



June 26, 2013 Meeting Book

Agenda

New York State Gaming Commission

June 26, 2013 11:00 a.m.

New York, New York

1. Call to Order
2. Designation of Presiding Officer
3. Introductions
4. Summary of the Transition process
5. Adoption of Mission Statement
6. Adoption of Plan of Organization
7. Report of Acting Executive Director
8. Ratification of Actions and Determinations of Staff
9. Rulemaking
 - a) Promulgation of Emergency Rules and Notice of Proposed Rulemaking for the Transition
 - b) Notice of Proposed Rulemaking for Lottery Rules
 - c) Future rulemaking
10. Future Final Adjudications by Commission
11. Other Business
12. Scheduling of Next Meeting
13. Adjourn

ITEM 5

RESOLUTION

Adoption of the Mission Statement of the Gaming Commission

No. 1 – 2013

Whereas, Governor Andrew M. Cuomo has instituted a government-wide program to consolidate and streamline government to provide new efficiencies in the operation of government, and

Whereas, pursuant to Chapter 60 the laws of 2012, there is created a New York State Gaming Commission, and

Whereas, all matters previously within the jurisdiction of the former Division of Lottery and former Racing and Wagering Board, and all present and future legal gaming activities in New York State, are now to be regulated by such new commission;

NOW, therefore, it is

Resolved, That the members of the Commission hereby adopt the attached as the official Mission Statement of the Commission.

Dated: New York City, New York
June 26, 2013

Kristen M. Buckley
Acting Secretary, New York State Gaming Commission

MISSION STATEMENT

The New York State Gaming Commission's mission is to ensure that all lawful gaming activity conducted in this State is of the highest integrity, credibility and quality. Operating in the most efficient and transparent manner, the Commission conducts the New York Lottery and serves the best interests of the public by providing responsive and effective state gaming regulation. The Commission strives to ensure that all stakeholders in the gaming industries, including the consumers who wager on activities regulated by the Commission, are treated in an equitable and responsible manner. By consolidating various regulatory functions into one oversight body with broad powers, the Commission seeks to ensure fair and strict regulation of all gaming activity while reducing costs and regulatory burdens to the gaming industry. The Commission aspires to provide the regulatory structure necessary for New York gaming activity to operate effectively in a global, evolving and increasingly competitive marketplace to generate revenue for aid to education and for the support of government, and to contribute to overall economic development and job creation in New York.

ITEM 6

RESOLUTION

Plan of Organization of the Gaming Commission

No. 2 – 2013

Whereas, the adoption of a Plan of Organization for the New York State Gaming Commission will enhance and improve the consolidation into one commission of its regulation of all lawful gaming activity in New York State in order to provide responsive, effective, and innovative state gaming regulation, and

Whereas, the Commission, pursuant to Section 103.1 of its enabling legislation, the Racing, Pari-Mutuel Wagering and Breeding Law, shall establish such a Plan of Organization; and

Whereas, the Gaming Commission, pursuant to Section 103.2 of such enabling legislation, shall establish four divisions in the commission: the Division of Lottery, the Division of Charitable Gaming, the Division of Gaming, and the Division of Horse Racing and Pari-Mutuel Wagering; each of which to be supervised by a Division Director under the authority of the Executive Director of the Commission, who is responsible for implementation of all polices established by the Commission members and for the conduct of the administrative affairs of the Commission;

NOW, therefore, it is

Resolved, That the Commission members hereby adopt the attached Plan of Organization as the Plan of Organization for the Commission.

Dated: New York, New York
June 26, 2013

Kristen M. Buckley
Acting Secretary, New York State Gaming Commission

PLAN OF ORGANIZATION

The New York State Legislature created the New York State Gaming Commission, which became effective February 1, 2013.¹ The Legislature found that the gaming industries constitute a vital sector of New York State's overall economy² and that responsive, effective, innovative State gaming regulation was necessary for the gaming industries to operate in a global, evolving and increasingly competitive marketplace. To accomplish these goals, the previously existing State agencies with responsibility for conducting and regulating gaming activity were transformed into a new, integrated Commission.³ The Legislature directed the Commission to adopt a plan of organization.⁴

By statute, the Commission consists of seven members who shall have the authority and responsibility:

1. To have general jurisdiction over all gaming activities within the state and over the corporations, associations and persons engaged therein.
2. To hear and decide promptly and in reasonable order all license, registration, certificate and permit applications, and causes affecting the granting, suspension, revocation or renewal thereof, of corporations, associations or persons engaged or seeking to engage in gaming activity.
3. To monitor any corporation, association or person engaged in gaming activity for compliance with applicable law and regulation.
4. To, at any time, examine the books, papers, records and accounts of any corporation, association or person engaged in gaming activity pursuant to a license, registration, franchise, certificate or permit issued by the Commission.
5. To conduct investigations and hearings pertaining to violations.
6. To administer oaths and examine witnesses, and to issue subpoenas to compel attendance of witnesses, and the production of all relevant and material reports, books, papers, documents, correspondence and other evidence.
7. To collect all license and registration fees imposed by state law, or rules or regulations promulgated thereunder, and any payments from an Indian nation or tribe under the terms of a tribal-State compact that is in effect pursuant to the federal Indian gaming regulatory act, 25 U.S.C. § 2701, et seq.

¹ L.2012, c. 60, §§ 1-6, as amended by L.2012, c. 457, §7.

² Racing, Pari-Mutuel Wagering and Breeding Law § 100.

³ Racing, Pari-Mutuel Wagering and Breeding Law §§ 100 and 117.

⁴ Racing, Pari-Mutuel Wagering and Breeding Law § 103.1.

8. To levy and collect civil penalties and fines for any violation.
9. To be present through its employees and agents during the operation of any race track, gaming facility, charitable gaming organization, simulcasting facility or video lottery gaming facility for the purpose of certifying the revenue thereof, receiving complaints from the public relating to the conduct of gaming and simulcast wagering activities, examining records of revenues and procedures, and conducting periodic reviews of operations and facilities for purposes of evaluating any current or suggested provision of law, rule or regulation.
10. To ensure compliance with tribal-state gaming compacts that are in effect pursuant to the federal Indian gaming regulatory act, 25 U.S.C. § 2701, et seq.
11. To cause background investigations to be conducted on any applicant for a license, registration, certificate, permit or approval.
12. To appoint such deputies, secretary, officers, representatives and counsel as the Commission may deem necessary.
13. To annually report to the governor, the speaker of the assembly and the temporary president of the senate, its proceedings for the preceding calendar year and any suggestions and recommendations as it shall deem desirable.
14. To promulgate any rules and regulations that it deems necessary to carry out its responsibilities.

To execute the affairs of the agency, the Commission shall be organized into four divisions, two bureaus, and seven offices, each under the direction of the Executive Director, who is charged with supervising the conduct of the administrative affairs of the Commission.

The divisions of the Commission, each of which shall be supervised by a director who serves at the pleasure of the Governor, shall be:

1. The *Division of Charitable Gaming*, which shall supervise and administer the games of chance licensing law, the bingo licensing law and the bingo control law.⁵
2. The *Division of Gaming*, which shall exercise appropriate administration, regulation or oversight of Indian gaming, and operate and administer video lottery gaming.⁶ If the State Constitution is amended to permit casino gaming, the Division shall also administer, regulate and oversee casino gaming.
3. The *Division of Horse Racing and Pari-Mutuel Wagering*, which shall supervise, regulate and administer all horse racing and pari-mutuel wagering activities, on and off-track.⁷

⁵ Racing, Pari-Mutuel Wagering and Breeding Law § 103.2.(b).

⁶ Racing, Pari-Mutuel Wagering and Breeding Law § 103.2.(c).

⁷ Racing, Pari-Mutuel Wagering and Breeding Law § 103.2.(d).

4. The *Division of Lottery*, which shall operate and administer the State lottery for education, with the exception of video lottery gaming. The Division of Lottery shall, however, manage and be responsible for all aspects of promotional activities related to video lottery gaming.⁸

The two bureaus and seven offices shall serve the Commission, as follows:

1. The *Bureau of Administration and Finance*, which shall provide all financial and accounting functions for the Commission, including investments and financial reporting, audit, budget, expenditures and purchasing, contracts, facilities, human resources, internal controls, lottery prize payments and lottery subscriptions. A chief financial officer shall supervise the bureau.
2. The *Bureau of Licensing*, which shall administer the licensing functions of the Commission. A director shall supervise the Bureau.
3. The *Executive Office*, which shall consist of the seven-member Commission, the executive director, the commission secretary and support staff. The executive director shall supervise the office.
4. The *Office of Counsel*, which shall provide legal advice to the Commissioners and staff and perform all the legal functions of the Commission. A general counsel shall supervise the office.
5. The *Office of Information Technology Services*, which shall provide information technology services to the Commission. The Office's employees are part of the Statewide Office of Information Technology Services.
6. The *Internal Audit Office*, which shall develop and administer internal controls to promote efficient operations and minimize risk to the agency. A director shall supervise the office.
7. The *Office of Public Affairs*, which shall be responsible for all communication functions of the Commission. A director shall supervise the office.
8. The *Office of Veterinary Affairs*, which shall administer Commission affairs in regard to equine health and safety. An equine medical director shall supervise the office.
9. The *New York State Office of Racing Promotion and Development*⁹ which shall promote the breeding of horses and the conduct of equine research in this State and shall administer the State Thoroughbred Breeding and Development Fund, the Agriculture and New York State Horse Breeding Development Fund and the New York State Quarter Horse Breeding and Development Fund Corporation. A director shall supervise the office.

⁸ Racing, Pari-Mutuel Wagering and Breeding Law § 103.2.(a).

⁹ Racing, Pari-Mutuel Wagering and Breeding Law § 1201.

RESOLUTION

Administration of the Gaming Commission

No. 3 – 2013

Whereas, the New York State Gaming Commission is and shall be governed by Commissioners, who set the policy and direction of the Commission, including by appropriate revisions of any and all policies of the former Division of Lottery and Racing and Wagering Board, and

Whereas, the responsibility for the implementation of such policies, and for the conduct of the administrative affairs of the Commission pursuant to Section 103.1 of the Racing, Pari-Mutuel Wagering and Breeding Law, is and shall be exercised by the Executive Director of the Commission, and

Whereas, the appropriate delegation and supervision of such responsibilities within the Commission has been and shall be organized and conducted by the Acting Executive Director of the Commission, and

Whereas, the Commissioners shall faithfully fulfill all of their non-delegable duties and responsibilities pursuant to statutory law and rule;

NOW, therefore, it is

Resolved, That all final agency action in regard to rule-making and adjudicatory proceedings, as defined in the State Administrative Procedure Act, shall be exercised by the Commissioners;

Resolved, That the policies and directives of the Commissioners, and the conduct of the administrative affairs of the Commission, shall be effectuated by the Acting Executive Director of the Commission, including through appropriate delegation and supervision of such responsibilities as determined by the Acting Executive Director; and

Resolved, That the Acting Executive Director of the Commission shall regularly report to the Commissioners in regard to the foregoing matters.

Dated: New York, New York
June 26, 2013

Kristen M. Buckley
Acting Secretary, New York State Gaming Commission

ITEM 8

RESOLUTION

Administration of the Gaming Commission

No. 4 – 2013

Whereas, the New York State Gaming Commission is and shall be governed by Commissioners, who have been duly nominated and confirmed and have commenced their terms of office, and

Whereas, prior to the commencement of such terms of office of such Commissioners, the Acting Executive Director of the Commission was lawfully appointed by the governor and has properly exercised responsibility for the conduct of the administrative affairs of the Commission, and

Whereas, such actions of the Acting Executive Director as reported to the Commissioners are consistent with such officer's statutory authority and do not require ratification, and

Whereas, the Commissioners wish to take reasonable measures to ensure the continuity of regulatory oversight of lawful gaming activities within the State of New York against both foreseen and unforeseen contingencies;

NOW, therefore, it is

Resolved, That all reported actions taken by the Acting Executive Director of the Commission prior to the commencement of the terms of office of the Commissioners are found to be proper and lawful; and, in the alternative and in the event such ratification may be required or advisable under law to effectuate any such actions;

Resolved, That the Commissioners hereby ratify and approve all such reported actions taken by the Acting Executive Director of the Commission prior to the commencement of their respective terms of office.

Dated: New York, New York
June 26, 2013

Kristen M. Buckley
Acting Secretary, New York State Gaming Commission

ITEM 9a

To: John A. Crotty, Commissioner
John J. Poklemba, Commissioner
Barry C. Sample, Commissioner
Todd R. Snyder, Commissioner

From: Edmund C. Burns, General Counsel

Date: June 25, 2013

Re: Rulemaking for standardizing former lottery and racing rules for Gaming Commission

Please consider for approval at the June 26, 2013 inaugural meeting of the New York State Gaming Commission the attached proposed Emergency Rulemaking and Notice of Proposed Rulemaking. The proposal constitutes a comprehensive reorganization of the rules of the prior State gaming agencies into a set of rules for the Commission. The proposal does not implement any substantive rule changes.

Technical amendments are proposed throughout the former agencies' regulations to change references from the Racing and Wagering Board, Chairman of the Board, the Lottery, and the Director of the Lottery to the Commission; to reflect the Commission's four divisions (Charitable Gaming, Gaming, Horse Racing and Pari-Mutuel Wagering and Lottery); and to standardize language style and usage throughout the Commission's regulations.

In addition to the technical references in the regulations, the proposal re-codifies the Division of the Lottery's regulations into Subtitle T of Title 9 of New York Codes, Rules and Regulations so that the Commission's regulations are within the same Subtitle for ease of reference.

Staff has reviewed the proposed Emergency Rulemaking and Notice of Proposed Rulemaking. Staff finds that the proposal advances the agency's regulatory objectives, without making a substantive change to any gaming activity rules.

In further detail:

The proposed amendments change all agency references to the Commission.

The proposed amendments modernize references to statutes and other rules and dispense with outdated rules.

The proposed amendments standardize language style and usage.

The proposed amendments reorganize all applicable rules into Subtitle T of Title 9 of the New York Code of Rules and Regulations ("NYCRR"). Previously, the Division of Lottery rules for the operation and regulation of the State Lottery were published at Title 21, Chapter XLIV, Parts 2800 through 2835 and for the Video Lottery Gaming were published at Title 21, Chapter XLIV, Part 2836. The more extensive Racing and Wagering Board rules were published at Title 9,

Subtitle T, Chapters I through V, Parts 4000 through 5831. Many of the Racing and Wagering Board rules, in addition, were inconsistently organized with regard to subject matter, a legacy of the evolving regulatory issues in pari-mutuel racing and wagering. The amendments place all of the Commission rules in the same Subtitle, in Chapters that correspond to the four divisions of the Gaming Commission, and in subdivisions that systematically reorder the rules. All rules related to the Division of Horse Racing and Pari-Mutuel Wagering are consolidated in Chapter I, with Subchapters addressing thoroughbreds, harness, quarter horse racing, totalisator companies, off-track pari-mutuel betting, promotion of equine research, and adjudicatory proceedings for racing. Chapter II consolidates all of the rules through which the Division of Charitable Gaming will govern games of chance and bingo. Chapter III transfers into Title 9, Subtitle T, the rules governing the State Lottery which is now operated and regulated by the Division of Lottery within the Commission. Chapter IV does the same for the rules governing Video Lottery Gaming, now operated and regulated by the Division of Gaming within the Commission. Additional Subchapters are reserved in Chapter IV for the rules that may be created to govern the regulation of Indian Gaming and casinos. Chapter V consolidates the general administrative rules for the Commission and has rules for the newly created and independent Office of Racing Promotion and Development.

If approved as Emergency Rulemaking, the amendments would go into effect upon filing with the Department of State and will remain in effect for 90 days. If the Notice of Proposed Rulemaking is adopted, it will be filed with the Department of State, be subject to public comment, and may be filed as permanent rulemaking after the expiration of the public comment period and consideration of any comments received.

[REDACTED]

attachment

cc: Robert Williams, Acting Executive Director
Stacy Harvey, Acting Director, Division of Charitable Gaming
James Nielsen, Acting Director, Division of Gaming
Ronald Ochrym, Acting Director, Division of Horse Racing and Pari-Mutuel Wagering
Gardner Gurney, Acting Director, Division of the Lottery
Jeffrey Allen, Acting Chief, Bureau of Licensing
Thomas Casaregola, Acting Chief, Office of Internal Audit

**SUMMARY OF AMENDMENTS TO
GAMING COMMISSION REGULATIONS**

NEW YORK STATE GAMING COMMISSION

TITLE 9 NYCRR SUBTITLE T

Effective February 1, 2013, Part A of Chapter 60 of the Laws of 2012 consolidated the New York State Division of the Lottery and the New York State Racing and Wagering Board into a new Gaming Commission. Such Chapter of law was codified as Article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law. Pursuant to Sections 123 and 129 of the Racing, Pari-Mutuel Wagering and Breeding Law, unless the context shall otherwise require, whenever the “Racing and Wagering Board” or “Division of Lottery” are referred to or designated in any law or rule pertaining to the functions, powers, obligations and duties transferred and assigned to the Gaming Commission, such reference or designation shall be deemed to refer to the Gaming Commission.

Technical amendments were made throughout the former agencies’ regulations to change references from the Racing and Wagering Board, Chairman of the Board, the Lottery and the Director of the Lottery to the Gaming Commission and to reflect the Gaming Commission’s four divisions: Charitable Gaming, Gaming, Lottery and Racing.

In addition to the technical references in the regulations, the Division of the Lottery’s regulations are being re-codified into Subtitle T of Title 9 of New York Codes, Rules and Regulations so that the Gaming Commission’s regulations are within the same Subtitle for ease of reference.

ITEM 9b

To: John A. Crotty, Commissioner
John J. Poklemba, Commissioner
Barry C. Sample, Commissioner
Todd R. Snyder, Commissioner

From: Edmund C. Burns, General Counsel

Date: June 25, 2013

Re: Lottery Rulemaking

As the successor to the Division of the Lottery, the Commission is responsible for promulgating rules and regulations for various Lottery games. Two games, Mega Millions and the Halloween Millions Raffle, require prompt rulemaking. For necessary regulatory changes to be effective with standard rulemaking to prevent operational cessation, the Commission must adopt these regulations at this meeting.

First, the New York Lottery has long been a member of a consortium of state and territorial lotteries throughout the United States that operate the Mega Millions and Powerball games. The multi-state consortium has resolved to modify the Mega Millions game matrix, which sets forth win probabilities and prizes. The proposed rule also changes the annuity prize to a ladder payment structure, similar to that used with Powerball. Second, the same consortium voted to inaugurate a new Halloween Millions Raffle game. This game would operate initially as a multi-state lottery game, but the proposed rule would afford the Commission flexibility to operate a similar, New York-only game in the future.

The revisions to the Mega Millions game are necessary to comply with the amendments adopted by the multi-state consortium. This rulemaking will allow the New York Lottery to continue its participation in the Mega Millions game and generate revenue for education. The new matrix for Mega Millions is scheduled for launch on October 19, 2013. The adoption of the Raffle Game regulations will allow the New York Lottery to participate in this multi-state lottery game. The New York Lottery anticipates the game will generate more than \$3.5 million in revenue to benefit education in the State. The start date the multi-state raffle game is September 29, 2013.

Commission staff has reviewed each of the multi-state game changes and has determined the proposed rules are acceptable.

The proposed rulemaking is as follows:

Rule(s)	Estimated Filing Date	Subject of Rule	Estimated Date of Adoption
Mega Millions	7/9/13	Conforms the New York Lottery's Mega Millions game rules to the Official Mega Millions game rules adopted by the	9/10/13

		Mega Millions consortium. Sales for the game with the new matrix commence on October 19, 2013.	
Raffle Game	7/9/13	Provides game rules for a new raffle game. Sales for the new game commence on September 29, 2013.	9/10/13

Please consider for Commission approval the attached Notice of Proposed Rulemaking for the Mega Millions and Raffle games.

[REDACTED]

attachment

cc: Robert Williams, Acting Executive Director
Gardner Gurney, Acting Director, Division of Lottery

**NEW YORK STATE GAMING COMMISSION
AMENDMENT OF SECTIONS 5007.1, 5007.2 AND 5007.7 AND
ADDITION OF SECTIONS 5007.14 OF
NEW YORK CODES, RULES AND REGULATIONS
TITLE 9, SUBTITLE T, CHAPTER III, SUBCHAPTER A**

Pursuant to the authority granted by Section 104 of the Racing, Pari-Mutuel Wagering and Breeding Law and Section 1601, 1604, 1612 and 1617 of the Tax Law, the New York State Gaming Commission hereby promulgates this amendment of Sections 5007.1, 5007.2, and 5007.7 and Addition of Section 5007.14 of Title 9 of the Official Compilation of Codes, Rules and Regulations of the State of New York, to read as follows:

Subdivision (b) of Section 5007.1 is amended as follows:

§ 5007.1. Mega Millions purpose.

(b) During each Mega Millions drawing, [6] six Mega Millions Winning Numbers will be selected from [2] two fields of numbers in the following manner: [5] five winning numbers from a field of [1] one through [56] 75 numbers, and [1] one winning number from a field of [1] one through [46] 15 numbers.

Paragraphs (2), (8), and (11) of Subdivision (a) of Section 5007.2 are amended to read as follows:

§ 5007.2. Mega Millions definitions.

(a) The following definitions shall apply to Mega Millions.

(2) *Annuity Option*[,] is [The] the manner in which the Mega Millions Jackpot Prize may be paid in [26] 30 annual installments.

(8) *Mega Millions Play Area*[, For] is, for the on-line Mega Millions game, the [areas] area on a Mega Millions play slip identified by an alpha character, A through E, containing two separate fields—one field of [56] 75 and a second field of [46] 15—both containing [one or two] one- or two- digit numbers each. This is the area where the player, or computer if the player is using the Quick Pick option, will select five [(5) one] one- or two-digit numbers from the first field[,] and will select one [(1) one] one- or two-digit numbers from the second field.

(11) *Mega Millions Winning Numbers* [. For] are, for the on-line Mega Millions game, five [(5) one] one- or two-digit numbers, from one [(1)] through [fifty-six (56)] 75 and one [(1) one] one- or two-digit number from one [(1)] through [~~forty-six (46)~~] 15, randomly selected at each Mega Millions drawing, which shall be used to determine winning Mega Millions plays contained on Mega Millions tickets.

Subdivision (a), clause (i) of subparagraph (4) of subdivision (b) and subdivision (c) of section 5007.7 are amended to read as follows:

§ 5007.7. Prize structure.

(a) For the [on-line] Mega Millions game—Matrix of 5/[56] 75 and 1/[46] 15 with 50 Percent Anticipated Prize Fund.

[Match [Field 1	Match Field 2	Odds	Prize Category	Percentage of Prize Fund]
[5	1	1:175,711,536.00	Grand	63.60 percent]
[5	0	1:3,904,700.80	Second	12.80 percent]
[4	1	1:689,064.85	Third	2.90 percent]
[4	0	1:15,312.55	Fourth	1.96 percent]
[3	1	1:13,781.30	Fifth	2.18 percent]
[2	1	1:843.75	Sixth	2.38 percent]
[3	0	1:306.25	Seventh	4.58 percent]
[1	1	1:140.63	Eighth	4.26 percent]
[0	1	1:74.80	Ninth	5.34 percent]
[Reserve]				[0 percent]
[Totals]	[1:39.89]			[100 percent]

Match Field 1	Match Field 2	Odds 1 in	Prize	% of Sales	Level
5	1	258,890,850	JACKPOT	32.577%	1
5	0	18,492,204	\$1,000,000	5.408%	2
4	1	739,688	\$5,000	0.676%	3
4	0	52,835	\$500	0.946%	4
3	1	10,720	\$50	0.466%	5
3	0	766	\$5	0.653%	6
2	1	473	\$5	1.057%	7
1	1	56	\$2	3.542%	8
0	1	21	\$1	4.675%	9
Total		14.71		50.000%	

(b) Jackpot prize payments. For the Mega Millions game:

- (4) (i) Annuity option jackpot prizes shall be paid through a 30-year graduated annuity (five percent escalation per payment) in [~~26~~] 30 consecutive annual installments. The initial payment shall be paid upon completion of internal validation procedures. The subsequent [~~25~~] 29 payments shall be paid annually to coincide with the month of the federal auction date at which the bonds were

purchased to fund the Annuity. All such payments shall be made within seven days of the anniversary of the annual auction date.

(c) Second_ through ninth_level prizes.

(1) Mega Millions Panels matching five [(5)] of the five [(5)] Mega Millions Winning Numbers drawn for Field 1, but not matching the Mega Millions Winning Number drawn for Field 2, shall be entitled to receive a [Second Prize] second prize of \$[250,000] 1,000,000.

(2) Mega Millions panels matching four [(4)] of the five [(5)] Mega Millions Winning Numbers drawn for Field 1 and the Mega Millions Winning Number drawn for Field 2 shall be entitled to receive a [Third] third prize of \$[10,000] 5,000.

(3) Mega Millions panels matching four [(4)] of the five [(5)] Mega Millions Winning Numbers drawn for Field 1 but not matching the Mega Millions Winning Number drawn for Field 2 shall be entitled to receive a fourth prize of \$[150] 500.

(4) Mega Millions panels matching three (3) of the five (5) Mega Millions Winning Numbers drawn for Field 1 and the Mega Millions winning Number drawn for Field 2 shall be entitled to receive a fifth prize of \$[150] 50.

(5) Mega Millions panels matching [two] three of the five Mega Millions Winning Numbers drawn for Field 1 [and] but not matching the Mega Millions winning Number drawn for Field 2 shall be entitled to receive a sixth prize of \$[10] 5.

(6) Mega Millions Panels matching [three (3)] two of the five [(5)] Mega Millions winning numbers drawn for Field 1 [but not matching] and the Mega Millions winning number drawn for Field 2 shall be entitled to receive a [Seventh] seventh prize of \$[7] 5.

(7) Mega Millions panels matching one of the five Mega Millions winning numbers drawn for field 1 and the Mega Millions winning number drawn for field 2 shall be entitled to receive an eighth prize of \$[3] 2.

(8) Mega Millions Panels matching no numbers of the five Mega Millions winning numbers drawn for field 1 but matching the Mega Millions winning number drawn for field 2 shall be entitled to receive a ninth prize of \$[2] 1.

Section 5007.14 is added to read as follows:

§ 5007.14, Raffle Game definitions.

(a) The following definitions shall apply to a Raffle Game:

(1) *Bet ticket* means the ticket generated by the computer terminal containing at a minimum a unique multiple-digit number constituting a single play or chance, the drawing date and validation data.

(2) *Commission* means the New York State Gaming Commission established pursuant to Article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.

(3) *Computer terminal* means the device at the sales agent location authorized by the Gaming Commission for the placing of game bets.

(4) Draw date means the date determined by the commission on which the process used to randomly select the winning game numbers takes place for the game.

(5) Game means a Raffle Game, which is a Lottery game in which a player purchases a number or numbers generated by the Lottery's gaming computer system.

(6) Gross sales means the value of the tickets eligible for the game.

(7) Lottery or State Lottery means the New York State Division of Lottery established and operated pursuant to Article 34 of the Tax Law and Article 1 of the Racing, Pari-Mutuel Wagering and Breeding Law.

(8) Manual entry means the capability of the computer terminal operator to enter the amount of dollars wagered by a player for the game into the terminal in response to verbal or written communication by the player. There is no other method of play at the terminal for the game.

(9) Raffle Game means a game played at any sales agent location by purchasing a ticket that will be sold for a limited sales period, in which a number of chances or plays will be offered.

(10) Prize pool means those funds available from the game sales or other sources to support the payment of prizes for the game.

(11) Sales period means a period of time starting from the initial sales date of the game tickets as specified by the Director and ending

(A) on the date when all available numbers for such Raffle Game sales period have been sold, or

(B) a date specified by the Director.

(12) Ticket means a Raffle Game ticket produced by the Lottery and sold by a licensed sales agent in an authorized manner containing at a minimum a unique nine-digit number constituting a single play or chance, the drawing date and validation data.

(13) Winning ticket means the ticket bearing the unique numbers randomly selected in the drawing as a winning play.

(b) Sale of Tickets.

(1) The price for a Raffle Game wager shall be determined by the commission prior to the sales period.

(2) Each number shall constitute a single play or chance.

(3) A player shall not select specific game numbers. Numbers shall be generated in an order based on instruction from the gaming central system.

(c) Ticket Price. The price for each Raffle Game wager shall be the price set by the Commission.

(d) Drawing.

(1) A Raffle Game drawing will be conducted at a day, time, frequency and location determined by the commission. Winning game numbers are the numbers randomly selected that entitle the legitimate holder of a winning Raffle Game ticket to a prize for which such numbers were drawn. Such winning numbers shall be

(A) randomly selected in accordance with existing Lottery draw procedures and

(B) announced publicly.

(2) A game number can only be selected once during the draw.

(e) Calculation and payment of prizes.

(1) Prizes levels and amounts for the game shall be determined by the commission prior to the sales period and announced publicly.

(2) The commission may hold a daily drawing for one or more prizes. If the commission chooses to award daily prizes, it will publicly announce such prizes prior to the start of the game. Any number drawn as a daily prize shall remain eligible for the top prize. The holder of a winning bet ticket shall win only one daily prize per winning number.

(3) Prize categories and amounts shall be determined by the commission prior to the sales period.

(f) Probability of Winning. The probability of winning a Raffle Game prize on a single qualifying wager shall be determined by the number of prizes awarded divided by the number of total plays in the drawing. The probability of winning a Raffle Game prize shall be determined by the commission prior to the sales period and announced publicly.

(g) Miscellaneous.

(1) A Raffle Game as described in this section may be, at the discretion of the commission, a multi-state game among other participating government-authorized lotteries or a game sold only by the Lottery. The frequency that a Raffle Game is conducted shall be as determined by the commission. If the Raffle Game is a multi-state game, the commission shall operate such game in compliance with any applicable multi-state agreement.

(2) No claimant will be considered eligible to receive a prize without presentation of a valid winning bet ticket.

(3) The commission reserves the right to change the prize structures, frequency of draws, draw dates or the games themselves.

(4) If, for any reason, a bet ticket is not entirely legible or is misprinted or altered in any way, then the computer record created at the time of sale shall be the sole method of determining whether such ticket is a valid winning ticket.

(5) A bet ticket for a Raffle Game may not be cancelled once issued by the computer terminal. The sales agent, however, may receive credit for any unreadable bet ticket issued, as these tickets (although unreadable) are recorded on the computer file as valid bets. A sales agent's request for credit must be postmarked before the draw date in order to receive credit for any such unreadable bet ticket.