

TITLE 70: DEPARTMENT OF FINANCE

SUBCHAPTER 70-50.1 OPERATION OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS LOTTERY RULES AND REGULATIONS

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Subchapter Authority: 1 CMC §§ 9301-9323; Executive Order 94-3 § 307(a).

Subchapter History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Proposed 27 Com. Reg. 24900 (Sept. 22, 2005);** Amdts Adopted 26 Com. Reg. 22330 (Apr. 23, 2004); Amdts Proposed 26 Com. Reg. 22121 (Mar. 23, 2004); Amdts Adopted 25 Com. Reg. 21400 (Sept. 18, 2003); Amdts Proposed 25 Com. Reg. 20801 (Aug. 22, 2003); Amdts Adopted 24 Com. Reg. 19533 (Sept. 27, 2002); Amdts Proposed 24 Com. Reg. 19482 (Aug. 21, 2002); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Amdts Adopted 20 Com. Reg. 16405 (Dec. 15, 1998); Amdts Emergency and Proposed 20 Com. Reg. 15984 (July 15, 1998) (effective for 120 days from July 1, 1998); Amdts Adopted 19 Com. Reg. 15203

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(Mar. 15, 1997); Amdts Proposed 19 Com. Reg. 14852 (Jan. 15, 1997); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885* (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

*Pages 10885 to 10894 appear in volume 15, number 9 of the Commonwealth Register and are repeated in volume 15, number 10.

**As of December 2005, a notice of adoption for the September 2005 amendments had not been published.

Commission Comment: PL 3-60 (effective June 3, 1983), codified at 1 CMC §§ 9301-9323, created the CNMI Lottery Commission to supervise, organize and operate a public lottery in the Commonwealth. See 1 CMC §§ 9301 and 9305. 1 CMC § 9306 directs the Commonwealth Lottery Commission to promulgate regulations governing the administration of the lottery in accordance with the act.

Executive Order 94-3 (effective August 23, 1994) reorganized the Commonwealth government executive branch, changed agency names and official titles and effected numerous other revisions. According to Executive Order 94-3 § 307(a):

Section 307. Department of Finance.

(a) Lottery Commission. The Commonwealth Lottery Commission is abolished and its functions transferred to the Department of Finance. The Secretary of Finance shall consult with the Secretary of Commerce and the Attorney General as necessary for the effective administration of such functions.

The full text of Executive Order 94-3 is set forth in the commission comment to 1 CMC § 2001.

Section 5 of PL 18-20 (effective Oct. 7, 2013) repealed § 307(a) of Executive Order 94-3, reestablishing the Commonwealth Lottery Commission.

The CNMI Lottery Commission promulgated the 1993 CNMI Lottery Rules and Regulations. Thereafter, the Department of Finance issued amendments to the original 1993 regulations pursuant to Executive Order 94-3.

On September 22, 2005, the Department of Finance published amendments that proposed to add a new part 400 to this subchapter, entitled "Sports Lottery." See 27 Com. Reg. 24900 (Sept. 22, 2005). As of December 2005, a notice of adoption had not been published.

Part 001 - General Provisions

§ 70-50.1-001 Rule Making Authority

The rules and regulations set forth in this subchapter, and from time to time amended, are promulgated pursuant to the authority and directions set forth in the Commonwealth Code including, but not limited to, 1 CMC § 9305, 1 CMC § 9306, 1 CMC § 9313(c) and the Commonwealth Administrative Procedure Act, 1 CMC §§ 9101, et seq., and Executive Order 94-3.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

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Commission Comment: The 2000 amendments readopted and republished the CNMI Lottery Rules and Regulations in their entirety. The Commission, therefore, cites the 2000 amendments in the history sections throughout this subchapter.

§ 70-50.1-005 Introduction and Purpose

The rules and regulations as set forth in this subchapter, and from time to time amended, are enacted to implement, interpret, prescribe and clarify the policies and procedures required to implement, regulate and supervise the operation of the Commonwealth of the Northern Mariana Islands Lottery. Where permissible or appropriate these rules and regulations shall have the force of law. These rules and regulations are subject to continuing review and modification and, consistent with the requirements of the Commonwealth Lottery Commission Act, 1 CMC §§ 9301, et seq., may be amended, modified or repealed as deemed appropriate by the Commonwealth of the Northern Mariana Islands Department of Finance, successor to the Lottery Commission pursuant to Executive Order 94-3.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

§ 70-50.1-010 Definitions

Unless otherwise specifically defined within 1 CMC §§ 9301, et seq., the Commonwealth Lottery Commission Act, or specifically defined herein, all words and phrases set forth in the rules and regulations in this subchapter shall be given their normal and commonly understood meaning with the masculine including the feminine and neuter, the singular including the plural, the plural including the singular, the present tense including the past and future tense as is appropriate. As used in these rules and regulations:

(a) “Act”: The Act is the CNMI Lottery Commission Act currently codified as 1 CMC §§ 9301, et seq.

(b) “Batu”: The game of batu is a gambling game whereby a stick or other object creating a target is placed on the ground at a certain distance from where the player is standing with the player throwing a disc, or other similar object, at the stick or target in an effort to hit the stick or target or knock the stick or target over. The player, and others present, wager whether after a throw, or series of throws, of the disc or other similar object, the stick or target will be knocked over.

(c) “Beneficial Interest”: A beneficial interest in an organization (as organization is defined below) means an interest held by a person (as person is defined below) directly or indirectly:

- (1) That entitles such person to control, directly or indirectly, such organization; or
- (2) Which constitutes more than five percent of the shares of voting stock or other voting securities which control or regulate the operation of the organization; or

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- (3) That entitles such person to more than five percent of the earnings and profits or distributions of such organization; or
- (4) That entitles such person to five percent or more of the assets of such corporation upon the liquidation or dissolution of such organization; or
- (5) From which such person receives or is legally entitled to receive over a period of time, interest payments, dividends or other payments totaling more than five thousand dollars, other than payments with respect to bonds, certificates of deposit, notes or other evidences of indebtedness which are generally offered to members of the public and for which such person paid a fair market value.

(d) “Bingo”:

(1) As used herein bingo is a lottery game of chance, played at a fixed location, involving the distribution of tickets or play-slips to players, by either sale or in exchange for anything of value, with each of such tickets or play-slips usually containing a “free” square in the center plus various numbers or symbols, which numbers or symbols are printed in such a manner that each “set” of bingo tickets or play-slips distributed for play contain a series of tickets or play-slips numbering not less than 2,000; with each of the 2,000 tickets or play-slips having a different series or configuration of numbers or symbols (also within the bingo industry referred to as “faces”) before any one ticket or play-slip is duplicated or replicated; with the tickets or play-slips only sold at the location where the bingo game will be conducted, with the first sale of tickets not to be made more than one-half hour prior to the conducting of the first bingo game; with the bingo ticket or play-slips sold to players being the only basis for the payment of prizes, with players winning prizes only on the basis of matching upon his or her bingo ticket or play-slips various numbers or symbols drawn by lot, at random, by the caller of the game or selected through some similar method with the winner of each game being the player or players who match such numbers or symbols on their ticket or play-slip to create a previously selected and announced winning pattern used in bingo games which include, but are not limited to, small diamond, large diamond, four corners, horizontal, vertical, diagonal, window pane, picture-frame, X, coverall, etc.; with the drawing of numbers or symbols to conduct the lottery game of bingo limited to determining the winner of each bingo game and such numbers or symbols not being used for any other purpose including, but not limited to, any additional side-games or incidental games conducted as a result of or pursuant to the conduct of the bingo game as defined herein; with all prizes for winning bingo tickets being paid immediately, within five minutes, after the call of bingo and confirmation of winning bingo tickets, and if not paid on this basis prizes shall be forfeited to the bingo operator who may not redistribute such prizes except through the conducting of another bingo game as defined herein.

(2) In order to constitute the game of bingo which may be licensed by the Mayor of a senatorial district, all wagers must be placed in the presence of all persons playing the bingo game; and all winners must be determined in the presence of all persons playing the bingo game; and, the distribution of prizes must be made in the presence of all persons playing the bingo game.

(3) The offering for sale or sale of cards or tickets having numbers or symbols (whether or not similar in design to a bingo game card), sometimes called break-open tickets, instant lottery tickets, instant bingo tickets, scratch-off tickets, pull-tab tickets,

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pickle jar games, etc., which numbers or symbols are concealed or reprinted in a manner to provide for the distribution of a specific number of prizes or set dollar amount of prizes from each set or series of tickets, does not constitute the game of bingo; rather, the foregoing constitutes a lottery ticket and all such games are subject to licensing and regulation by the CNMI Lottery and, therefore, may not be sold by the holder of the Mayor's bingo license unless the sale of such game is also approved by the Secretary of Finance on behalf of the CNMI Lottery.

(4) Cards having numbers or symbols similar to a bingo game card but which numbers or symbols are concealed and reprinted in a manner to provide for the distribution of prizes on other than a completely random basis does not constitute the game of bingo; but rather, constitutes an instant lottery ticket subject to licensing and regulation by the Department.

(e) "Chance": Chance creates a result that occurs from an unknown or uncertain force or condition whereby the result is reached by some action or means taken in such a manner that human reason, foresight, or design cannot enable a person to know or determine such result until the same has actually been accomplished. Chance, as used in the rules and regulations in this subchapter, means that the winner of a particular contest is determined by luck rather than skill. The involvement of some element of skill in the award of any particular prize will not remove such game from the classification as a lottery if chance remains as either a principle or predominate* element in the award of such prize.

(f) Charitable Purpose: A charitable purpose is an activity undertaken by an organization recognized as a charitable tax-exempt organization by the Commonwealth of the Northern Mariana Islands under section 501(c)(3) of the NMTIT.

(g) "Commonwealth Lottery": The Commonwealth has the authority to license a variety of lottery games. The term "Lottery Operator" refers to an individual or entity licensed by the Department to operate specific lottery games in the Commonwealth. Authority to operate lottery games is specifically limited to the type of game identified in the lottery operator license and does not authorize operation of any other game or activity or provide any exclusive right to control the Commonwealth's ability to limit license activity or issue other licenses.

(h) "Department": The Department is the Department of Finance which took over the functions of the Lottery Commission pursuant to Executive Order 94-3, effective August 23, 1994.

(i) "Employee or Officer of the Department": An employee or officer of the Department, for the purposes of compliance with 1 CMC § 9321(d), is one who is specifically hired by the Department to act either in an employment capacity or management capacity for and on behalf of the Department in its supervision and regulation of the CNMI Lottery; and, who devotes substantially all of his or her time of employment to supervision and regulation of the CNMI Lottery; and, who is paid or

otherwise compensated from a fund created specifically for such purpose by or on behalf of the Department.

(j) “Retailer”: A retailer or Lottery retailer is an individual or entity which has been licensed by the Department to sell lottery tickets for a specific lottery game. Authority to sell or participate in lottery activities is specifically limited by the authorization provided in the license.

(k) “Gaming Rules” or “Game Rules”: The term “gaming rules” or “game rules” means the rules set forth for a particular lottery game as defined in the rules and regulations of the CNMI Lottery, codified in this subchapter, and other rules or statutes defining lottery matters.

(l) “Gift Enterprise”: A gift enterprise is a marketing scheme or program whereby participants register or otherwise obtain tickets at a sponsoring store or other location, and the number of tickets awarded to at least some of the participants in the enterprise is based upon the amount of merchandise, property or services which such participant purchases; and such tickets or other similar evidence of participation are then used for the distribution of property by chance among those who have participated in the program. The fact that the consideration to participate in such gift enterprise lottery is not paid exclusively for the chance pursuant to which one can win a prize does not remove such undertaking from regulation by the Department if the number of tickets, or similar indicia of entry, which are awarded to at least some participants is in any way based upon, or related to, the expenditure of funds at the sponsoring location.

(m) “Instant Ticket”: An instant ticket is a lottery game whereby the player purchases a ticket that has a play area which, in some manner, is hidden from view, which play area contains numbers or symbols which when revealed will determine whether one or more prizes is won by the player; with such numbers or symbols reprinted in such a manner that the distribution of prizes within each game have been pre-determined as to the number and amount of prizes but not as to the random basis upon which prizes are awarded. Only Instant Tickets purchased from vendors approved by the Department are authorized to be used in Lottery Operations. The price of the ticket, game structure, vendor supplying tickets, odds for winning something of value (i.e. prize), and the value of the prize all must be authorized by the Department prior to initiation or sale of the Instant Tickets.

(n) “Instant Ticket Retailer”: An instant retailer is a person or organization to whom the Department has issued a license and with whom the CNMI Lottery operator has contracted to sell instant lottery tickets to the public. Without affecting the definition herein, an instant retailer may, at some future date or time, become a full-service retail agency.

(o) “Jueteng Game”: A jueteng game is a numbers lottery where a player may select and enter on a pre-printed ticket one number or two numbers from a game matrix of a pre-determined set of numbers or symbols, usually numbers 1 to 38, in an attempt to

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match one or two numbers randomly drawn or otherwise selected by chance. The winning numbers typically are drawn from a cylindrical tube or tamboliolo but also may be established on some other random basis that is beyond the ability of the licensee to control or manipulate. When the number(s) drawn matches the number(s) selected by the player, the player is entitled to the winning prize for that particular drawing date and game.

(p) “License”: A license is a permit or authorization issued by the Department pursuant to the Act and the rules and regulations in this subchapter by which a person or organization is entitled to either operate an approved, specified, CNMI Lottery game (i.e., license to operate lottery); or conduct sales of lottery tickets associated with the Marianas Super Lottery and Instant Games only (lottery retail license). The operator of a specific CNMI Lottery game shall be issued a CNMI Lottery operator’s license for the specified lottery game. The issuance of a CNMI Lottery License grants authority for operation of only the game and type of lottery specified and no others. A person or organization selling Marianas Super Lottery tickets and Instant Games Tickets in the CNMI must possess a Lottery Retail license issued by the Department for each retail location where sales occur.

(q) “Licensee”: Any person or organization to whom a lottery license has been issued by the Department. Separate licenses are issued for lottery operations and lottery sales.

(r) “Lottery or Lottery Games”: As used herein “lottery or lottery games” has the same meaning as the definition set forth in § 9301(a)-(c) of the Act for a “public lottery” to wit: “public lottery means” a gambling scheme in which:

- (1) The players pay or agree to pay something of value for chances, represented and differentiated by numbers or by combinations of numbers or some other medium, one or more of which chances are to be designated the winning ones; and
- (2) The winning chances are to be determined by a drawing or by some other method based on an element of chance; and
- (3) The holders of the winning chances are to receive something of value.

(s) “Lottery Equipment”: The term “Lottery Equipment” refers to all of the equipment associated with operation of any lottery game (including instant games) in the Commonwealth. The term equipment includes, but is not limited to, centralized computer, lottery tickets, random number generator, terminals for the issuance of tickets, instant tickets, ticket dispensers, report*, and monitoring and reporting equipment. All Lottery Equipment is to provide acceptable documentation from the vendor as required by the Department as to the accuracy, odds, and other certifications or assurances required by the Department prior to its use.

(t) “Lottery Operator”: Lottery Operator: The term Lottery Operator is the party to whom the Department has issued a license to operate either Marianas Super Lottery or Marianas Super Scratch-it Lottery Operator is used* to refer to individuals or entity licensed by the Commonwealth to operate Video Lottery Games and is a distinct license from that for operation of the Marianas Super Scratch-it or Marianas Super Lottery.

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(u) “Moral Turpitude”: A crime of “moral turpitude” is such crime, whether a felony or misdemeanor, that involves illegal gambling, bookmaking, embezzlement, theft, bribery, use of controlled substance, corruption, abuse of a minor, contribution to the delinquency of a minor, or any other act or conduct that could or may impair a person’s ability to perform his or her duties on behalf of the CNMI Lottery or that could or may impair the business or reputation of the CNMI Lottery.

(v) “Non-profit Organization”: A non-profit organization is a person or organization having an existence for at least a period of 180 days which meets the following requirement:

(1) Any person or organization which is exempt from taxation under subsection (c)(3) of § 501 of the United States Internal Revenue Code and the Northern Marianas Income Tax Act of 1984, 4 CMC §§ 1700, et seq.

(w) “On-Line Game”:

(1) An on-line lottery game is any type of lottery game which utilizes electronic equipment such as computer system to administer play and in which a player may select:

(i) a combination of numbers to be played;

(ii) the type of game to be played;

(iii) the amount of play for one or more specified drawing dates, and

(2) A random drawing or number is selected whereby, pursuant to chance, the winning combination or combinations of numbers are selected with such numbers then used to determine the award of prizes in accordance with the rules of the specific on-line game being played.

(3) The term “on-line” refers to the interaction between the retail lottery licensee and administration of lottery game and is not meant to infer permission or authorization by the Commonwealth for licensees to conduct direct electronic purchase, sales or any participation in lottery activities by customers through electronic or telephonic communications. All lottery sales and participation is restricted to physically present purchases by participants from lottery retailers at approved retail locations within the Commonwealth.

The term “On-line Game” refers to the fact that the selection of numbers associated with the lottery game is conducted with a central computer system. The term “on-line” does not indicate a game structure in which individuals may purchase or play lottery games via the internet or any other connection with computer system or other electronic or telephonic purchase. All lottery players must purchase tickets through lottery retailers through physical exchange of consideration at a lottery retailer from customer to retailer at approved lottery retail locations and no direct electronic purchase is allowed.

(x) “Operator of the CNMI Lottery”: Operator of the CNMI Lottery refers to a licensed operator of a specific type of lottery game as identified in the license. There can be multiple Operators of the CNMI Lottery at any given time depending upon the number of licenses issued by the Department. Authority to operate any lottery is controlled by the specific game and terms identified in the license.

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(y) “Organization”: An organization can be either a corporation, partnership, joint stock association, sole proprietorship, joint venture, business association, cooperative association, professional corporation or other entity existing for any purpose.

(z) “Person”: As used herein “person” has the same meaning as the definition set forth in § 9313(b) of the Act, to wit: “person” includes an individual, association, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, or any other person acting in a fiduciary or representative capacity, or any combination of individuals. “Person” includes any department, commission, agency or instrumentality of the Commonwealth, including any municipality or political subdivision and any agency or instrumentality thereof. “Person” excludes any religious or other non-profit organization.

(aa) “Political Contribution”: A political contribution is the giving of money or any other thing of value to: a candidate for election to any political or non-partisan office; or to any political party; or to a political faction of such political party; or to a political action committee within the Commonwealth.

(bb) “Political Activity”: Means any activity by which a person or organization supports or opposes the election of a candidate for political office; or supports or opposes a political party in an election; or serves as a member of any committee of a political party or faction; or makes or solicits contributions for a political party, faction or candidate; or takes an active part in the management or affairs of a political party, faction or candidate.

(cc) “Religious Organization”: A religious organization is a group having a continuous existence for at least a period of 180 days and comprised of not less than ten people whose primary purpose is to meet on a regular basis in common worship and religious observance and which has received tax exempt status of a 50 1(c)(3) organization in the Commonwealth of the Northern Mariana Islands.

(dd) “Retailer”: A retailer or “Lottery Retailer” is any person or organization to whom the CNMI Lottery has issued a license to sell lottery tickets for a specified lottery game to the public.

(ee) “Rules of the game”: Rules of the game are the “rules and regulations” as promulgated, and from time to time amended, by the CNMI Lottery including:

- (1) Lotto Regulations;
- (2) CNMI Instant Ticket Regulations;
- (3) CNMI Lottery Regulations;
- (4) Juenteng Regulations;
- (5) Video Lottery Regulations.

(ff) “Skimming”: The skimming of lottery proceeds is the intentional exclusion, or the taking of any action in an attempt to exclude, any money, proceeds or their value from

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the deposit, counting, collection or computation of the gross revenue or net proceeds of the CNMI Lottery activities.

(gg) “Video Lottery”: Any lottery conducted on a video lottery machine or linked video lottery machines with an aggregate progression prize or prizes.

(hh) “Video Lottery Machine”: Any machine in which coins, credits or tokens are deposited in order to play any game of chance in which the results, including options available to the player, are randomly and immediately determined by the machine. A machine may use spinning reels or video displays or both, and may or may not dispense coins or tokens directly to winning players. A machine shall be considered a video lottery machine notwithstanding

(i) the use of an electronic credit system making the deposit of bills, coins, or tokens unnecessary, or

(ii) the fact that the video lottery machine has employed dual function terminal technology.

* So in original.

Modified, 1 CMC § 3806(d), (e), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (ff). The Commission also designated subsections (d)(1) through (d)(4) and (w)(1) and (w)(2).

The 2000 amendments deleted former subsections (g), (q) and (dd), added new subsections (d)(2) through (d)(4), (h), (k), (o) and (ee) and redesignated the remaining subsections accordingly with numerous amendments.

In the opening paragraph of subsection (c), the Commission changed the final semi-colon to a colon. In subsection (q), the Commission changed “person organization” to “person or organization” to correct a manifest error. In subsection (bb), the Commission changed “selection” to “election” to correct a manifest error. The Commission placed quotation marks around terms defined.

The 2009 amendments amended subsections (f), (g), (j), (m), (p), (q), (s), (t), (v)(2) through (v)(6), (w), (x), (cc), (dd), and (ee), and added subsections (gg) and (hh). See 31 Com. Reg. at 29560 (May 20, 2009).

§ 70-50.1-015 Application Requirement

Every person interested in engaging in lottery activities either as a Lottery Operator or Lottery Retailer in the CNMI must submit an application as prescribed by the Department and be issued a license.

Modified, 1 CMC § 3806(d).

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History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000).

§ 70-50.1-020 Applicant's Requirements

In order to be eligible to apply for a lottery license, all parties with an ownership or equity interest in the applicant must be identified as well as any holders of notes owed by the applicant. All individuals and entities who have any interest in the applicant and the applicant must meet and or comply with the following:

- (a) In the case of an individual, must provide a police clearance that indicates the individual has never been convicted of any crime;
- (b) Must provide authority for the Department to conduct background investigation;
- (c) Must be current with all required tax filings and payments.
- (d) Additional appropriate conditions for application may be imposed for individuals or entities applying for licenses of specific types of lotteries at the discretion of the Secretary.

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000).

Commission Comment: The 2009 amendments added subsection (d). See 31 Com. Reg. at 29564 (May 20, 2009).

Part 100 - Type of Lotteries; Requirements for Operation

§ 70-50.1-101 Introduction

The Commonwealth Lottery shall be comprised of all lottery games set forth below. The Commonwealth may increase the number and types of games permitted at any given time. Authority to operate any identified lottery game is distinct and requires separate application and approval by the Commonwealth. All lotteries must strictly comply with applicable Department rules and applicable laws. In order to operate any of these games requires the issuance of a specific license authorizing the operation of the specific type of lottery game. All lottery operations are subject to inspection and review of operations. All Lottery licensees are subject to review of financial records by the Commonwealth Department of Finance and their representatives and the Office of the Public Auditor. Failure of any Licensee to immediately comply with requests for access to financial records shall be cause for immediate suspension of license.

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

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Commission Comment: This section was originally the introduction to part V, codified at part 100. The Commission created the section title.

The 2000 amendments moved the introduction in this section from former rule 1 and deleted former § 1.1. See 15 Com. Reg. at 10897-98 (Oct. 15, 1993).

Commission Comment: The 2009 amendments amended this section by deleting it in its entirety and replacing it. See 31 Com. Reg. at 29564 (May 20, 2009).

§ 70-50.1-105 Lottery Games Authorized

- (a) Jueteng or other similar lottery game matching one or two randomly selected numbers to the numbers on the player's game card or ticket;
- (b) Scratch or instant tickets or other selected similar game;
- (c) On-line or other electronic game matching more than two randomly selected numbers to the player's game ticket;
- (d) Gift enterprise or other similar lottery game used to promote a business, product or other similar enterprise;
- (e) Video Lottery.

Modified, 1 CMC § 3806(f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000).

Commission Comment: The 2009 amendments amended this section by adding subsection (e). See 31 Com. Reg. at 29565 (May 20, 2009).

§ 70-50.1-110 Manner of Play

The manner in which the Commonwealth Lottery will be conducted is pursuant to applicable rules and regulations, a copy of which is attached hereto and specifically incorporated herein by reference or have been previously promulgated and are specifically incorporated herein by reference, save and except as noted in or modified by the rules and regulations in this subchapter.

- (a) The cost for the play of each game of the Commonwealth Lottery as set forth in the rules and regulations shall not be binding or controlling as to the amount charged for participation in the Commonwealth Lottery.
- (b) The CNMI Lottery operator, in consultation with the Department, shall establish the cost in United States dollars for the play of each game offered by the Commonwealth Lottery.

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(c) Based upon the appropriate conversion of currency between United States dollars and Australian dollars, or some other acceptable currency to the United States dollar, the CNMI Lottery operator, in consultation with the Department, may increase or decrease the entry cost for each Commonwealth Lottery game.

Modified, 1 CMC § 3806(d), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended the opening paragraph and subsections (a) through (d).

In the opening paragraph, the Commission changed “copy of which” to “a copy of which” to correct a manifest error.

The 2009 amendments amended this section by deleting former subsection (d). See 31 Com. Reg. at 29565 (May 20, 2009).

§ 70-50.1-115 Monitoring and Reporting Requirements

The Lottery Operator shall monitor daily sales of all lottery tickets and provide a daily report to the Department of all sales in a format established by the Department. The Department shall be furnished a daily report from the Lottery Operator by 10 a.m. each day for the sales that occurred during the previous 24-hour period (12:01 a.m. through 12:00 p.m.) Report shall indicate serial number of each ticket sold, identification of lottery retailer which sold lottery ticket; type of lottery game; amount of sale; any winning tickets; and if a Marianas Supper Lottery Ticket is sold, the five number combination selected. All reports are to be signed by authorized representation of Lottery Operator attesting to the accuracy of the information under penalty of perjury.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended the opening paragraph and subsections (a) and (b).

Commission Comment: The 2009 amendments amended this section by deleting it in its entirety and replacing it. See 31 Com. Reg. at 29565 (May 20, 2009). The Commission corrected the spelling of “previous” pursuant to 1 CMC § 3806(g).

§ 70-50.1-120 Manner of Payment of Prizes

An important element of establishing trust and confidence of the public is quick payment of all prizes with the minimum of delay due to authentication procedures. The manner of

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payment of prize winners shall be dependent upon the game played with such payment for each game made pursuant to the game rules referred to above and made part of this subchapter.

- (a) A lottery retailer shall pay any lottery prize in the amount of US\$51.00 or less after complying with appropriate validation procedures.
- (b) A lottery retailer may pay any prize in the amount greater than US\$51.00 but less than US\$600.00 after complying with appropriate validation procedures.
- (c) Prizes of US\$600.00 or more shall be paid by the CNMI Lottery operator pursuant to the game rules.
- (d) When paying a prize of US\$600.00 or more, the CNMI Lottery operator shall file the appropriate income tax reporting form with the CNMI Division of Revenue and Taxation.
- (e) Each lottery licensee must withhold and report lottery winnings consistent with all applicable CNMI laws including, but not limited to, when paying a prize of US\$5,000.00 or more, the CNMI Lottery operator shall withhold appropriate income tax at a rate set under the CNMI tax laws and regulations.
- (f) The prize for any on-line lottery game not otherwise claimed, paid or distributed by the CNMI Lottery operator within three hundred sixty-five days of the date that such prize is first payable shall be deemed an unclaimed prize and the right of any person or organization to claim such prize shall lapse and all money associated with such prize shall forthwith be transferred to the Department and deposited, for subsequent distribution according to law, into the Commonwealth Lottery Fund-General Lottery Account established pursuant to the Act.
- (g) The CNMI Lottery operator shall recognize only one person as a claimant of a particular prize. A claim may be made in the name of a person (other than an individual) or an organization, only if such person or organization possesses a Federal Employer Identification Number (FEIN) issued by the United States Internal Revenue Service or such similar identification number issued by the CNMI Division of Revenue and Taxation and such number is shown on the prize claim form. Groups, family units, clubs, persons or organizations without an FEIN shall designate one individual in whose name the claim of prize is to be filed. If a claim of prize is erroneously entered with the name or names of multiple claimants, the claimants shall designate one of them as the individual recipient of the prize, or, if the claimants fail to so designate an individual recipient, the CNMI Lottery operator must designate anyone of such claimants as the sole recipient. In either case, the claim shall then be considered as if it were originally entered in the name of the designated individual and payment of any prize won shall be made to that single individual.

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(h) Proceeds from ticket sales from lottery games shall be kept and maintained by the CNMI Lottery operator and its agents and sub-agents on the following terms and conditions:

(1) All proceeds from the sale of any Lottery tickets received by a lottery retailer shall be held in trust until paid to the Lottery Operator either directly or by deposit with the Lottery Operator's authorized collection representative or institution;

(2) A Lottery retailer shall have a fiduciary duty to preserve and account for lottery proceeds and shall be liable to the Lottery Operator for all such proceeds;

(3) Lottery licensees and the agents and sub-agents of the CNMI Lottery operator shall be personally liable to the CNMI Lottery operator for all such lottery proceeds and shall account for unsold instant tickets received by the licensee, the cash proceeds for the sale of any CNMI Lottery tickets or lottery-related products (excluding sales commission paid to such licensee and excluding credit for any lottery prize to winners paid by such licensee). Sales proceeds and unused instant lottery tickets shall be delivered on demand made to any licensee or agent or sub-agent of the CNMI Lottery operator, by either the Department or the CNMI Lottery operator or their authorized representative.

(i) The CNMI Lottery operator shall place all lottery proceeds due to the Department in an account in an institution selected by the Department which institution is insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation with such deposit being made not later than the close of the next banking day after the date of the collection of such proceeds.

(j) The CNMI Lottery operator may require licensees offering the lottery game of jueteng or selling instant tickets only, and shall require licensees operating a full-service retail agency, to establish in an institution insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation a single separate account (with such account having a capacity for electronic funds transfer where available) for the purpose of receiving all monies from the proceeds of the sale of the CNMI Lottery prior to making payments to the CNMI Lottery operator. Such proceeds shall be kept and maintained separate and apart from all other funds or assets of the licensee and shall not, in any way, become commingled with other funds or assets of the licensee.

(k) A failure to have sufficient funds on deposit in any lottery-related bank account to cover all applicable prize payments plus appropriate payments to the CNMI Lottery and/or the CNMI Lottery operator shall be cause for immediate suspension or termination of any license previously issued.

(l) In order to ensure that the Lottery Operator has sufficient funds to make all prize payments, the Lottery Operator must maintain a bond ("Bond") in the amount of \$500,000 payable upon demand to the Commonwealth upon written notice that a winning ticket has been reasonably authenticated and yet has not been paid within ten calendar days of written demand by the Department. This Bond shall be established two weeks prior to the issuance of any lottery tickets by a Lottery Operator and shall be maintained

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for 365 days after termination of the Lottery Operator's license. The Bond must be in a form and with agency acceptable to the Department.

Modified, 1 CMC § 3806(d), (e), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended the opening paragraph and subsections (c), (e), (f), (h), (h)(3), (i), (j) and (k).

In subsection (j), the Commission changed "electric" to "electronic" to correct a manifest error.

The 2009 amendments amended this section by deleting the first paragraph of this section in its entirety and replacing it, and deleting subsections (h)(1) and (2) in their entirety and replacing it, and adding subsection (l). See 31 Com. Reg. at 29565 (May 20, 2009). The Notice of Adoption of the 2009 amendments revised subsection (l).

§ 70-50.1-125 Frequency of Play

The frequency of the Commonwealth Lottery games and the date or time at which each game is held shall be determined by game rules herein set forth.

Modified, 1 CMC § 3806(d), (e), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

§ 70-50.1-130 Locations Where Lottery May Be Permitted

(a) Those locations which are licensed to sell instant ticket lottery games only shall be designated as an instant ticket retailer whose premises shall be substantially dedicated to other types of retail sales.

(b) Selection of licensee(s) and the locations where each will operate shall be at the sole discretion of the Department. The receipt of a CNMI Lottery license is a privilege not a right, however any such license once issued is revocable by the Department only for cause. In determining to whom such licenses should be awarded and the locations where the Commonwealth Lottery will operate, the Department and CNMI Lottery operator will consider, by way of illustration only and not limitation, the following:

(1) The financial responsibility and security of the applicant and the business or activity in which the applicant is engaged. Consideration of this factor may include the analysis of the applicant's credit record, compliance with tax laws of this or other jurisdictions, status of other permits and licenses, results of a criminal background investigation, adequacy of security procedures against theft, the type of construction of the applicant's facility and whether the location is fixed and permanent, whether the

applicant can provide appropriate security, and any other factor that may assist the Department in such evaluation; or

(2) The location of, and public accessibility to, the applicant's place of business or activity. Consideration of this factor may include analysis of the applicant's hours of operation, proximity to major transit routes, proximity to large employers, public parking availability, and any other factor that may assist the Department in such evaluation; or

(3) The sufficiency of existing licensees to serve the public convenience. Consideration of this factor may include analysis of number and proximity of other licensed lottery retail agents in a given area, with the possibility that additional licenses for any given area may be denied if the area is determined to be adequately served by existing lottery licensees; or

(4) The volume of expected sales at the applicant's place of business or activity; or

(5) Whether individuals under 18 years of age constitute a majority of the applicant's customers or as customers provide a majority of the applicant's sales volume.

Modified, 1 CMC § 3806(f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsections (a), (b), (b)(1) and (b)(2).

In subsection (b)(4), the Commission changed "applicants" to "applicant's" to correct a manifest error.

The 2009 amendments amended subsections (a) and (b).

§ 70-50.1-135 Method to Promote the Lottery

Lottery promotion shall include, but is not limited to: advertising in the various local media; educational television presentations; educational informational brochures in both English and the vernacular; and other sales promotion methods as deemed appropriate by the lottery operator.

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

§ 70-50.1-140 Licensing of Persons to Operate the Lottery

(a) The license to operate a lottery (i.e., "Lottery Operator license") is limited to specific games identified in the license. The Commonwealth may issue multiple lottery operator licenses at any given time for approved lottery games. Thus, an individual or entity licensed to operate the Marianas Super Lottery is not authorized to operate Video Lottery or any other game. However, the license to operate the specific game is an exclusive license for the operation of this type of game during the term of the license. Multiple licenses to sell lottery tickets for a specific lottery game (i.e., "Lottery Retailer license") are permitted at any given time, the number of which is at the discretion of the

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Department, acting in the best interest of the Department. The license to sell lottery tickets does not permit the licensee to engage in any lottery games not specifically identified in the lottery retailer license and the activity permitted is restricted to sale of approved chances of an identified lottery game stated in the license. The receipt of a CNMI Lottery license is a privilege not a right, however any such license once issued is revocable by the Department only for cause. The Department may grant or deny an application for a license or revoke a license issued to a lottery operator or any licensee based on any one or more factors listed in § 70-50.1-130(b) of this subchapter. In addition, the Department may deny an application for a license or revoke a license issued to a licensee pursuant to the Act and this subchapter upon a finding that the applicant or holder of such license or any individual with any ownership or equity interest in the license, applicant, or license holder:

- (1) Has been convicted of a felony, or criminal fraud, or gambling or a gambling-related offense, or any felony or misdemeanor involving moral turpitude, if less than 10 years has elapsed since the termination of the sentence, parole, mandatory supervision, or probation served for the offense; or
- (2) Is or has been a professional gambler. A “professional gambler” is a person whose profession is, or whose major source of income derives from, playing games of chance for profit; or
- (3) Is delinquent in the payment of any Commonwealth tax; duty, fee or similar charge or any other debt due the Commonwealth at any time after the application is filed but before the Department acts to grant or deny the license; or
- (4) Has a spouse, child, parent, parent-in-law, or spouse’s child who is a person described in subsection (a)(1), (a)(2), or (a)(3) of this section; or
- (5) Has violated the CNMI Lottery Commission Act or a rule or regulation adopted pursuant to the Act; or
- (6) Is not an individual, but an individual described in one or more of subsections (a)(1)-(a)(5) of this section holds a beneficial interest in the corporation or organization; or
- (7) Provided false or misleading information on the application form, or failed to provide information required as part of the application or evaluation process; or
- (8) Failed to fully cooperate or to provide any additional or supplemental information which the Department deems necessary in order to determine whether the applicant is suitable to hold a license; or any other factor that is or may be helpful in determining whether the applicant’s experience, character, and general fitness are such that the applicant’s participation as a sales agent will not detract from the integrity, security, honesty, or fairness of the operation of the lottery. An example of the type of factor considered in this regard is the analysis of the type of product currently sold or form of service currently provided or other business activity currently conducted by the applicant.

(b) Any information provided to the Department under this subchapter or on any application, filing or other instrument submitted to the Department that subsequently becomes incorrect or misleading, shall immediately be updated by the applicants or licensees providing an explanation thereof to the Department. Without limiting the foregoing, all applicants or licensees shall notify the Department immediately if any

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change in the ownership or beneficial interest or location of the applicant or licensee occurs.

(c) The CNMI Lottery Operator or the Department may develop forms for the retailer applications requesting all such information required by the Act, or by this subchapter or that is deemed necessary or appropriate to evaluate the retailers' suitability to hold a license. Such application shall be completed, executed, acknowledged and notarized by the applicant as required by the Department.

(d) A Lottery Operator's license shall be issued for a period as determined by the Secretary but not to exceed a five-year period ("License Period"). At the conclusion of this License Period, the availability of the license shall be advertised to the public seeking proposals for lottery operations and licensing. A Lottery Operator and Retailer license is only valid for the time period identified. At the termination of this period of license or upon revocation by the Commonwealth, the licensee has no further rights in this license. Each game may have additional licensing requirements that an applicant for the specific lottery game shall be required to meet to obtain the specific license for this specific game.

(e) The criteria set forth herein as a basis to grant or deny a license shall also be used by the Department in determining whether to renew a license previously issued.

(f) The Department may establish and charge a fee for either the filing of an application for, and/or the issuance of, any lottery license issued pursuant to either the Act or this subchapter.

(g) All lottery operators shall submit to the Secretary of Finance within 45 days of the start of each calendar year an original signed copy of their annual audit for the previous calendar year performed by a Certified Public Accountant licensed to practice in the Commonwealth ("Audit"). The Audit of finances and accounts shall be based on GAAP and GAAS standards. Failure to precisely comply with this requirement will be considered a material breach of lottery license requirements and just cause for immediate suspension and or revocation of lottery license.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsections (a), (a)(3), (a)(8), (a)(9) and (b) through (f).

In subsection (a)(2), the Commission changed the final comma to a semi-colon to ensure consistent punctuation.

The 2009 amendments amended subsections (a) and (d), and added subsection (g).

§ 70-50.1-145 Sale or Purchase of Tickets by Minors

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(a) No person under the age of 18 years may sell or, in any manner, be directly involved in the sale of any lottery ticket.

(b) No person under the age of 18 years may purchase a lottery ticket. Any ticket so purchased shall be void and any prize otherwise payable pursuant to that ticket is treated as an unclaimed forfeited prize and shall forthwith be transferred to the Department and deposited, for subsequent disposition according to law, into the Commonwealth Lottery Fund - General Lottery Account established pursuant to the Act.

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsection (b).

§ 70-50.1-150 Gift Enterprise Lottery

(a) A gift enterprise lottery may be conducted by a merchant providing all of the following terms and conditions are met:

(1) The merchant shall submit an application and pay the appropriate fee, if any, as determined by the Department; and

(2) [Reserved.]

(3) That the merchant conducting the gift enterprise lottery has held a CNMI business license and has been in business for at least 180 days; and

(4) That the merchant conducting the gift enterprise lottery has one or more permanent or fixed places of business within the Commonwealth and that the gift enterprise lottery is conducted only at such fixed location or locations; and

(5) That only merchandise prizes, not cash, be awarded pursuant to the gift enterprise lottery subject to the following limitations:

(i) That the grand prize or top prize awarded have a retail value of \$25,000 or less;

(ii) That the aggregate or total retail value of all prizes awarded does not exceed \$35,000;

(iii) That the merchant shall not buy-back, repurchase, or award a cash equivalent for any merchandise prize so awarded, and

(6) That the duration of any gift enterprise lottery not exceed a term of 90 days from the date of either the announced commencement of the gift enterprise lottery or the date the first entry ticket is awarded (whichever is earlier) until the final drawing at which time any and all prizes advertised must be distributed; and

(7) That not more than two gift enterprise lottery promotions be conducted by a merchant in any single calendar year; and

(8) That there be at least 90 days between the conclusion of the merchant's previous gift enterprise lottery and the commencement of a second or subsequent gift enterprise lottery.

(9) The Secretary of Finance may provide a written waiver of the limit on the number of Gift Enterprise Lotteries in a given year and requirement of 90 day period between lotteries upon written request of a merchant.

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(b) The Department may develop appropriate forms for the application to conduct and/or disclosure of the results of a gift enterprise lottery conducted by any merchant; with such forms requesting all such information hereinabove set forth and any further or additional information which the Department deems necessary or appropriate to evaluate and regulate the conduct of gift enterprise lotteries in the CNMI. The Department may further require that all such forms be completed, executed, acknowledged or notarized under oath by an authorized representative of the merchant conducting the gift enterprise lottery.

(c) Failure of a merchant to comply with any of the rules and regulations in this subchapter regarding the operation of a gift enterprise lottery in the Commonwealth; or to truthfully, honestly and completely provide to the Department any and all information sought in the gift enterprise lottery application form or disclosure form, will result in the Department prohibiting such merchant, or any agent, servant or employee operating for or on behalf of such merchant, from engaging in a gift enterprise lottery for a period of not less than 2 calendar years subsequent to such violation.

(d) The Department may establish and charge a fee for either the filing of an application for, and/or the issuance of, any permit or license issued to the operator of a gift enterprise lottery.

(e) The Department may issue a cease and desist order for any merchant found to be in violation of this subchapter. Upon finding of such violation, such merchant and/or marketing agent shall be subject to a civil penalty not to exceed \$500 per day for each day of violation of this subchapter.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 25 Com. Reg. 21400 (Sept. 18, 2003); Amdts Proposed 25 Com. Reg. 20801 (Aug. 22, 2003); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The January 1994 notice of adoption added a § 10.1 to former rule 10, codified in this section. See 16 Com. Reg. at 11662 (Jan. 15, 1994). The 2000 amendments omitted this new section 10.1, possibly in error. The 2000 amendments added new subsections (a)(1) and (e), re-designated the remaining subsections and amended subsections (a)(5)(i) and (ii), (b), (c) and (d).

The 2003 amendments repealed former subsection (a)(2) and reserved the subsection.

The 2009 amendments added subsection (a)(9).

§ 70-50.1-155 Political Activities by Certain Lottery Licensees

The CNMI Lottery operator and any CNMI Lottery full service agency lottery sales licensee are prohibited from engaging in any one of the following activities:

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- (a) Soliciting contributions for a political purpose or using or attempting to use its position to encourage, punish, or coerce any political activity of any lottery licensee;
- (b) Conducting or performing any political activity on any premises licensed by the CNMI Lottery as a full-service retail agency;
- (c) Making any political contribution.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The Commission inserted a comma after the word “punish” in subsection (a) pursuant to 1 CMC § 3806(g).

§ 70-50.1-160 Lottery License Fee

(a) For the privilege of engaging in the sale of lottery games in the CNMI, the following annual license fee schedule is established and must be paid as a condition of the issuance or renewal of a lottery license.

(1) Jueteng Game. A fixed fee of \$150,000 plus additional license fee as determined by the Department of Finance based on a percent of gross sales;

(2) Instant Scratch Game. The license fee for this game shall be included within the fee for the Marianas Super Lottery. The license to operate the Marianas Lottery shall also allow the operator to operate the Instant Scratch Game without the payment of any additional licensing fee. However, as soon as the license to operate the Marianas Lottery expires, is revoked or otherwise inoperative, the ability to operate the Instant Scratch Game shall also cease.

(3) Marianas Super Lottery. A fixed annual fee of \$150,000.

(4) Video Lottery. An annual fixed fee to be determined by the Secretary.

(b) All fixed license fees must be paid in full prior to the issuance of a license. The additional license fee computed as a percentage of gross sales must be paid no later than the tenth day of each month following the month in which sales were made.

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000).

Commission Comment: The 2000 amendments deleted former rule 12, entitled “Sales Commissions,” and replaced it with this section. See 15 Com. Reg. at 10907-8 (Oct. 15, 1993).

The 2009 amendments amended subsections (a)(2) and (3), and added subsection (a)(4). The 2009 amendment purports to strike subsection (a)(2) in its entirety, replace it, and re-strike and replace the new subsection (a)(2). See 31 Com. Reg. at 29568 (Aug. 27, 2009). The Commission codified the first new subsection (a)(2) as the first sentence of subsection (a)(2), and the second new subsection (a)(2) as the second and third sentences of subsection (a)(2).

§ 70-50.1-165 Selling Price of Tickets

(a) No person or organization shall sell, within the Commonwealth, any CNMI Lottery ticket at a price either above or below the price that has been established by the Department.

(b) Unless otherwise specifically authorized by the Department in writing, neither the CNMI Lottery operator nor a CNMI Lottery licensee shall sell, within the Commonwealth, any Commonwealth Lottery tickets at a price either above or below the price that has been established by the Department.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsections (a) and (b).

§ 70-50.1-170 Restrictions on Sale of Tickets

(a) No person other than the CNMI Lottery operator or a person or organization holding a current CNMI Lottery license shall sell CNMI Lottery tickets within the Commonwealth; provided however, that this limitation shall not be construed to prevent a person or organization which has otherwise lawfully purchased a CNMI Lottery ticket from making a gift of such lottery ticket to another.

(b) Unless otherwise specifically authorized by the Department in writing, neither the CNMI Lottery operator nor a CNMI Lottery licensee shall sell lottery tickets except from the specific fixed premises or location designated on the CNMI Lottery license.

(c) Lottery tickets validly purchased, may be given by persons or organizations to customers or perspective customers as a means of promoting goods or services; provided however, that the goods or services of the person or organization making such promotional gifts are legal for sale or use in the Commonwealth.

(d) A CNMI Lottery licensee shall not sell lottery tickets within the Commonwealth by phone, fax, or other similar method of communication.

(e) The CNMI Lottery operator, or a CNMI Lottery licensee, shall not directly extend credit to the purchaser of any lottery tickets or lottery products; provided however, CNMI lottery tickets may be sold for cash or by use of any credit card or similar instrument, provided that the payment of any fee or commission to the credit card company shall be the sole responsibility of the CNMI Lottery operator or licensee and any such fee or commission so paid shall in no way reduce the payments from the CNMI Lottery operator or licensee to the Commonwealth.

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(f) The CNMI Lottery operator, or a CNMI Lottery licensee, shall not accept a food stamp coupon, an NAP coupon or similar item for the purchase of any lottery ticket.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsections (b) and (e). The Commission inserted a comma after the word “fax” in subsection (d) pursuant to 1 CMC § 3806(g).

§ 70-50.1-175 Security of Tickets

(a) The CNMI Lottery operator and CNMI Lottery licensee shall provide reasonable security for all lottery tickets and lottery property.

(b) The CNMI Lottery licensee is responsible for all lottery tickets delivered to it. The CNMI Lottery licensee shall immediately, and in no instance longer than twelve hours after discovery, advise the CNMI Lottery operator of any lost, stolen, missing, or counterfeit tickets.

(c) The CNMI Lottery operator may develop procedures whereby a CNMI Lottery licensee:

- (1) Will be charged a fee, not to exceed \$25.00 per book or package, for not yet activated packs of instant tickets which are lost, stolen, or missing; or
- (2) Will be charged full price, less applicable commission, for any activated books or packs of tickets that are lost, stolen, or missing; or
- (3) Will be charged the cash equivalent of any prizes paid by such licensee on tickets that are obviously counterfeit, altered, or otherwise deficient and therefore invalid; or
- (4) Will be charged an amount which has been paid as a duplicate prize at a second retail location as a result of the failure of the licensee at the first retail location to deface or otherwise designate the ticket involved as a winning ticket for which a prize has been previously paid.

Modified, 1 CMC § 3806(e), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The Commission inserted commas after the words “missing” in subsection (b) and the word “stolen” in subsections (c)(1) and (c)(2) pursuant to 1 CMC § 3806(g).

§ 70-50.1-180 Assignment of License

No license issued by the Department to the CNMI Lottery operator, or a CNMI Lottery licensee shall be transferred or assigned without the express written permission of the Department. Any change in ownership by either by an individual, corporation,

shareholder, or partnership who or which has been issued a license shall be considered an assignment of the license and shall act to cancel the license unless prior written authorization is received by the Secretary.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

§ 70-50.1-185 Change of Location or Ownership

Any change in either the location of the business of a CNMI Lottery licensee or the beneficial interest held in such licensee without the express written approval of the CNMI Lottery operator and the Department will automatically suspend the CNMI Lottery license for such location. A new application must be filed in the same manner as provided in this subchapter for the initial application for a lottery license and the CNMI Lottery license will be reinstated, or issued for a new location, solely at the discretion of the Department. The sale of all lottery tickets is prohibited following either the change in location or a change in beneficial interest of the licensee until a new CNMI Lottery license is issued.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

§ 70-50.1-185 Change of Location or Ownership

Any change in either the location of the business of a CNMI Lottery licensee or the beneficial interest held in such licensee without the express written approval of the CNMI Lottery operator and the Department will automatically suspend the CNMI Lottery license for such location. A new application must be filed in the same manner as provided in this subchapter for the initial application for a lottery license and the CNMI Lottery license will be reinstated, or issued for a new location, solely at the discretion of the Department. The sale of all lottery tickets is prohibited following either the change in location or a change in beneficial interest of the licensee until a new CNMI Lottery license is issued.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

§ 70-50.1-190 Lottery Equipment

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The term “Lottery Equipment” refers to all equipment and supplies used in lottery games including but not limited to: game pieces, software, electronic equipment, computers, terminals, etc. All Lottery Equipment must be approved by the Commonwealth and meet standards, inspections, and certifications established by the Commonwealth. Only lottery equipment approved by the Department and purchased from vendors designated by the Department are permitted to be used in Lottery activities. All Lottery Equipment must conform to standards approved by the Department as to inspections, maintenance, security requirements, monitoring, verifications, and certifications. Use of any Lottery Equipment other than that approved by the Department r* failure to follow equipment requirements shall be cause for immediate suspension of the license to operate a lottery. Costs for Lottery Equipment and associated inspections and certifications shall be borne by the Lottery Operator and or Retailers.

* So in original.

History: Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Proposed 31 Com. Reg. 29553 (May 20, 2009).

Commission Comment: The Commission corrected the phrase “other then” to “other than” pursuant to 1 CMC § 3806(g).

Part 200 - Other Requirements; Suspension, Revocation of License

§ 70-50.1-201 Merchandising

(a) Unless otherwise specifically provided in writing by the Department, each CNMI Lottery licensee shall offer to the public, if otherwise permitted by the CNMI Lottery license held by such licensee, each and every on-line lottery game and/or instant ticket lottery game or numbers game offered for sale to the public by the CNMI Lottery operator. No CNMI Lottery licensee may contract with any other person or organization for lottery goods or services or promotional materials without the express written approval of the CNMI Lottery operator and the Department.

(b) Each CNMI Lottery licensee shall:

- (1) Only use the lottery ticket dispensers provided by the CNMI Lottery operator for the sale of instant lottery tickets; and
- (2) Place such instant ticket dispensers in a prominent location in the retail establishment in the cash register or store check-out area; and
- (3) Prominently display any and all point of sale materials supplied by the CNMI Lottery operator including, by way of illustration and not limitation, door decals, game posters, display tickets, banners, flags, danglers, change mats and interior and exterior signage unless otherwise excused, in writing, from compliance with one or more of these requirements by the Department.

(c) The CNMI Lottery licensees shall make lottery tickets available and shall provide for the redemption of tickets consistent with the CNMI Lottery Commission Act and this subchapter.

Modified, 1 CMC § 3806(d), (f).

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History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsections (a) and (b)(3).

§ 70-50.1-205 Suspension or Revocation of License

Pursuant to the specific authority of 1 CMC § 9313(h) the Department may suspend or revoke any CNMI Lottery license previously issued upon the finding of one or more of the following:

(a) The determination by the Department, of the existence of any one or any combination of factors previously listed as grounds for denial of issuance of a license under § 70-50.1-140 herein above set forth under the heading “Licensing of Persons to Operate the Lottery”; or the determination by the Department that the existence of any one or more factors listed in subsection (b) below directly apply to or relate to the holder of the CNMI Lottery license. Notice of suspension or revocation of license shall, if possible, be given to the licensee in writing setting forth the reasons therefore. A suspended or revoked license shall immediately be surrendered to the Department; or

(b) Without in any way limiting or restricting the ability of the Department to consider the factors listed in § 70-50.1-140 concerning “Licensing of Persons to Operate the Lottery” as grounds for suspension or revocation of a license issued by the Department, the Department may also suspend or revoke a license held by a lottery licensee based upon a finding of one or more of the following:

- (1) That the beneficial interest in the ownership of the business premises has changed or the business location of the retailer has changed without approval of the Department; or
- (2) That the licensee has permitted a sale of a lottery ticket by a person under 18 years of age or has sold a lottery ticket or paid a prize to a person under 18 years of age; or
- (3) That the licensee has not prominently displayed, at the licensed location, the license issued by the Department; or
- (4) That the licensee has refused or failed to promote the sale of lottery tickets by failing to prominently display or make accessible and/or available, lottery game tickets, lottery game advertising or other public information material; or
- (5) That the licensee has redeemed a lottery prize in an amount greater or less than the authorized amount; or conditioned redemption of a lottery prize upon the purchase of any other item or service; or imposed any restriction upon the redemption of a lottery prize not specifically authorized by the Department and the CNMI Lottery operator; or
- (6) That the licensee has violated any directive or instruction issued by either the Department to the Lottery operator or Lottery licensee or issued by the CNMI Lottery operator to a CNMI Lottery licensee; or
- (7) That the licensee has violated any express term or condition of its license, the Act or this subchapter; or

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- (8) That the licensee and/or its employees has exhibited discourteous treatment including, but not limited to, abusive language toward customers or the Department; or
- (9) That the licensee has assigned or transferred or attempted to assign or transfer its licenses to another party without the prior written approval of the Department and the Lottery Operator; or
- (10) That the licensee has failed to exercise due care in the treatment of the CNMI Lottery property; or
- (11) That the licensee endangered the security of the lottery; or
- (12) That the licensee engaged in fraud, deceit, misrepresentation, or other conduct prejudicial to public confidence in the lottery; or,
- (13) That the licensee engaged in telecommunication or printed advertising that the Department determines to have been false, deceptive, or misleading; or
- (14) That the licensee failed to follow instructions and procedures for the conduct of any particular lottery game or lottery special event; or
- (15) That the licensee failed to establish or maintain reasonable security precautions with regard to the handling of lottery tickets and other lottery-related materials; or
- (16) That the licensee has insufficient sale of lottery tickets; or
- (17) That the licensee has engaged in skimming of lottery funds; or
- (18) That the CNMI Lottery operator or the CNMI Lottery full-service agency lottery sales licensee has engaged in prohibited political activity; or
- (19) The failure to make payments when due by any CNMI Lottery licensee to the CNMI Lottery operator; or, by the CNMI Lottery operator to the Department; or, by failing to handle lottery funds in a prescribed manner consistent with either the Act or this subchapter;
- (20) The licensee's failure to comply with the CNMI tax laws including, but not limited to, the requirement to file tax returns and pay applicable taxes;
- (21) The licensee has violated any Commonwealth or United States laws.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments added subsection (b)(20), deleted former subsection (b)(6), re-designated the remaining subsections accordingly and made numerous amendments.

In subsection (b)(19), the Commission changed the final period to a semi-colon to make the punctuation consistent.

§ 70-50.1-210 Inapplicability of Regulations

- (a) Pursuant to 1 CMC § 1402(a)(10) the rules and regulations in this subchapter do not apply to the lottery game bingo and the game of batu as each is defined in this subchapter provided that:
 - (1) Such game of bingo or batu is a traditional game played at a fixed location; and
 - (2) That the traditional game of bingo or batu has been licensed or otherwise approved pursuant to 1 CMC §§ 1401, et seq., the CNMI Local Law Act of 1983.

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(b) Pursuant to 1 CMC § 9321 the rules and regulations in this subchapter do not apply to a lottery game conducted by:

- (1) A religious organization; or
- (2) A non-profit organization.

Religious or non-profit organization must be recognized as tax-exempt organizations under the NMTIT 501(c)(3).

(c) The right of religious or non-profit organizations to conduct or operate lotteries or raffles does not authorize such religious or non-profit organizations to permit, contract, license, or otherwise engage or hire any person or organization which is not otherwise qualified as a religious or non-profit organization to conduct a raffle or lottery on behalf of the religious or nonprofit organization since such licensing authority is specifically reserved to the Department by the Act.

(d) The Department may develop appropriate forms for the filing with the Department by any person or organization which desires to be recognized as a religious organization or non-profit organization whose lottery game(s) are exempt from regulation by the Department. Such forms shall require the disclosure of all information which the Department deems necessary or appropriate to determine whether such applicant is exempt from having its lottery game(s) regulated by the Department. The Department may further require that all such forms be completed, executed, acknowledged, or notarized under oath by an authorized representative of the religious organization or non-profit organization seeking such exemption.

(e) The Department may establish and charge a fee for either the filing of an application for, and/or the issuance of, any permit or other similar certificate exempting the lottery game(s) of such religious organization or non-profit organization from regulation by the Department.

Modified, 1 CMC § 3806(d), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2002 amendments amended subsections (c), (d) and (e).

In subsection (d), the Commission changed “Commission” to “Department” to correct a manifest error. The Commission inserted commas after the words “license” in subsection (c) and “acknowledged” in subsection (d) pursuant to 1 CMC § 3806(g).

The 2009 amendments amended subsection (b).

§ 70-50.1-215 Certain Lotteries Prohibited

(a) No lottery may be conducted within the Commonwealth of the Northern Mariana Islands if:

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(1) The distribution of a lottery prize or prizes is determined in whole or in part by the number of total votes cast, or the number of votes received by any candidate, in any local, Commonwealth-wide or national election; or

(2) The lottery is sponsored or funded in whole or in part by, or involves, or in any way promotes any cigarette, cigar, smoking tobacco, pipe tobacco, chewing tobacco, snuff or similar tobacco product; or

(3) The lottery is sponsored or funded in whole or in part by or involves or in any way promotes any alcohol, wine, beer or other similar malt or spiritus beverage.

(b) Provided however that the prohibitions set forth immediately above in subsections (a)(2) - (a)(3) will not preclude a merchant who is operating an otherwise permissible gift enterprise lottery from including moneys spent by participants on beer, wine, alcohol, or tobacco products in the determination of the number of tickets to be distributed to the participants in such gift enterprise promotion.

Modified, 1 CMC § 3806(c), (d), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The 2000 amendments amended subsection (b). The Commission inserted a comma after the word “alcohol” in subsection (b) pursuant to 1 CMC § 3806(g).

§ 70-50.1-220 Conflict with Other Laws

Unless specifically set forth herein, the rules and regulations in this subchapter are intended to supplement and not to conflict with other Commonwealth law or applicable federal law. Consequently, notwithstanding anything contained herein to the contrary, to the extent that any provision hereof conflicts with any other Commonwealth law or applicable federal law, including the CNMI Lottery Commission Act, and the apparent conflict cannot be reconciled on a basis to permit implementation of the rules and regulations set forth herein, such other Commonwealth law or applicable federal law shall control, but only to the extent of such conflict, and the remaining provisions of the rules and regulations in this subchapter shall remain in full force and effect.

Modified, 1 CMC § 3806(d), (f), (g).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: The Commission changed “regulation” to “regulations” to correct a manifest error.

Part 300 - Game Rules

§ 70-50.1-301 Game Rules for Jueteng Game

(a) Jueteng Definitions.

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For the purposes of Jueteng, a one number game, or a two number game, the following definitions apply:

- (1) “Authorized retailer” means a person under contract with the Jueteng licensee to sell game tickets to the public.
- (2) “Central computer system” means the computer system maintained by the Jueteng licensee for the recording of tickets sold for a particular drawing.
- (3) “Drawing” means that process whereby the lottery licensee through the use of a random number generator selects one number or two numbers, or three numbers, depending on the type of game, as explained further in subsections (b) through (m) of this section. With respect to the two number game, the first number generated will be for the first number of that game, and the second number generated will be for the second number of that game. With respect to the three number game, the first number generated will be for the first number of that game, and the second number generated will be for the second number of that game and the third number generated will be for the third number of the game.
- (4) “Drawing coordinator” means the person designated by the Jueteng licensee to develop and implement procedures for conducting drawings.
- (5) “Game” means the opportunity provided a player to purchase a ticket with the chance to win a prize by purchase of that ticket.
- (6) “Game ticket” or “ticket” means a ticket produced by a terminal, which contains the name of the Jueteng Lottery operator, a game play of which is either a one number game, a two number game, or a three number game as further described in this rule followed by the drawing date, the price of the ticket, a retailer number, and a serial number.
- (7) “Jueteng Lottery licensee” means the person licensed by the Commonwealth Department of Finance to operate the Jueteng Lottery pursuant to the rules in this section.
- (8) “Number pick” means the random selection by a terminal of one number, or two numbers, depending on the game played, ranging from 1 through 38 which appear on a ticket and are to be played by player in the game.
- (9) “Person” means any natural person, corporation, partnership, limited partnership, limited liability company, or any other entity recognized under the laws of the Commonwealth of the Northern Mariana Islands.
- (10) “Play” or “game play” means for the one number game, one number from 1 through 38, for the two number game, two numbers from 1 through 38, and for the three number game, three numbers from 1 through 38 which appear on ticket and are to be played by player in a game.
- (11) “Random number generator” means a computer- driven electronic device or mechanical device capable of producing numbers at random.
- (12) “Terminal” means a device owned by the Jueteng Lottery licensee and leased to an authorized retailer and is the only device that can issue game tickets.
- (13) “Winning numbers” means the one number between 1 and 38 for the one number game, the two numbers between 1 and 38 for the two numbers game and the three numbers between 1 and 38 for the three numbers game. All winning numbers shall be listed in the exact sequence as the winning numbers randomly generated for the respective number game, which shall be used to determine winning plays contained on a game ticket.

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(b) One Number Game. A one number game is a game ticket, or tickets which are sold to players. A player will receive a “number pick” from a retailer. The player selects a number from the pre-printed number pick between 1 and 38, and prints it on the number pick. The retailer will then issue a game ticket, via the terminal, containing the selected number or number pick that constitutes a game play. Authorized retailers shall cease selling tickets for particular drawing 60 minutes before the scheduled drawing.

(c) Two Number Game. A two number game is played similarly to the one number game as described in subsection (b), immediately above, except that the player selects two numbers from the number pick and prints one number in each box on the game ticket. The retailer will then issue a game ticket, via the terminal, containing the selected number or number pick that constitutes a game play. Authorized retailers shall cease selling tickets for a particular drawing 60 minutes before the scheduled drawing.

(d) Three Number Game. A three number game is played similarly to the one and two number game as described in subsections (b) and (c), immediately above, except the player selects three numbers from the number pick and prints one number in each box on the game ticket for a total of three numbers. The retailer will then issue a game ticket, via the terminal, containing the selected number or number pick that constitutes a game play. Authorized retailers shall cease selling tickets for a particular drawing 60 minutes before the scheduled drawing.

(e) Procedure for Drawing.

(1) The Jueteng Lottery licensee shall designate a drawing coordinator. Drawings shall be conducted pursuant to the procedures developed by the drawing coordinator. The objective of a drawing shall be to randomly select one winning number between 1 and 38 for the one number game, two winning numbers between 1 and 38 for the two number game and three winning numbers between 1 and 38 for the three number game. Drawings shall be conducted with a random number generator.

(2) A player’s ticket having the number or numbers selected matching to the number or numbers drawn is entitled to the winning prize for that particular drawing date and game. The player must have the winning numbers listed in the exact sequence as the winning numbers drawn. Any order of numbers not listed in sequence with the drawn winning combination does not win the grand prize.

(3) The equipment used to determine the winning combination shall be tested prior to and after each drawing to assure proper operation and lack of tampering or fraud. No prizes shall be paid until after all post-inspection checks have been completed.

(4) If, during a drawing for a game, a mechanical or electronic failure or operator error causes an interruption in the selection of numbers or symbols, the drawing coordinator will call a “technical difficulty.” Any number drawn prior to a “technical difficulty” being declared will stand and be deemed official after passing inspection and certification by the drawing coordinator. The drawing of the remaining numbers shall commence only after the drawing coordinator finds that the “technical difficulty” has been corrected. Nothing in this subsection shall supersede the determination by the Jueteng Lottery licensee of equipment malfunction, tampering, or fraud resulting in the voiding of the entire drawing.

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(5) The Jueteng Lottery licensee will delay payment of all prizes if any evidence exists or there are grounds for suspicion of equipment malfunction, tampering, or fraud. Payment shall be made after an investigation is completed and the Jueteng Lottery licensee approves the drawing and authorizes payment. If the drawing is not approved, it will be void and another drawing will be conducted to determine an actual winner.

(6) A ticket shall be the only valid receipt for claiming a prize or prizes. A play slip or number pick slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(7) It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. A Jueteng Lottery ticket may not be voided or cancelled by returning the ticket to the retailer, including tickets that are printed in error. The placing of plays is done at the player's own risk through the authorized retailer who is acting on behalf of the player in entering the player's plays.

(f) Ticket Cost. The cost of a 1 number game ticket shall be \$1.00 for each ticket. The cost of a two number game shall be \$1.00 for each ticket. The cost of a three number game shall be \$1.00 for each ticket.

(g) Prize Pool for One and Two Number Games. The prize pool available each day for the two number game is \$50,000. The prize pool available each day for the one number game shall be a minimum of \$1,000. Each one number winning ticket receives \$30.00, payable at the time of the drawing. Each two number winning ticket receives \$600.00 payable at the time of the drawing. If there is more than one winner, each winner receives \$600.00 for the two number games or \$30.00 for the one number game up to the limit of the respective game's prize pool. Before any winner of any game is paid, the licensee shall determine the number of winners and if the sum of all prizes exceeds the prize pool, each winner shall receive a pro-rata share of the prize pool.

(h) Prize Pool - Three Number Game.

(1) Prize Pool for Three Number Game. The prize pool available each day for the three number game is \$50,000. Of this \$50,000 prize pool, \$40,000 shall be used to pay the winning numbers of the three number game that are drawn in the same order as they are put on the winning ticket. Each three number winning ticket will receive \$4,000 payable at the time of the drawing. If there is more than one winner, and the total amount to all winners is less than the \$40,000 prize pool, all winners shall receive \$4,000. If, however, the total amount awarded to all winners exceeds \$40,000, each winning ticket shall receive a pro-rata share of the prize pool based upon the number of winning tickets. Before any winner of any game is paid, the licensee shall determine the number of winners and if the sum of all prizes exceeds the prize pool, each winner shall receive a pro-rata share of the prize pool.

(2) Consolation Prize for Three Number Game. The remaining \$10,000 shall be used to pay the winning numbers of the consolation prize. The consolation prize will consist of \$200.00 per winning ticket. It will be awarded for any three numbers picked on the game ticket which match, in any order, the three numbers drawn. Before any winner of any game is paid, the licensee shall determine the number of winners and if the sum of all prizes exceeds the prize pool, each winner shall receive a pro-rata share of the prize pool.

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(i) Prize Trust Account. To assure the Department that all prizes will be paid and there is sufficient money to pay each day's winners, the Jueteng Lottery licensee shall deposit and maintain a balance of not less than \$50,000 in a prize trust account for the two number game, a balance of not less than \$50,000 in a separate prize trust account for the three numbers game, and a balance of not less than \$1,000 in a prize trust account for the one number game, on terms and conditions established by the Department.

(j) Drawing Time. Drawing for the games are to be held once daily, not later than 10:00 p.m. Tickets shall not be sold after 9:00 p.m. A second of* subsequent drawing shall not be conducted without the written approval of the Department.

*So in original; probably should be "or."

(k) Claiming of Prizes. Prize winners shall have 60 days from the date of the drawing in which to redeem their prize. Unclaimed prizes shall lapse on the 61st day.

(l) Video Tape of Drawing. Drawing for winning number(s) are open to the public for viewing. For each drawing a video tape of the drawing is to be made and maintained for one year subsequent to the drawing unless erasures or destruction of the video tape(s) is authorized in writing by the Department.

(m) Applicability of Other Rules. In addition to the specific rules relating to the play and/or record keeping for the Jueteng game, the holder of a Jueteng Lottery license shall also be bound and strictly adhere to, §§ 70-50.1-130 through 70-50.1-220 of the rules and regulations in this subchapter.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Amdts Adopted 26 Com. Reg. 22330 (Apr. 23, 2004); Amdts Proposed 26 Com. Reg. 22121 (Mar. 23, 2004); Amdts Adopted 25 Com. Reg. 21400 (Sept. 18, 2003); Amdts Proposed 25 Com. Reg. 20801 (Aug. 22, 2003); Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000).

Commission Comment: The 2003 amendments repealed and reenacted former Rules 24 and 25 in their entirety. The Commission codified Rule 24 at subsection (a) and Rule 25 at subsections (b) through (m).

The 2004 amendments repealed and reenacted this section in its entirety, amended subsections (a)(3), (a)(10), (e)(1) and (f), added new subsections (d), (h) and (k) and redesignated the former subsections accordingly.

In subsection (e)(4), the Commission moved the comma after "difficulty" inside of the closing quotation mark. In subsection (h)(2), the Commission corrected the spelling of "winning." In subsection (i), the Commission changed "days" to "day's" to correct a manifest error.

§ 70-50.1-330 Game Rules for Marianas Lottery

(a) Definitions

The Marianas Super Lottery is an on-line lottery game in which players select six numbers, or are assigned from a field of numbers one (1) to forty-two (42) for the chance to participate in a later random drawing. This lottery is distinct and separate from a video

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lottery and a license to operate the Marianas Super Lottery does not permit or allow one to preclude video lottery activities nor does a video lottery license permit operation of the Marianas Super Lottery. The following definitions apply to the Marianas Super Lottery unless the contract requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Commonwealth Department of Finance:

- (1) “Authorized retailer” means a person under contract with the Marianas Super Lottery licensee to sell game tickets to the public.
- (2) “Central Computer system” means a computer system approved by the Department and purchased and maintained according to Department procedures for the recording of tickets sold for a particular drawing.
- (3) “Drawing” means that process whereby the Department through the use of a random number generator selects six winning numbers between 1 and 42.
- (4) “Drawing Coordinator” means the Office of the Attorney General which shall develop and implement procedures for conducting drawings.
- (5) “Game” means the opportunity provided a player to purchase a ticket with the chance to win a prize by purchase of that ticket.
- (6) “Game Ticket” or “Ticket” means a ticket produced by a terminal which contains “Marianas Super Lottery” a game in which players select six numbers between 1 and 42, followed by the drawing date, the price of the ticket, a retailer number, and a serial number.
- (7) “Marianas Super Lottery licensee” means the person licensed by the Commonwealth Department of Finance to operate the Marianas Super Lottery lotto pursuant to the rules in this section.
- (8) “Person” means any natural person, corporation, partnership, limited partnership, limited liability company, or any other entity recognized under the laws of the Commonwealth of the Northern Mariana Islands.
- (9) “Play” or “game play” means the six different numbers from 1 through 42 which appear on the ticket and are to be played by a player in a game.
- (10) “Quick Pick” means the random selection by a terminal of six different numbers from 1 through 42, which appear on the ticket and are to be played by player in the game.
- (11) “Random number generator” means a computer- driven electronic device or mechanical device capable of producing numbers at random.
- (12) “Supplemental Number” means the random selection of a seventh number after the selection of the initial six numbers from the same number pool.
- (13) “Terminal” or “Smart Terminal” means a device approved by the Department and owned by the Marianas Lottery Operator and leased to an authorized retailer and is the only device that can issue game tickets.
- (14) “Winning Numbers” means the six numbers between 1 and 42, randomly selected at each drawing, which will be used to determine the winning plays contained on a game ticket.

(b) Price

- (1) Game plays shall sell for \$2 each. Game plays and tickets may only be purchased through an authorized retailer.

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(2) An offer to buy and an offer to sell a Marianas Super Lottery ticket shall be made only at a location which has a contract with the Marianas Super Lottery licensee or only by a method which is approved by the Commonwealth Department of Finance.

(c) Ticket Purchase, Characteristics and Restrictions

(1) Marianas Super Lottery is a pari-mutuel lotto game. A player must select a set of six different numbers with an optional supplemental number, between 1 and 42 for input into a terminal. Slips for play can be purchased from a terminal operated by an authorized retailer. Player or retailer inserts the marked slip into the Smart Terminal. The Smart Terminal reads the marked slip and instantly transmits data to the Operational Main Server, where there is an automatic backup system. The Smart Terminal then dispenses a receipt to the player, showing the numbers chosen. Authorized retailers shall cease selling tickets for a particular drawing 60 minutes before the scheduled drawing.

(2) A ticket shall be the only valid receipt for claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(3) It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. A Marianas Super Lottery ticket may not be voided or cancelled by returning the ticket to the retailer, including tickets that are printed in error. The placing of plays is done at the player's own risk through the authorized retailer who is acting on behalf of the player in entering the player's plays.

(d) Drawings

(1) Marianas Super Lottery drawings shall normally take place on Friday of each week at 7:00 p.m.

(2) The Marianas Super Lottery may add additional draw dates provided that three days advance notice is given to the Department of Finance prior to the beginning of sales for the draw.

(3) The Office of the Attorney General shall designate a drawing coordinator. Drawings shall be conducted pursuant to procedures developed by the drawing coordinator and approved by the Office of the Attorney General. The objective of a drawing shall be to randomly select six winning numbers between 1 and 42. Drawings may be conducted with the aid of mechanical drawing equipment or a random number generator or other such devices as the Office of Attorney General may approve.

(4) The equipment used to determine the winning combination shall be tested prior to and after each drawing to assure proper operation and lack of tampering or fraud. No prizes shall be paid until after all post- inspection checks have been completed.

(5) If, during a drawing for a game, a mechanical or electronic failure or operator error causes an interruption in the selection of numbers or symbols, the drawing coordinator will call a "technical difficulty." Any number drawn prior to a "technical difficulty" being declared will stand and be deemed official after passing inspection and certification by the drawing coordinator. The drawing of the remaining numbers shall commence only after the drawing coordinator finds that the "technical difficulty" has been corrected. Nothing in this subsection shall supersede the determination by the Marianas Super Lottery licensee of equipment malfunction, tampering, or fraud resulting in the voiding of the entire drawing.

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(6) The Office of Attorney General or the Department may delay any payment of all prizes by the Marianas Super Lottery licensee if any evidence exists or there are grounds for suspicion of equipment malfunction, tampering, or fraud. Payment shall be made after an investigation is completed and the Office of the Attorney General approves the drawing and or procedures.

(e) Prizes

(1)(i) Marianas Super Lottery is a pari-mutuel game, which are set prize pools. For each draw, 50 percent (50%) of the net sales after cancels and promotional plays from the sale of the base \$2.00 (U.S.) Marianas Super Lottery tickets in the corresponding Marianas Super Lottery sales period shall be allocated as the winning pool for the payment of prizes as provided below:

(A) The base Jackpot prize pool shall consist of 60.0 percent (60.00%) of the winning pool for the drawing plus any base Jackpot money carried forward from the previous draws. The base Jackpot prize shall be divided equally among the players matching all six official winning numbers. If there is no Jackpot winner in a drawing, the base Jackpot pool shall be carried over and added to the base Jackpot pool of the next Marianas Super Lottery drawing.

(B) The second prize pool shall consist of 10.0% percent (10.0%) of the winning pool for the drawing. The second prize pool shall be divided equally among the players matching five (5) of the six (6) official winning numbers, plus (+) one (1) bonus number. If there is no winner in the second prize category for a drawing, the second prize pool shall be carried over and added to the base Jackpot prize pool of the next Marianas Super Lottery drawing.

(C) The third prize pool shall consist of 10 percent (10%) of the winning pool for the drawing. The third prize pool shall be divided equally among the players matching five (5) of the six (6) official winning numbers. If there is no winner in the third prize category for a drawing, the third prize pool shall be carried over and added to the base Jackpot prize pool of the next Marianas Super Lottery drawing.

(D) The fourth prize pool shall consist of 20.0 percent (20.0%) of the winning pool for the drawing. The fourth prize pool shall be divided equally among the players matching four (4) of the six (6) official winning numbers. If there is no winner in the fourth prize category for a drawing, the fourth prize pool shall be carried over and added to the base Jackpot prize pool of the next Marianas Super Lottery drawing.

(E) The fifth prize shall consist of no money or funds. The fifth prize is 5 (five) Free games to play and is awarded to each player who matches three (3) of the six (6) official winning numbers.

(F) The base Jackpot prize will pay the exact guaranteed dollar amount. The second, third and fourth prizes will be rounded down to the nearest fifty cents (\$.50); provided, however, that the fourth prize shall be no less than \$3.50.

(2) Unclaimed prizes, including any unclaimed portion of a minimum pool that was divided equally among winning tickets shall lapse in accordance with 1 CMC § 9315.

(3) Marianas Lottery licensee shall not be bound by any rule or agreement made between syndicate or group entrants.

(4) Subject to subsection (e)(5) and even though a ticket may bear only the name of a syndicate, Marianas Lottery will recognize only the person(s) by whom the ticket is

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surrendered as the absolute owner (and where more than one in equal shares) and except as ordered by a court of competent jurisdiction shall not be bound to take notice or see to the execution of any trust, whether express, implied or constructive to which any such ticket may be subject. Payment by Marianas Lottery to the person(s) surrendering the ticket of any prize money payable thereon shall be a good discharge to Marianas Lottery, notwithstanding any notice Marianas Lottery may have of the right, title, interest or claim of any other person(s) to such prize money.

(5) Subject to the discretion of the Marianas Lottery, no prize money shall be payable except on surrender of the prize winning ticket to Marianas Lottery. The ticket name and address section should be completed before presentation for prize validation, and full identification may be required prior to payment. Claimant shall also indicate his social security number (SSN) or taxpayer identification number (TIN) on the ticket.

(f) Determination of Prize Winners

In order for a ticket to be a winning ticket, numbers appearing in a single horizontal row on the ticket (A, B, C, D, E, F, G, H, I, or J) must match the official winning Marianas Super Lottery numbers in any order for the draw date for which the ticket was purchased. The prizes are set forth as follows:

- (1) Jackpot Prize(s): Six of six official winning numbers.
- (2) Second Prize: Five of six official winning numbers, plus (+) one (1) bonus number.
- (3) Third Prize: Five of six official winning numbers.
- (4) Fourth Prize: Four of six official winning numbers.
- (5) Fifth Prize: Three of six official winning numbers.

(g) Marianas Super Lottery Odds of Winning.

The odds of winning the prizes are as follows:

- (1) Jackpot Prize(s) - 1:5,245,786.
- (2) Second Prize - 1:874,298.
- (3) Third Prize - 1:24,980.
- (4) Fourth Prize - 1:555.
- (5) Fifth Prize - 1:37.
- (6) The overall odds of winning a prize in a Marianas Super Lottery drawing are 1:_____*

(h) Claiming a Prize

- (1) Holders of First through the Fourth prize-winning plays redeem at the Super Lotto Operator's office after confirmation of win and number of winning numbers.
- (2) Player with a winning 5th Prize can redeem at a Super Lotto outlet after confirmation of win.
- (3) Taxes withheld from winnings as required by CNMI law.
- (4) NMI taxes shall be applied and withheld from the prize amount at the time payment is made, pursuant to applicable provisions of the CNMI tax code.
- (5) Any interest or earnings accrued on a Marianas Super Lottery Jackpot prize prior to the prize payment shall accrue to the CNMI and not to the winner.

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(i) Governing Law

All players must abide by all laws, rules, regulations, and procedures applicable to the Marianas Super Lottery lotto game. The Marianas Super Lottery licensee shall make all final decisions regarding the game, including but not limited to, all final decisions regarding the determination of prize winners and the validation of tickets.

(j) Suspension of Marianas Super Lottery Lotto Game

At the discretion of the Marianas Super Lottery licensee, the Marianas Super Lottery lotto game may be suspended or terminated at any time to be effective prior to any scheduled drawing. In case of a terminated drawing, the sole remedy for holders of tickets for such drawing shall be the refund of the ticket purchase price.

* So in original.

Modified, 1 CMC § 3806(c), (d), (e), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 26 Com. Reg. 22330 (Apr. 23, 2004); Amdts Proposed 26 Com. Reg. 22121 (Mar. 23, 2004); Amdts Adopted 25 Com. Reg. 21400 (Sept. 18, 2003); Amdts Proposed 25 Com. Reg. 20801 (Aug. 22, 2003); Amdts Adopted 24 Com. Reg. 19533 (Sept. 27, 2002); Amdts Proposed 24 Com. Reg. 19482 (Aug. 21, 2002).

Commission Comment: The 2003 amendments repealed and reenacted this section in its entirety, amended subsections (a), (a)(3), (a)(6), (a)(9), (a)(10), (a)(13), (c)(1)(i), (d)(1), (e)(1), (e)(2) and (g)(1) and added new subsections (c)(1)(ii) and (e)(1)(ii).

The 2004 amendments repealed and reenacted this section in its entirety, amended subsections (a), (a)(9), (d)(3), (e)(1)(i)(A) through (e)(1)(i)(C), (e)(1)(ii), (e)(1)(ii)(A), (e)(1)(ii)(B) and (h), added new subsections (a)(12), (d)(2) and (e)(1)(i)(D) and deleted former subsections (c)(1)(ii) and (g)(1).

In subsections (a), (a)(6) and (d)(5), the Commission moved punctuation inside of the closing quotation marks. In subsection (e)(1)(i)(C), the Commission changed “amount” to “among” to correct a manifest error. In subsection (g)(1), the Commission changed “Thursday’s” and “Friday’s” to “Thursday” and “Friday” to correct manifest errors. The Commission corrected the spelling of “Super” in subsection (c)(1) pursuant to 1 CMC § 3806(g).

The 2009 amendments amended the term “Marianas Lottery” to “Marianas Super Lottery” whenever it appeared in this section. The 2009 amendments amended subsections (a) through (h).

§ 70-50.1-335 Rules for the Marianas Pick 3 Scramble and Marianas Pick 3 Straight Game

(a) Definitions

For the purposes of “Marianas Pick 3 Scramble” and “Marianas Pick 3 Straight,” the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Commonwealth Department of Finance:

(1) “Authorized retailer” means a person under contract with the Marianas Lottery licensee to sell game tickets to the public.

(2) “Central computer system” means the computer system maintained by the Marianas Lottery licensee for the recording of tickets sold for a particular drawing.

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- (3) “Drawing” means that process whereby the lottery licensee through the use of a random number generator selects three single-digit winning numbers, each from zero to nine, and the order in which they occur.
- (4) “Drawing coordinator” means the person designated by the Marianas Lottery licensee to develop and implement procedures for conducting drawings.
- (5) “Game” means the opportunity provided a player to purchase a ticket with the chance to win a prize by purchase of that ticket.
- (6) “Game ticket” or “ticket” means a ticket produced by a terminal, which contains the caption “Marianas Lottery Pick 3,” a game play of which has three numbers, each from zero through nine followed by the drawing date, the price of the ticket, a retailer number, and a serial number.
- (7) “Marianas Lottery licensee” means the person licensed by the Commonwealth Department of Finance to operate a Marianas Lottery Pick 3 pursuant to the rules in this section.
- (8) “Marianas Pick 3” means the Marianas Pick 3 Scramble and the Marianas Pick 3 Straight games.
- (9) “Person” means any natural person, corporation, partnership, limited partnership, limited liability company, or any other entity recognized under the laws of the Commonwealth of the Northern Mariana Islands.
- (10) “Play” or “game play” means the three different numbers, each from zero through nine, which appear on a ticket and are to be played by a player in a game.
- (11) “Quick pick” means the random selection by a terminal of three different numbers, each from zero through nine, which appear on a ticket and are to be played by a player in the game.
- (12) “Random number generator” means a computer- driven electronic device or mechanical device capable of producing numbers at random.
- (13) “Terminal” means a device owned by the Marianas Lottery licensee and leased to an authorized retailer and is the only device that can issue game tickets.
- (14) “Winning numbers” means the three numbers, each from zero through nine, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

(b) Price

- (1) Game plays shall sell for \$1 each. Game plays and tickets may only be purchased through an authorized retailer.
- (2) An offer to buy and an offer to sell a Marianas Lottery ticket shall be made only at a location which has a contract with the Marianas Lottery licensee or only by a method which is approved by the Commonwealth Department of Finance.

(c) Ticket Purchase, Characteristics and Restrictions

- (1) A player must select a set of three numbers, each from zero through nine for input into a terminal. Tickets can be purchased only from a terminal operated by an authorized retailer. The player may provide the numbers to the authorized retailer or by requesting “quick pick” from the retailer. The retailer will then issue a game ticket, via the terminal, containing the selected number set or quick pick number set which constitutes a game

play. Authorized retailers shall cease selling tickets for a particular drawing 60 minutes before the scheduled drawing.

(2) A ticket shall be the only valid receipt for claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(3) It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. A Marianas Lottery ticket may not be voided or cancelled by returning the ticket to the authorized retailer after the drawing, including tickets that are printed in error. The placing of plays is done at the player's own risk through the authorized retailer who is acting on behalf of the player in entering the player's plays.

(d) Drawings

(1) Marianas Lottery drawings shall normally take place a minimum of once a week on Monday at 7:00 pm. Drawings for a particular week shall never take place prior to 7:00 pm, but may take place at some later times.

(2) The Marianas Lottery licensee shall designate a drawing coordinator. Drawings shall be conducted pursuant to the procedures developed by the drawing coordinator. The objective of a drawing shall be to randomly select three winning numbers each from zero through nine. Drawings may be conducted with the aid of mechanical drawing equipment or a random number generator or other such devices as the drawing coordinator may determine.

(3) The equipment used to determine the winning combination shall be tested prior to and after each drawing to assure proper operation and lack of tampering or fraud. No prizes shall be paid until after all post- inspection checks have been completed.

(4) If, during a drawing for a game, a mechanical or electronic failure or operator error causes an interruption in the selection of numbers or symbols, the drawing coordinator will call a "technical difficulty." Any number drawn prior to a "technical difficulty" being declared will stand and be deemed official after passing inspection and certification by the drawing coordinator. The drawing of the remaining numbers shall commence only after the drawing coordinator finds that the "technical difficulty" has been corrected. Nothing in this subsection shall supersede the determination by the Marianas Lottery licensee of equipment malfunction, tampering, or fraud resulting in the voiding of the entire drawing.

(5) The Marianas Lottery licensee will delay payment of all prizes if any evidence exists or there are grounds for suspicion of equipment malfunction, tampering, or fraud. Payment shall be made after an investigation is completed and the Marianas Lottery licensee approves the drawing and authorizes payment. If the drawing is not approved, it will be void and another drawing will be conducted to determine an actual winner.

(e) Determination of Prize Winners

(1) The Marianas Lottery may choose between the following games and prize structures on different draw dates provided that three days advance notice is given to the Department of Finance prior to the beginning of sales for the draw.

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(2) Marianas Pick Three Straight - The drawing for this game shall be held on Monday and Wednesday. Prizes for this drawing shall be determined and awarded on the following basis:

(i) First Prize - match three numbers in the order drawn. For each game ticket with a three number match in the order drawn, a \$400 prize shall be awarded. The aggregate prize amount per drawing will be subject to a maximum total payout of \$50,000. Should the product of the total winning game tickets sold multiplied by the prize payout per game exceed \$50,000 for a particular drawing for this prize group, the prize per game ticket shall be equal to \$50,000 divided by the number of winning game tickets sold.

(3) Marianas Pick 3 Scramble - This drawing shall be held on Tuesday. Prizes for this drawing shall be determined and awarded on the following basis:

(i) First Prize - match three numbers in the order drawn - \$400 for each game ticket with a three number match in the order drawn. The aggregate prize amount per drawing for this prize group will be subject to a maximum total payout of \$40,000. Should the product of the total winning game tickets sold multiplied by the prize payout per game exceed \$40,000 for a particular drawing for this prize group, the prize per game ticket shall be equal to \$40,000 divided by the number of winning game tickets sold.

(ii) Second Prize - match three numbers in the reverse of the order drawn - \$50 for each game ticket with a three number match in the reverse of the order drawn. The aggregate prize amount per drawing for this prize group will be subject to a maximum total payout of \$8,000. Should the product of the total winning game tickets sold multiplied by the prize payout per game exceed \$8,000 for a particular drawing for this prize group, the prize per game ticket shall be equal to \$8,000 divided by the number of winning game tickets sold.

(iii) Third Prize - match three numbers in any order drawn - \$10 for each game ticket with all three numbers in any order drawn. The aggregate prize amount per drawing for this prize group will be subject to a maximum total payout of \$2,000. Should the product of the total winning game tickets sold multiplied by the prize payout per game exceed \$2,000 for a particular drawing for this prize group, the prize per game ticket shall be equal to \$2,000 divided by the number of winning game tickets sold.

(4) Each winning game ticket shall be entitled only to the highest prize available for such winning ticket. Example: If the numbers 747 are drawn, the ticket with this number is eligible only for the first place prize, and is not eligible for the second place and/or third place prizes.

(5) Validated winning tickets may be redeemed for a prize only through the Marianas Lottery licensee from the hours of 11:00 a.m. through 6:00 p.m., Monday through Friday excluding legal holidays as defined by the government of the Commonwealth of the Northern Mariana Islands. The Commonwealth Department of Finance shall keep on record the current address and location of the Marianas Lottery licensee for purposes of redeeming winning tickets

(6) Nothing in the regulations in this section shall prohibit the Marianas Lottery from declaring prizes larger than the minimum amounts set forth herein prior to any drawing.

(f) Ticket Validation Requirements

To be a valid ticket and eligible to receive a prize, all the following requirements must be satisfied:

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- (1) To be a valid winning ticket, all of the following conditions must be met:
- (i) The ticket data must have been recorded in the central computer system prior to the drawing and the information appearing on the ticket must correspond with the computer record;
 - (ii) The ticket shall be intact to the extent that all information appearing on the ticket corresponds with the Marianas Lottery licensee's computer records;
 - (iii) The ticket shall not be altered or tampered with in any manner;
 - (iv) The ticket shall not be counterfeit or a duplicate of another winning ticket;
 - (v) The ticket must have been issued by an authorized retailer in an authorized manner;
 - (vi) The ticket must not have been stolen or canceled;
 - (vii) The ticket must not have been previously paid;
 - (viii) The ticket is subject to all other confidential security checks of the lottery.
- (2) Except as provided in subsection (f)(4), a ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.
- (3) A ticket shall be validated through the lottery's computer system.
- (4) In the event of a dispute between the Marianas Lottery licensee and a claimant as to whether a ticket is a winning ticket, and if the Marianas Lottery licensee determines that the ticket is not a winning ticket or not valid and a prize is not paid, the Marianas Lottery licensee may replace the disputed ticket with at least a ticket of equivalent sales price for a future drawing of the same game. This shall be the sole and exclusive remedy of the claimant.
- (5) In the event a defective ticket is purchased, the only responsibility or liability of the Lottery or the authorized retailer shall be the replacement of the defective ticket with another ticket for a future drawing of the same game.
- (6) The final decision on whether a prize will be paid shall be made by the Marianas Lottery licensee.

(g) **Probability of Winning**

The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations of three numbers, each from zero through nine.

First Prize	1 in 1,000
Second Prize	1 in 1,000
Third Prize	1 in 250
Any Prize	1 in 167

(h) **Governing Law**

All players must abide by all laws, rules, regulations, and procedures applicable to the Marianas Lottery Pick 3 Game, and all other Lottery Rules and Regulations as published and adopted in the Commonwealth Register. The Marianas Lottery licensee shall make all final decisions regarding the game, including but not limited to, all final decisions regarding the determination of prize winners and the validation of tickets.

(i) Suspension of Marianas Lottery Lotto Game

At the discretion of the Marianas Lottery licensee, the Marianas Lottery Lotto Game may be suspended or terminated at any time to be effective prior to any scheduled drawing. In case of a terminated drawing, the sole remedy for holders of tickets for such drawing shall be the refund of the ticket purchase price.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Amdts Adopted 26 Com. Reg. 22330 (Apr. 23, 2004); Amdts Proposed 26 Com. Reg. 22121 (Mar. 23, 2004); Amdts Adopted 25 Com. Reg. 21400 (Sept. 18, 2003); Amdts Proposed 25 Com. Reg. 20801 (Aug. 22, 2003).

Commission Comment: The 2004 amendments repealed and reenacted this section in its entirety, added new subsections (a)(8) and (e)(1) through (e)(4), re-designated the remaining subsections in subsections (a) and (e) accordingly and amended subsections (a), (c)(2) and (g).

In subsections (a), (a)(6) and (d)(4), the Commission moved punctuation inside of the closing quotation marks.

§ 70-50.1-340 Rules for the “Marianas Super Scratch-It”

(a) Definitions

For the purposes of Marianas Super Scratch-It, the following definitions apply except as otherwise specifically provided or unless the context requires otherwise:

(1) “Pack” means a book of shrink-wrapped Scratch-It game tickets which may or may not be attached to each other by perforations.

(2) “Pack-ticket number” means the uncovered number printed on the back of the ticket; the number consists of a game number, a unique pack identification number, and a ticket number.

(3) “Play symbols” mean the figures printed in gray-black or other colored ink which appear under each of the rub-off spots on the front of the ticket.

(4) “Play symbol caption” means the small printed material appearing below each play symbol which repeats or explains the play symbol; only one of these play symbol captions appears under each play symbol and is printed in gray-black or other colored ink.

(5) “Retailer validation code” means the small letters found under the removable rub-off latex that covers the play symbols on the front of the ticket. The letters appear in varying locations beneath the removable rub-off latex and among the play symbols.

(6) “Scratch-it” means an instant ticket game, as defined by these regulations, in which the winning tickets are produced as the time of manufacture with the aid of equipment, and the winning tickets are identified after purchase by scanning the bar code or manually entering the bar code numbers printed on the back of each ticket with equipment provided by the Lottery Operator.

(7) “Ticket validation number” means the unique number covered by latex on the front of the ticket.

(8) “Void if removed number” (VIRN) means the series of digits on the face of a Scratch-It ticket located beneath the play area and covered with latex which is used in the validation process.

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(b) Scratch-It Ticket Price

The minimum price of a Scratch-It ticket shall be \$1, and the maximum price shall not exceed \$10.00.

(c) Method of Determining Winners

(1) Winning tickets in a Scratch-It game are determined at the time of manufacture when winning tickets are produced at random with the aid of equipment in accordance with the payout percentage and prize structure established for the game.

(2) To determine a winning ticket, the official bar code or bar code number printed on the back of the ticket must be scanned or manually entered either at the Marianas Super Lottery office. If the ticket is a winner, Lottery's computer system will identify it as such based upon the official bar code or bar code number. Removing the latex covering on the front of the ticket does not identify a winning ticket. The latex covering feature is offered for entertainment purposes only. The ticket holder must notify the Lottery or a retailer of the apparent winning ticket and submit it for validation as specified in the rules in this section in order to claim a prize. The ticket must be validated in accordance with Lottery's administrative rules as may be amended from time to time before a prize may be paid.

(3) Only the highest prize amount will be paid on a given Scratch-It ticket, except for games which are designed to offer multiple prizes. In all events, the determination of prize winners is subject to the general ticket validation requirements set forth in subsection (e) and any additional requirements set forth on the back of each Scratch-It ticket. If the terms on the back of a ticket conflict with the Lottery's administrative rules, then the rules are the controlling authority.

(d) Payment of Prizes

This rule provides procedures for a player to claim Scratch-It ticket prizes and for payment of prizes on valid winning tickets.

(1) Scratch-It ticket prizes shall be claimed [at the] Marianas Super Lottery Office during Lottery business hours and presenting the ticket to the Marianas Lottery.*

(2) Upon the Lottery Operator's determination that the ticket is a winner and the validation of the ticket, and upon the delivery and surrender of the ticket to the Marianas Lottery, the Lottery shall then present in person or by mail a check to the player in payment of the amount of the prize due less any applicable tax withholding. If the ticket is determined to be invalid or a non-winning ticket or the claim is invalid, the claim shall be denied and the player shall be promptly notified.

(3) Any ticket not passing all applicable validation checks is invalid and void for claims made. A player submitting an invalid or void ticket is ineligible for any prize and no prize shall be paid for such a ticket.

*So in original.

(e) Ticket Validation Requirements

(1) Besides meeting all of the other requirements in subsection (c) and as may be printed on the back of each ticket, the following validation requirements shall apply with regard to Scratch-It game tickets.

(2) To be a valid Scratch-It game ticket, all of the following requirements must be met:

- (i) Where applicable, each of the play symbols must have a play symbol caption underneath, and each play symbol must agree with its play symbol caption;
- (ii) Each of the play symbols and captions must be present in its entirety and be legible;
- (iii) Each of the play symbols and its play symbol caption must be printed according to game specifications;
- (iv) The game number, pack number, ticket number, bar code, bar code number, and VIRN number must be present and all information shall correspond with the Lottery's computer records;
- (v) The play symbols, play symbol captions, game number, pack-ticket number, and VIRN number must be right-side-up and not reversed in any manner;
- (vi) The ticket must have exactly one pack-ticket number;
- (vii) The VIRN number of an apparent high-tier winning ticket shall appear on the Lottery's official record of winning ticket VIRN numbers; and a ticket with that VIRN number shall not have been paid previously;
- (viii) Each of the following must correspond precisely to the artwork on file at the Lottery: play symbols on the ticket, play symbol captions, pack-ticket numbers, display printing, game numbers, retailer validation code; and ticket VIRN number.

(f) Confidentiality of Scratch-It Tickets

No retailer or its employees or agents shall attempt to ascertain the numbers or symbols appearing in the designated areas under the removable latex coverings or otherwise attempt to identify winning Scratch-It tickets.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Amdts Adopted 31 Com. Reg. 29770 (Aug. 27, 2009); Amdts Proposed 31 Com. Reg. 29553 (May 20, 2009); Amdts Adopted 25 Com. Reg. 21400 (Sept. 18, 2003); Amdts Proposed 25 Com. Reg. 20801 (Aug. 22, 2003).

Commission Comment: In subsection (d)(1), the Commission inserted "at the" to correct a manifest error. In subsections (e)(1), the Commission changed the final semi-colon to a period. In subsection (e)(1)(iv), the Commission changed the final period to a semi-colon.

The 2009 amendments amended subsections (a)(6) and (d)(2), and renamed the Marianas Scratch-it to the Marianas Super Scratch-it.

Part 400 - Miscellaneous Provisions

§ 70-50.1-401 Severability

If any provision of the rules and regulations in this subchapter or any portion of any particular provision of such rule or regulation is held, by a court of competent jurisdiction, to be invalid, illegal, unconstitutional or otherwise unenforceable in any respect; the validity, legality, constitutionality or enforceability of these rules and regulations as a whole and the remaining provisions, or remaining portion of any

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particular provision, shall remain in full force and effect and shall not be affected or impaired by such holding.

Modified, 1 CMC § 3806(b), (d), (f).

History: Amdts Adopted 22 Com. Reg. 17281 (June 20, 2000); Amdts Proposed 22 Com. Reg. 17108 (Apr. 20, 2000); Adopted 16 Com. Reg. 11662 (Jan. 15, 1994); Emergency and Proposed 15 Com. Reg. 10885 (Oct. 15, 1993) (effective for 120 days from Oct. 14, 1993).

Commission Comment: For consistency in the NMIAC, the Commission moved this section from former rule 23 to the end of this subchapter. See 22 Com. Reg. 17314 (June 20, 2000).