



MEMORANDUM

To: California State Lottery Commission **Date:** August 15 , 2007

From: Joan M. Borucki
Director

Prepared By: Donald J. Currier, Chief Counsel
Legal Office

Subject: Item 9(d)- Approval of Amendments to Lottery Regulations
Creating an Omnibus Lottery Regulation

ISSUE

Should the California State Lottery Commission (Commission) adopt amendments to the various California Lottery regulations creating an Omnibus Lottery Regulation?

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission adopt the proposed amendment. The proposed change primarily addresses the problems of the inconsistent language between the various Lottery regulations. This change also addresses the need for the Lottery regulations to be general guidelines for Lottery actions with a global view of Lottery actions as opposed to the more specific implementation rules that they are now. The Omnibus Lottery Regulations document supplied contains substantive changes which will be discussed subsequently. Each substantive change will not take effect until approved by the Commission and if any substantive change is not approved, the original language will remain in effect in the Omnibus Lottery Regulation.

BACKGROUND

The primary purpose for the amendment to the Lottery regulations is to create an Omnibus Lottery Regulation. This is to ensure that the language and procedures are consistent from one application to the next. Because the individual regulations were revised periodically as issues arose, there were instances when all regulations containing the same language were not changed concurrently. This led to inconsistent language and even inconsistent spelling between the various regulations. In addition, there have been new regulations which have introduced

new language, thereby creating even more disparity between the various regulations.

The secondary purpose for the amendment to the Lottery regulations is to allow the Omnibus Lottery Regulation to take a more global view of the Lottery and to be used as a guideline rather than strict implementation rules. By taking a step back and removing some of the detail of the current regulations, the Lottery is granted greater flexibility in the future for how to operate without having to amend the Omnibus Lottery Regulation further.

DISCUSSION

The primary purpose of the amendments to the Lottery regulations is to ensure uniformity in language and application of the Lottery regulations. The Lottery developed individual regulations for the various games offered by the Lottery as well as for various procedures that were used by the Lottery during operation. Periodically, the various regulations were amended to change their language in order to address situations as needed.

However, when individual regulations were revised, there were instances when all regulations containing the same language were not changed concurrently. This led to inconsistent language between the various regulations. Also, there have been new regulations which have introduced new language, thereby creating even more disparity between the various regulations. This caused various issues to appear that have been addressed.

- Sections that were contained in each individual Lottery regulation have now been combined at the beginning of the Omnibus Lottery Regulation under "General Regulations." The language pertaining to the same division, Purchases and Prize Restrictions for example, had different language in the various Lottery regulations. By creating a single Omnibus Lottery Regulation, we eliminate this inconsistency. The language from the various regulations were compared and the one most consistent with the Lottery goals and which best protected the Lottery's interest was drafted as the new language in the Omnibus Lottery Regulation. Each individual regulation was changed using a red-line version to bring it into accordance with the version contained in the Omnibus Lottery Regulation.
- There were instances when our trademarks were listed with the required ® symbol while other times they were not listed with the required ® symbol. Each use of a trademark in the Omnibus Lottery Regulation now uses the ® symbol.

- There were instances where our games were spelled using all capital letters, i.e. SCRATCHERS®, and other times when they were spelled using both upper and lower-case letters, i.e. Scratchers®. Now, all games use both upper and lower-case letters, i.e. Scratchers®.
- Both the Director of the California Lottery and the Lottery Commission were sometimes capitalized and sometimes all lower-case. The Director of the California Lottery is now always capitalized as is the Lottery Commission.
- Spelling was also corrected. "Canceled" and "canceling" are both correctly spelled with either one "L" or two "LL(s)." And both were present in our regulations. Both are now spelled with one "L" throughout the Omnibus Lottery Regulation.
- The regulations referred to both "on-line" and "draw" games. To avoid confusion, all references are now to "draw" games.

The secondary purpose for the amendment of the Lottery regulations is to allow the Omnibus Lottery Regulation to be used as a guidance tool rather than as implementation instructions. The individual regulations were each focused on one aspect of the Lottery and became very detailed and specific with instructions. This has caused the regulations to become burdensome and needing constant revisions for minor changes.

By amending the language to be less specific, it allows the Lottery more flexibility in carrying out its business now and in the future without having to either wait until the regulations could be modified prior to taking action or else simply not being able to take advantage of a new opportunity because the chance may have expired prior to the possibility of amending the regulations.

Commission approval would still be required of all appropriate decisions, but these modifications to the Omnibus Lottery Regulation would allow the Lottery Commission to approve actions without requiring a modification to the Omnibus Lottery Regulation following each decision.

Changes that have been made to aid in flexibility without changing the meaning or the affect of the regulations are:

- The Scratchers® regulations referred to removal of "the latex covering" to expose the ticket symbols underneath. This has now been changed to removal of "the covering" to allow for possible use of other materials in the future.
- Some of the regulations referred to various lengths for verification and serial numbers, i.e. 12-digit and 13-digit ticket numbers. This has now been changed to "unique multiple digit number."

- The payments of annual prizes in some of the regulations referred to “26 annual payments” while others referred to “20 annual payments” and even other games allowed for monthly or weekly payments to winners. That has now been simplified to “annuities.” This will allow the game profiles to determine the length of the payments as well as the period of payments for each individual game offered but still allows the regulation the guidance properties that it should retain.

- Sections that referred to specific games that are no longer offered have been removed. In the Big Spin® Regulations, all references to Payday Raceway have been removed because this game has not been played since 2003.

[Click here for the proposed Omnibus Lottery Regulation and proposed Lottery regulation amendments.](#)