

THIRD REGULAR SESSION, 1982

AN ACT

Establishing a Commonwealth Lottery Commission, authorizing operation of a public lottery, and for other purposes.

BE IT ENACTED BY THE THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 Section 1. Lottery Commission Established. There is established
2 the Commonwealth Lottery Commission, which shall supervise,
3 organize, and operate a public lottery in the Commonwealth at the
4 earliest practicable time. The public lottery shall be administered
5 and operated to produce the maximum amount of net revenues for the
6 Commonwealth consonant with the general welfare of the people. As
7 used in this Act, "public lottery" means a gambling scheme in which:

8 (a) The players pay or agree to pay something of value
9 for chances, represented and differentiated by numbers or by
10 combinations of numbers or some other medium, one or more of which
11 chances are to be designated the winning ones; and

12 (b) The winning chances are to be determined by a drawing
13 or by some other method based on an element of chance; and

14 (c) The holders of the winning chances are to receive
15 something of value.

16 Section 2. Composition of the Commission. The Commission shall
17 consist of:

18 (a) The Director of Finance or his designee.

19 (b) The Attorney General or his designee.

20 (c) The Director of Commerce and Labor or

21 his designee.

1 Section 3. Commission Procedures. A majority of the members
2 of the Commission shall constitute a quorum. No official business
3 of the Commission may be conducted without a quorum being present,
4 and no official action may be taken without the affirmative vote of
5 a majority of the members.

6 Section 4. Executive Secretary. The Director of Finance or
7 his designee shall be the Executive Secretary of the Commission.
8 The Executive Secretary shall be responsible for the administration
9 of this Act in a manner consistent with the provisions hereof, as
10 well as actions or directives of the Commission. The Executive
11 Secretary's duties shall include preparation of reports relating
12 to lottery revenues, prize disbursements, and expenses of the
13 Commission. The Executive Secretary shall also provide logistical
14 support to the Commission through the Department of Finance or
15 through such full or part-time employees of the Commission as it
16 deems necessary.

17 Section 5. Duties and Responsibilities of the Commission. The
18 Commonwealth Lottery Commission shall have the following duties and
19 responsibilities:

20 (a) to keep records of all official actions, expenditures,
21 funds and revenues received, and all other Commission business;

22 (b) to supervise and administer the operation of any
23 lottery in accordance with the provisions of this Act and the
24 regulations made by the Commission itself;

25 (c) to license such persons engaged in the operation

1 of the lottery as the Commission determines will best serve the
2 public welfare and convenience and promote the maximum amount of
3 net revenues;

4 (d) in the manner prescribed by law, to promulgate
5 regulations providing for the following:

6 (1) the type of lottery to be conducted;

7 The manner in which the lottery shall be conducted.

8 (2) the number and size of the prizes;

9 (3) the manner of selecting the prize winners;

10 (4) the manner of payment of prizes to the prize
11 winners;

12 (5) the frequency of the lotteries and the time at
13 which they may be held;

14 (6) the types of locations at which participation
15 in the lotteries may be permitted;

16 (7) the method to be used in promoting the lottery;

17 (8) the licensing of persons engaged in the operation
18 of the lottery and requiring that no person under the age of 18 shall
19 be directly engaged in such operation; and

20 (9) such other regulations as are necessary to insure
21 the efficient administration of and compliance with the provisions
22 of this Act.

23 Section 6. Prize Allotment. Such set amount, minimum balance,
24 or proportion of the total annual revenue accruing from the operation
25 of the lottery, as the Commission determines, shall be reserved and

1 deposited in the Commonwealth Lottery Fund-Prize Trust account
2 to be apportioned for payment of prizes to the winners. Such
3 payments shall not require appropriation by the Legislature, but
4 may be made only with Commission approval. Prize winners shall
5 have a claim against the Commonwealth Government for the payment
6 of their prizes only to the extent that funds have been accrued,
7 reserved, and deposited in the Commonwealth Lottery Fund-Prize
8 Trust account.

9 Section 7. Reports of the Executive Secretary. The Executive
10 Secretary shall make a monthly report to the Governor and the
11 Legislature. The monthly report shall include the total lottery
12 revenues, prize disbursements and other expenses for the preceding
13 month. The Executive Secretary shall also make an annual report
14 to the Governor and to the Legislature on the first Monday in
15 November of each year. The annual report shall include a fiscal
16 year accounting of funds received and expended, report of funds
17 transferred to the Lottery Fund of the Commonwealth, and full
18 and complete recommendations for such changes in this Act as the
19 Executive Secretary of the Commission may deem necessary or desirable,
20 if any.

21 Section 8. Abuse and Corrections of Lottery Laws and Regulations.

22 (a) The Commission shall report immediately to the Governor
23 and the Legislature any matter that requires immediate change in the
24 laws of the Commonwealth in order to prevent abuses or evasions of this
25 Act or any regulations promulgated hereunder, or to rectify undesirable
26 conditions with the administration or operation of the lottery.

1 (b) The Commission shall make a continuous study and
2 investigation of the lottery:

3 (1) to ascertain any defects in this Act or in
4 the Commission's regulations by reason whereof any abuses in the
5 administration and operation of the lottery or any evasion of
6 this Act or the regulations, may arise;

7 (2) to formulate recommendations for changes in
8 this Act;

9 (3) to guard against the use of this Act and the
10 regulations as a cloak for the carrying on of organized gambling
11 and crime; and

12 (4) To insure that this Act and the regulations
13 are administered so as to serve the true purposes of this Act.

14 (c) The Commission shall make a continuous study and
15 investigation of the operation and the administration of similar
16 laws which may be in effect in other states, territories, or
17 countries, and literature on the subject which may be published or
18 available, any federal law which may effect the operation of the
19 lottery, and the reaction of citizens to existing and potential
20 features of the lottery with a view to recommending or effecting
21 changes that will tend to serve the purposes of this Act.

22 Section 9. Power to Contract. The Commission may enter into
23 contracts for the supervision, organization, and operation of the
24 lottery, or any part thereof, and into contracts for the promotion
25 of the lottery. Such contracts shall not be subject to the laws

1 generally applicable to public contracts, and shall be specifically
2 exempt from any requirement of competitive bidding. A contract
3 awarded or entered into by the Commission shall not be assigned by
4 the holder thereof except by prior specific written approval of the
5 Commission.

6 Section 10. Commission Personnel. The Commission shall use
7 such personnel as necessary from the Department of Finance or shall
8 contract for such full-time or part-time personnel as necessary to
9 implement this Act. The departments, boards, agencies,
10 instrumentalities, commissions or other governmental subdivisions of
11 the Commonwealth shall provide assistance to the Commission upon the
12 Commission's request.

13 Section 11. Compelling of Testimony and Records. Upon petition
14 of the Commission, the Commonwealth Trial Court may issue subpoenas
15 to compel the attendance of witnesses and the production of documents,
16 books records and other evidence before the Commission in any matter
17 over which the Commission has jurisdiction, control or supervision.
18 If a person subpoenaed to attend any such proceeding or hearing
19 fails to obey the command of the subpoena without reasonable cause,
20 or if a person in attendance in any such proceeding or hearing
21 refuses, without lawful cause, to be examined or to answer a legal
22 or pertinent question or to produce any subpoenaed book, account,
23 record or other document, that person may be held in contempt and
24 punished by the court.

1 Section 12. Lottery Licenses.

2 (a) Before issuing a license, the Commission shall
3 consider factors such as:

4 (1) the financial responsibility and security of the
5 person and his business or activity;

6 (2) the appropriateness of the location at which the
7 person intends to conduct the lottery;

8 (3) the sufficiency of existing licenses to serve the
9 public convenience; and

10 (4) the volume of expected sales.

11 (b) As used in this section "person" includes an
12 individual, association, corporation, club, trust, estate,
13 society, company, joint stock company, receiver, trustee, any
14 other person acting in a fiduciary or representative capacity, or
15 any combination of individuals. "Person" includes any department,
16 commission, agency or instrumentality of the Commonwealth,
17 including any municipality or political subdivision and any agency
18 or instrumentality thereof. "Person" excludes any religious or
19 other nonprofit organization.

20 (c) Notwithstanding any other provision of law, a
21 person licensed pursuant to this Act may operate or be engaged
22 in the operation of the lottery, pursuant to this law and
23 the regulations governing such activity. A person lawfully engaged
24 in nongovernmental business on Commonwealth or federal property may
25 be licensed.

1 (d) A license shall not be assignable or transferable.

2 (e) The Commission may issue temporary licenses upon
3 such conditions as it deems necessary for a term which shall not
4 exceed ninety days.

5 (f) The Commission may impose fees for any licenses and
6 may require a bond from any licensed person, in an amount provided
7 by regulation.

8 (g) A licensed person shall display his license or a copy
9 thereof conspicuously in accordance with the regulations.

10 (h) The Commission may suspend or revoke, with or without
11 prior hearing, the license of any person who violates this Act or a
12 regulation promulgated pursuant to this Act. The Commission shall
13 comply with the Administrative Procedure Act as made applicable
14 to the Commonwealth pursuant to Chapter 1 of Title 17 of the Trust
15 Territory Code.

16 (i) The license requirement established by this section
17 shall be in addition to those required by Section 503 of Public
18 Law 3-11.

19 Section 13. Payment of Prizes. The right of any person to a
20 prize is not assignable, except that payment of any prize may be
21 paid to the estate of a deceased prize winner or to a person pursuant
22 to an appropriate judicial order. The Commission and Commonwealth
23 Government shall be discharged of all further liability upon payment
24 of a prize pursuant to this section.

25 Section 14. Prohibited Acts.

1 (a) Operation of Lottery. No persons other than those
2 licensed by the Commission shall operate or be engaged in the
3 operation of the lottery.

4 (b) Sale to Minors Prohibited. No person under the age
5 of eighteen (18) shall participate in the lottery.

6 (c) Forgery of Tickets. No person, with intent to
7 defraud, shall falsely make, alter, forge, utter, pass, or
8 counterfeit any instrument used in connection with the lottery.

9 (d) Prohibition against Prizes for Employees. A ticket or
10 share shall not be purchased by, and a prize shall not be paid to, an
11 officer or employee of the Commission or to any spouse, child, brother,
12 sister or parent residing as a member of the same household in the
13 principal place of abode of an officer or employee of the Commission.

14 (e) Other Lotteries Prohibited. It shall be illegal for
15 any person to sell, buy, or transfer in exchange for any thing of
16 value, any ticket or share of any lottery, regardless of place of
17 origin, which is not authorized by the Commission. The Commission
18 may authorize the sale in the Commonwealth of tickets or shares
19 of the lottery of any state or territory of the United States or
20 of any foreign country only if such state, territory, or country
21 permits the sale of tickets or share of any Commonwealth lottery
22 within its jurisdiction.

23 Section 15. Unclaimed Prizes. The Commission shall establish
24 the time and manner in which prize winners are to claim their prizes.
25 If a claim is not made for the money within the time so established,

1 all rights of the winning ticket holder shall thereupon lapse.

2 Section 16. Delivery of Funds. The Commission shall establish
3 procedures and regulations for the collection of funds raised by the
4 lottery, and for regular reporting and accountings thereof.

5 Section 17. Commonwealth Lottery Fund. (a) A special fund to
6 be known as the "Commonwealth Lottery Fund" is hereby created which
7 shall be divided into three accounts: (1) a Prize Trust account; (2)
8 an Administration account; and (3) a General Lottery account.

9 (b) Should the Commission elect to require the person
10 contracted to operate the lottery to maintain the Prize Trust account
11 pursuant to Section 6 hereof, the "Commonwealth Lottery Fund" shall
12 consist of the two remaining accounts.

13 (c) The fund shall consist of all revenues received by
14 the Commission from the operation of the lottery and all other monies
15 credited or transferred thereto from any other fund or source pursuant
16 to law. Such funds and revenues shall be placed in interest bearing
17 accounts in a local branch of a bank or savings institution whose
18 deposits are insured by the Federal Deposit Insurance Corporation or
19 the Federal Savings and Loan Insurance Corporation. Interest
20 earnings of the Commonwealth Lottery Fund shall be credited to the
21 General Lottery Account.

22 Section 18. Use of Commonwealth Lottery Fund. In the event a
23 Commonwealth Lottery Fund-Prize Trust account is established, the
24 Commission is authorized to draw from the funds deposited pursuant
25 to Section 6 of this Act those sums of money needed to pay prizes

1 won in the Commonwealth lottery. The operations of the Commission
2 shall be funded by appropriation of the Legislature from the General
3 Fund of the Commonwealth, which appropriated funds shall be deposited
4 in the Commonwealth Lottery Fund-Administration account. All other
5 revenues received by the Commission shall be deposited in the
6 Commonwealth Lottery Fund-General Lottery account. Not less than ten
7 days before making its annual report as required by Section 7 of this
8 Act, the Commission shall transfer the balance of all earned revenue
9 and interest not needed to pay prizes in prior lotteries to the
10 Commonwealth Lottery Fund-General Lottery account. No fund in the
11 Commonwealth Lottery Fund-General Lottery account shall be disbursed
12 except pursuant to appropriation enacted by the legislature.

13 Section 19. Compensation of Commission Members. Each member of
14 the Commission shall receive the sum of Twenty Dollars (\$20.00) for
15 his attendance at any meeting of the Commission, and shall be
16 reimbursed for actual travel, subsistence and out-of-pocket expenses
17 incurred in the discharge of his responsibilities, including
18 authorized attendance at meetings held outside the Commonwealth.

19 Section 20. Audit of Commission. The Public Auditor shall
20 conduct quarterly post audits as the Legislature deems necessary, and
21 shall have access and authority to examine any and all records of the
22 Commission, its distributing agents and its licenses.

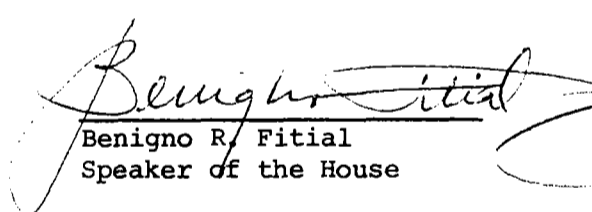
23 Section 21. Nonapplicability of this Act. Any provisions of
24 this Act shall not apply to the activities, such as lotteries and
25 raffles, of religious and other nonprofit organizations.

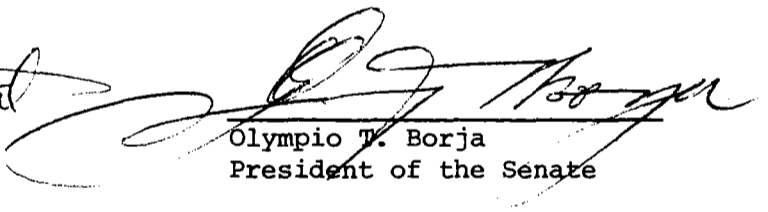
1 Section 22. Penalties. Any person who willfully violates any of
2 the provisions of this Act shall, upon conviction, be imprisoned for
3 a period of not more than five years or be fined not more than five
4 thousand dollars, or both.

5 Section 23. Severability. If any provision of this Act or any
6 rule, regulation or order promulgated hereunder, or the application
7 thereof to any person or circumstances shall be held invalid by a
8 court of competent jurisdiction, the remainder of this Act or any
9 rules, regulations or orders promulgated hereunder, are severable.

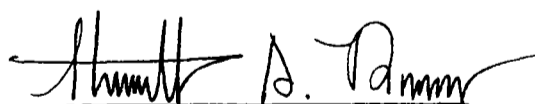
10 Section 24. Appropriation Authorized. There is hereby
11 authorized to be appropriated such sums as are necessary from the
12 General Fund to implement the purposes of this Act.

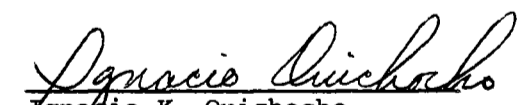
13 Section 25. Effective Date. This Act shall take effect upon its
14 approval by the Governor, or upon its becoming law without such approval.


Benigno R. Fitial
Speaker of the House

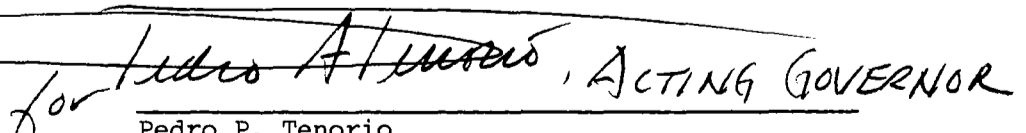

Olympio T. Borja
President of the Senate

ATTEST:


Herbert S. Del Rosario
Chief Clerk


Ignacio K. Quichocho
Senate Legislative Secretary

JUNE 3, 1983


Pedro P. Tenorio
Governor
Commonwealth of the Northern Mariana Islands