- (7) Intended to hinder the ability of the commission to determine compliance with any other applicable local, state or federal regulation, information request, order or other requirement.

(h) Major violations shall include, but not be limited to:

- (1) Establishing, maintaining, operating, or otherwise offering a lucky 7 tickets for sale without a license, or with a suspended license;
- (2) Falsifying a lucky 7 license;
- (3) Putting a ticket into play that has been altered or tampered with;
- (4) Operating a game in a manner that tends to deceive the public or affect the chances of winning or losing;
- (5) Failing to maintain records that adequately record, track, and reconcile all lucky 7 ticket sales and voids, as required by Lot 7104.04(m);



- (7) Failing to make available any records required by the commission for investigation, monitoring or licensing purposes, as required by Lot 7104.04(u);
  - (8) Furnishing or making false or misleading statements or reports to the commission, or directing, requiring or knowingly allowing another member or personnel of the organization or entity to furnish or make false or misleading statements or report to the commission;
  - (9) Failing to cooperate during any visit authorized under RSA 287-E or this chapter;
  - (10) Failing to maintain a separate checking account at a NH financial institute for bingo and lucky 7 activities, as required by Lot 7106.01(b); or
  - (11) Committing 5 or more minor violations or 3 or more moderate violations within 2 years.
- (i) The commission shall impose a fine of no less than \$1,000, and no more than \$5,000 per violation of each major violation committed by any person, entity, applicant, or licensee:
- (j) In determining the actual amount of a fine, the commission shall consider:
    - (1) The degree of non-compliance;
    - (2) Prior history of violations of the same or similar nature;
    - (3) The consequences of the violation, including the economic impact to the state and other affected parties;
    - (4) The nature and persistence of the violation;
    - (5) The extent of any remedial or corrective action taken;
    - (6) The good or bad faith exhibited by the cited individual(s);
    - (7) Evidence that the violation was willful;
    - (8) The extent to which the individual cooperated with the board's investigation;
    - (9) The cost of any investigation or hearing conducted by the commission;
    - (10) The licensee's ability to pay a fine assessed by the commission; and
    - (11) Any other mitigating or aggravating factors.
- (k) Except as otherwise noted, the penalties prescribed in (a)-(j) above shall be imposed for each day that the person, entity, applicant, or licensee is not in compliance, beginning with the date that the notification described in Lot 7112.01(a) above is issued and continuing for each day of non-compliance, or until the date of compliance.
- (l) Payment of any imposed administrative fine to the commission shall meet the following requirements:
- (1) If the recipient of a notice described in Lot 7112.01(a) above waives or is deemed to have waived his or her right to an adjudicative hearing, the respondent shall pay the fine by the date specified in the notice, which shall not be less than 15 days from the date of the notice of the proposed fine;
  - (2) If an adjudicative hearing is conducted and the commission's decision to assess a fine is

upheld, the fine shall be due and payable within 10 calendar days of the date of the decision, or such longer time period as is specified in the decision;

(3) Payment shall be made in the form of personal check or money order payable to “Treasurer, State of New Hampshire,” or cash in the exact amount due;

(4) Any payment submitted to the treasury department in the form of a check or money order and returned to the state for any reason shall be processed in accordance with RSA 6:11-a; and

(5) Cash, money order, or certified check shall be required when any past payment to the commission by personal check has been returned for insufficient funds.

(m) Nonpayment of a fine by a licensee or respondent in contravention of an order, agreement, or promise to pay, shall be a separate ground for discipline by the commission, a basis for denying a subsequent license or renewal application, and a basis for judicial action seeking to collect the fine.

(n) If a licensee or respondent fails to pay a fine in accordance with (l) above, the fine shall be \$100, plus an additional fine of \$50.00 per day for each day for which the commission does not receive payment in full.

(o) If a licensee corrects and then subsequently repeats a violation for which a fine was previously issued in accordance with (a)-(n) above, the fine shall be doubled from that of the previous fine such that, for example, an original fine of \$100 shall become \$200 for the first time the offense is repeated, \$300 for the second time the offense is repeated, \$400 for the third time the offense is repeated, and so on.

#### Lot 7112.04 License Revocation, Suspension, and Refusal to Renew.

(a) The commission shall revoke, suspend, or refuse to renew a license when, based upon the facts of the case, imposition of an administrative fine would not protect the public’s interests.

(b) If a reason exists, as set forth in (c) below, to suspend, revoke, or refuse to renew a license the commission shall notify the licensee in writing of:

(1) The intended action;

(2) The reason(s) for the intended action;

(3) The licensee’s right to request an adjudicative hearing to show compliance with all lawful requirements for the retention of the license, and that such a request must be filed within 15 days of the date of the notice; and

(4) In the case of a notice of suspension, notification that if the deficiencies are not corrected within the specified time, the license shall be deemed revoked.

(c) Except as allowed by (g) below, the commission shall proceed to revoke, or refuse to renew a license if the commission determines that one or more of the following reasons for revocation exist:

(1) Failure to comply with the conditions of the license or this chapter, such as a charitable organization’s failure to maintain federal tax-exempt status, or manufacturer or distributor allowing the required bond to lapse;

(2) Failure to take corrective action following the suspension of a license;

(3) An inability or unwillingness to comply with RSA 287-E, as it applies to lucky 7, or this chapter, as demonstrated by a pattern of violations;

- (4) Failure to comply with the requirements set for in this chapter or any commission order to submit records, bank statements, or any other paraphernalia associated with the sale of lucky 7 tickets;
  - (5) Providing false information to the commission, including willfully and knowingly making false statements or makes false entries in any books or records with respect to any transaction connected with the sale of lucky 7 tickets;
  - (6) Failure to remit any license fees or other amounts due to the state;
  - (7) Hindering or obstructing an authorized representative of the commission in the performance of official duties, such as refusing to access to the premises, or failing to produce any books, records or documents for review;
  - (8) Failure to comply with the terms and conditions of an administrative order issued by the commission;
  - (9) Failing to pay any administrative, civil, or criminal penalties owed to the commission;
  - (10) Any conduct by the licensee that undermines the public confidence in charitable gaming or serves the interest of organized gambling or crime and criminals in any manner;
  - (11) Manipulating the outcome of any game or otherwise compromising the integrity of the game;
  - (12) Participating in illegal activities including possessing illegal gambling equipment, or permitting illegal gambling in the premises;
  - (13) Willfully and knowingly conducting business with unauthorized entities;
  - (14) Any material violation of RSA 287-E or this chapter; or
  - (15) Operating without a valid gaming license in any state or commonwealth in the United States.
- (d) Upon the effective date of the revocation, the licensee shall immediately cease holding itself out to the public as a licensee of the commission, and cease engaging in any act for which licensing is required.
- (e) Failure to comply with (d) above shall constitute separate grounds for further disciplinary action.
- (f) In accordance with RSA 287-E:25, any licensee whose license is revoked shall be ineligible for licensure for a period of up to one year from the date of revocation.
- (g) If a license has been revoked, the commission shall not issue a subsequent license until:
- (1) The passage of the amount of time specified in the revocation order;
  - (2) The licensee submits an application in accordance with this chapter;
  - (3) The licensee demonstrates that the cause for revocation no longer exist; and
  - (4) The licensee demonstrates that any corrective actions that were ordered by the commission have been fully implemented.

(h) The commission shall proceed to suspend a license if the commission determines that one or more reasons to revoke as license, as described in (c) above, exist, but:

- (1) The licensee did not act with intent to deceive; and
- (2) The deficiency(ies) can be corrected to conform to applicable requirements.

(i) Upon the effective date of the suspension, the licensee shall immediately cease engaging in any act for which a license is required until the commission grants reinstatement pursuant to (l) below.

(j) Failure to comply with (i) above, shall constitute separate grounds for further disciplinary action.

(k) The minimum period for suspension shall be that amount of time necessary for the licensee to take corrective action ordered by the commission and return to compliance.

(l) The commission shall reinstate a suspended license when:

- (1) The licensee submits to the commission a written request for the license to be reinstated with documentation demonstrating that all of the corrective actions ordered by the commission have been taken; and
- (2) The commission determines that all corrective actions have, in fact, been taken and the licensee has returned to compliance.

(m) If the commission does not grant the request for reinstatement it shall so notify the petitioner and provide the opportunity for a hearing.

(n) A suspension shall have no effect upon the expiration of a license.

(o) If, after receiving a request for renewal of a license, the commission has information that indicates that a reason, as set forth in (c) above, exists to refuse to renew the license, the commission shall inform the licensee of the information and offer an opportunity for the licensee to respond to the information prior to a decision being made on the application for renewal.

(p) The commission shall not issue a license until such time as the reason(s) for the refusal to renew have been corrected.

#### Lot 7112.05 Immediate License Suspension.

(a) When the commission receives information indicating that a licensee has engaged in supplying false or incomplete information, or has engaged in misconduct that poses an immediate danger to the public's welfare, the commission shall issue an order pursuant to RSA 541-A:30, III, that sets forth the alleged misconduct and immediately suspends the license for up to 10 working days pending commencement of an adjudicatory proceeding. If commenced within 10 working days, the suspension shall continue until there is a decision in the proceeding.

(b) Suspension orders under this section shall include the notice of hearing pursuant to Lot 200.

(c) No hearing date established in a proceeding conducted under this section shall be postponed at the request of the licensee unless the licensee also agrees to continue the suspension period pending issuance of the commission's final decision.

#### Lot 7112.06 Appealing a Decision.

(a) Any person aggrieved by the commission's decision to deny, suspend, or revoke a license may appeal the decision by submitting a request for an administrative hearing in accordance with (b) below.

(b) Within 15 days of the date on the notice issued pursuant to Lot 7112.02(c) above, the recipient of the notice shall submit a written response to the commission that indicates that the recipient either:

- (1) Waives their right to an adjudicative hearing; or
- (2) Requests an adjudicative hearing.

(c) If the commission receives a written request for an adjudicative hearing in accordance with (b) above, the commission shall proceed in accordance with the provisions of RSA 541-A, and Lot 200 as they apply to adjudicative proceedings.

(d) If a recipient of a notice fails to submit a response in accordance with (b) above, the recipient shall be deemed to have waived the right to an adjudicative hearing, and the penalty shall be affirmed.

(e) If any participant who receives notice of an adjudicative hearing fails to appear at the hearing, the hearings officer shall hear the evidence and testimony of the participant(s) attending the hearing and render an opinion based thereon.

Lot 7112.07 Rehearings.

(a) Except as provided in (b) below, within 30 days after any order or decision has been made by the commission, any party to the action or proceeding before the commission, or any person directly affected thereby, may apply for a rehearing in respect to any matter determined in the action or proceeding, or covered or included in the order.

(b) Pursuant to RSA 287-E:26, any person aggrieved by a decision of the commission to deny, suspend, or revoke a bingo license may apply to the commission for a rehearing within 15 business days from the date of the decision.

(c) In accordance with RSA 541:4, such motion shall set forth fully every ground upon which it is claimed that the decision or order complained of is unlawful or unreasonable.

(d) In accordance with RSA 541:5, upon the filing of such motion for rehearing, the commission shall within 10 days either grant or deny the same, or suspend the order or decision complained of pending further consideration, and any order of suspension shall be upon such terms and conditions as the commission shall prescribe.

(e) Pursuant to RSA 541:3 and RSA 541:4, the commission shall grant a rehearing when the party states good reason for such relief and demonstrates that a decision is unlawful or unreasonable. Good reason may be shown by identifying specific matters that were overlooked or mistakenly conceived by the deciding tribunal, or by identifying new evidence that could not have been presented in the underlying proceeding. A motion for rehearing that does not meet these standards shall be denied.

(f) In accordance with RSA 541:6, within 30 days after the motion for a rehearing is denied, or, if the motion is granted, then within 30 days after the decision of such hearing, the moving party may appeal by petition to the supreme court.

Lot 7112.08 Subpoenas.

(a) In accordance with RSA 287-E:26-a, the commission, shall, pursuant to (b) below, issue subpoenas for witnesses and for documents relative to investigations or adjudicatory hearings held by the commission.

(b) The commission shall issue a subpoena for the attendance of witnesses or the production of evidence upon a showing that:

- (1) The testimony or evidence is necessary, relevant, and non-repetitive; and
- (2) The witness or evidence cannot be voluntarily obtained.

**Readopt and renumber Pari 1114, effective 2-1-15 (Document #10773), as Lot 7113 to read as follows:**

PART Lot 7113 WAIVER OF RULES

Lot 7113.01 Waiver of Rules.

(a) Any party seeking a waiver of a specific requirement set forth in this chapter shall submit a written request for a waiver to the commission that includes:

- (1) The specific reference to the rule for which a waiver is being sought;
- (2) A full explanation of:
  - a. Why a waiver is necessary;
  - b. The alternatives proposed by the requestor, if any; and
  - c. Why the requestor believes that the waiver being requested meets the criteria in (b) below; and
- (3) The period of time for which the waiver is sought.

(b) The commission shall grant the waiver if it determines that approval of the waiver is not otherwise precluded by statute, and:

- (1) The purpose of the rule would be satisfied by the alternative method proposed;
- (2) Compliance with the rule is rendered unnecessary by new technology or innovative design; or
- (3) Compliance with the rule would be unduly onerous or inapplicable given the circumstances of the affected party.

(c) The party's subsequent compliance with the alternatives approved in the waiver shall be considered equivalent to complying with the rule from which waiver was sought.

(d) Waivers shall not be transferable.

(e) When a party wishes to renew the waiver beyond the approved period of time, the licensee shall apply for a new waiver by submitting the information required by (a) above.

(f) The request to renew a waiver shall be subject to (b) through (e) above.

## APPENDIX A – INCORPORATION BY REFERENCE

| Rule                | Title   | Publisher; How to Obtain; and Cost  |
|---------------------|---|---|
| Lot 7108.02(c)(1)c. | <p data-bbox="467 306 764 436">GLI-14<br/>Finite Scratch Ticket and<br/>Pull-Tab Systems<br/>(version 2.2, 2011)</p> <p data-bbox="467 558 732 657">GLI-21<br/>Client Server Systems<br/>(version 2.2, 2011),</p> | <p data-bbox="790 317 1446 415">The GLI-14 standard is available free of charge and can be found on the Gaming Laboratory International (GLI) website at:</p> <p data-bbox="790 436 1474 499"><a href="http://www.gaminglabs.com/downloads/GLI%20Standards/Bill%20E%202011/GLI-14%20v2.2%20Standard.pdf">http://www.gaminglabs.com/downloads/GLI%20Standards/Bill%20E%202011/GLI-14%20v2.2%20Standard.pdf</a></p> <p data-bbox="790 558 1446 657">The GLI-21 standard is available free of charge and can be found on the Gaming Laboratory International (GLI) website at:</p> <p data-bbox="790 678 1474 741"><a href="http://www.gaminglabs.com/downloads/GLI%20Standards/Bill%20E%202011/GLI-21%20v2.2%20Standard.pdf">http://www.gaminglabs.com/downloads/GLI%20Standards/Bill%20E%202011/GLI-21%20v2.2%20Standard.pdf</a></p> |

## APPENDIX B

| Rule     | Specific State Statute the Rule Implements   |
|----------|--|
|          |  |
| Lot 7101 | RSA 287-E:16   |
| Lot 7102 | RSA 287-E:16; RSA 287-E:18; Chapter 276:121 of the Laws of 2015                                |
| Lot 7103 | RSA 287-E:17; RSA 287-E:18,I, II and IV; RSA 287-E:20;<br>RSA 287-E:23                         |
| Lot 7104 | RSA 287-E:18, III, V and VI  |
| Lot 7105 | RSA 287-E:18,V   |
| Lot 7106 | RSA 287-E:18,III   |
| Lot 7107 | RSA 287-E:18,V; RSA 287-E:24   |
| Lot 7108 | RSA 287-E:18,V; RSA 287-E:24   |
| Lot 7109 | RSA 287-E:18,V; RSA 287-E:23   |
| Lot 7110 | RSA 287-E:18,V; RSA 287-E:23   |
| Lot 7111 | RSA 287-E:19; RSA 287-E:22, I, II and V; RSA 287-E:23-a  |
| Lot 7112 | RSA 287-E:3, IV, XV and XVI; RSA 287-E:25; RSA 287-E:25-a; RSA 287-E:26; and<br>RSA 287-E:26-a |
| Lot 7113 | RSA 287-E:18, VI RSA 287-E:25, RSA 287-E:25-a; RSA 287-E:26; RSA 287-E:26-a                    |
| Lot 7114 | RSA 287-A:18; RSA 541-A:22,IV  |