

**LOTTERY TICKET RETAILER POLICIES**

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## LOTTERY TICKET RETAILER POLICIES

**THE FOLLOWING POLICIES FORM PART OF ATLANTIC LOTTERY CORPORATION INC.'S ("ATLANTIC LOTTERY") LOTTERY TICKET RETAILER AGREEMENT ("RETAILER AGREEMENT") AND APPLY TO ALL RETAILERS. COMPLIANCE WITH THESE POLICIES BY RETAILERS AND RETAILER EMPLOYEES IS MANDATORY. FAILURE TO COMPLY WITH THESE POLICIES WILL BE SUBJECT TO CORRECTIVE AND/OR DISCIPLINARY ACTION, INCLUDING SUSPENSION OR TERMINATION OF YOUR RETAILER AGREEMENT WITH ATLANTIC LOTTERY.**

### 1. DEFINITIONS

In these Retailer Policies,

"Breakopen Tickets" means tickets in which a Player can instantly determine whether a ticket is a winning ticket, and, if so, the prize amount, by lifting flaps or tabs on the ticket. Examples include: Super Bar and Bar 10. "Barcoded Breakopen Tickets" are capable of being validated using an online gaming system by means of a control validation barcode. "Non-Barcoded Breakopen Tickets" do not have a control validation barcode and are not capable of being validated by an online gaming system.

"CDU" (Customer Display Unit) means a forward facing display device installed by ATLANTIC LOTTERY that allows Players to see the details of sales transactions and confirms the results of ticket validation simultaneously with the ticket being validated by Retailers/Retailer Employees.

"Multi-Purpose Retailer Terminal" (MRT) means a computer device installed by ATLANTIC LOTTERY (as applicable) that allows Retailers to validate Scratch'n Win and Passive Tickets as well as generate lottery financial reports.

"On-Line Tickets" means tickets for games that are purchased through an On-Line Ticket Terminal installed at a Retailer Premise. Examples include: Lotto 6/49, Lotto Max, Keno Atlantic, Pro-Line.

"On-Line Ticket Terminal" means a computer terminal installed by ATLANTIC LOTTERY in a Retailer Premise that is linked to ATLANTIC LOTTERY's Central Computer System and that allows Retailers to sell On-Line Tickets and WebCash, validate On-Line, Scratch'n Win, Barcoded Breakopen and Passive Tickets and generate lottery financial reports.

"Passive Tickets" means tickets for games in which numbers are preprinted on the tickets and winning tickets and prizes are determined by matching numbers on the tickets with numbers selected in a draw.

"Player" means a person who purchases an On-Line, Scratch'n Win, Breakopen and/or Passive Ticket and, for the purpose of these Policies, includes a person in possession of or holding a lottery ticket(s).

"Reportable Prize Claim" is as defined in Section 3.1.

"Retailer" means any person contracted by ATLANTIC LOTTERY under an ATLANTIC LOTTERY Lottery Ticket Retailer Agreement to sell Authorized Lottery Tickets and provide Authorized Lottery Services, and includes the principals, owners, agents and/or operators of the Retailer who have signed the Lottery Ticket Retailer Agreement in their personal capacity.

"Retailer Employee" means any person employed by, or otherwise acting on behalf of, a Retailer where that person is involved in, or directly manages or supervises those involved in, the handling and/or the sale of Authorized Lottery Tickets or the provision of Authorized Lottery Services.

"Retailer Play Button" means the button located on the On-Line Ticket Terminal that a Retailer or Retailer Employee presses to identify that an On-Line Ticket is being purchased by a Retailer or Retailer Employee by marking the tickets as "Retailer Play".

"Scanner" means the scanning device located on the On-Line Ticket Terminal that is used by the Retailer or Retailer Employee to validate On-Line, Scratch'n Win, Barcoded Breakopen and Passive Tickets.

"Scratch'n Win Tickets" means tickets for games in which a Player scratches a covering on a ticket to reveal instantly whether the ticket is a winning ticket. Examples include: Scratch'n Win Bingo and Crossword.

"Ticket Checker" (also known as a "self ticket checker" or "self checker") means a computer device that is linked to ATLANTIC LOTTERY's lottery management system and enables a Player to independently check whether an On-Line, Scratch'n Win, Barcoded Breakopen or Passive Ticket is a winning ticket.

"WebCash" means a voucher that can be purchased by Players from Retailers with an On-Line Ticket Terminal that is used by Players to fund their alc.ca accounts with ATLANTIC LOTTERY in order to participate in draw, sports and interactive lotteries.

Other terms used in these Retailer Policies shall have the meaning given to them in the Retailer Agreement.

## **2. RETAILER AND RETAILER EMPLOYEE CODE OF CONDUCT/BUSINESS PRACTICES**

**THIS CODE OF CONDUCT/BUSINESS PRACTICES SECTION OF THE RETAILER POLICIES SETS OUT REQUIREMENTS RELATED TO THE CONDUCT OF ALL DEALINGS OF RETAILERS AND RETAILER EMPLOYEES WITH LOTTERY PLAYERS AS THEY RELATE TO THE SALE OF AUTHORIZED LOTTERY TICKETS AND THE PROVISION OF AUTHORIZED LOTTERY SERVICES. RETAILERS MUST ENSURE THAT THEY AND ALL THEIR RETAILER EMPLOYEES KNOW, UNDERSTAND AND FULLY COMPLY WITH THESE POLICIES. RETAILERS ARE RESPONSIBLE AND ACCOUNTABLE FOR THE CONDUCT OF THEIR RETAILER EMPLOYEES.**

### **2.1. ETHICAL/HONEST BEHAVIOR**

Retailers and Retailer Employees will, at all times, maintain the highest standards of trust, honesty and ethical behavior in all dealings with lottery Players when fulfilling their obligations under the Retailer Agreement and these Retailer Policies; this includes when selling Authorized Lottery Tickets to Players, providing information concerning lottery tickets to Players and validating tickets and paying prizes to Players.

Retailers and Retailer Employees will, at all times, advise Players who have presented a ticket for validation to the Retailer of the accurate and full amount of the prize(s) the Player is entitled to receive for the ticket(s) submitted by the Player.

Retailers and Retailer Employees will treat all tickets presented to the Retailer or Retailer Employee for validation as belonging solely and exclusively to the Player who presented the ticket and will act and treat the ticket and any prize entitlement accordingly.

If the Retailer or Retailer Employee becomes aware of any dishonest, illegal, suspicious or unethical activities in relation to lottery products or services, they must promptly report this to ATLANTIC LOTTERY.

It is critical that Retailers and their Retailer Employees deal with Players honestly and ethically to maintain the trust of lottery Players and the integrity of lottery products; any failure to comply with this requirement will be subject to immediate corrective and/or disciplinary action, including suspension or termination of your Retailer Agreement with ATLANTIC LOTTERY.

### **2.2. VALIDATION OF TICKETS**

#### **2.2.1. Validate Signed Tickets Only**

Retailers and Retailer Employees must not accept for validation from any Player any Online, Scratch'n Win or Passive Ticket that has not been signed by the Player prior to presentation to the Retailer or Retailer Employee for validation. In the event that a Player does present an unsigned ticket for validation, the Retailer or Retailer Employee must refuse to accept the ticket and must advise the Player of the requirements of this policy. In the event that a Player refuses to sign a ticket prior to presenting it to a Retailer for validation, the Retailer or Retailer Employee must advise the Player that the Player's options are either to check the ticket using a Ticket Checker, check their ticket manually or contact ATLANTIC LOTTERY. This policy does not apply to Breakopen Tickets, as Breakopen Tickets do not have a signature line and are not required to be signed by the Player.

#### **2.2.2. Possession of Ticket on Validation**

Players can present the Retailer or Retailer Employee with an On-Line, Scratch'n Win, Barcoded Breakopen or Passive Ticket for validation by either:

- (i) handing over the ticket to the Retailer/Retailer Employee to validate using the Scanner; or
- (ii) the Player can request that the Retailer/Retailer Employee use the Scanner to validate the ticket while the Player holds and retains possession of the ticket.

Retailers/Retailer Employees must accommodate both approaches to a Player presenting a ticket for validation.

When a Player requests to retain possession of a ticket with a covered barcode (Scratch'n Win, Breakopen) during validation, the Retailer/Retailer Employee must request that the Player reveal the barcode and the Retailer/Retailer Employee must scan to complete validation without requesting or requiring the Player to hand the ticket to the Retailer/Retailer Employee. In the event the barcode cannot be scanned on any ticket (On-Line, Scratch'n Win, Barcoded Breakopen or Passive Ticket), the Retailer/Retailer Employee must request the Player to read off the control number located under the barcode and the Retailer/Retailer Employee must enter this number manually to complete validation without requesting or requiring the Player to hand the ticket over to the Retailer/Retailer Employee.

### **2.3. RETURN VALIDATED TICKETS/PRIZE PAYMENT**

#### **2.3.1. Non-Winning Validated Tickets**

Retailers and Retailer Employees must immediately and automatically return to Players all Online, Scratch'n Win, Barcoded Breakopen and Passive Tickets presented and handed over by Players to Retailers or Retailer Employees for validation which validate as non-winning tickets, along with the applicable validation slips/Player receipt. For Players who present such non-winning tickets to Retailers/Retailer Employees for validation without handing over possession of the ticket, Retailers/Retailer Employees must immediately and automatically provide the applicable validation slips/Player receipts to Players.

### **2.3.2. Winning Validated Tickets - Prizes within Retailer Encashment Limit**

For each and every Online, Scratch'n Win, Barcoded Breakopen and Passive Ticket presented for validation to a Retailer/Retailer Employee that is validated as a winning ticket for a prize within the encashment limit of that Retailer, the Retailer and Retailer Employee must

- (i) pay to the Player the full and rightful prize indicated on the validation slip/Player receipt that corresponds to the ticket presented by the Player for validation/prize payment;
- (ii) then immediately and automatically return the winning validated tickets to the Player along with one copy of the applicable validation slip/Player receipt for the ticket, or, in the event the Player did not hand over possession of the ticket for validation, immediately and automatically provide the applicable validation slip/Player receipt for the ticket to the Player.

### **2.3.3. Winning Tickets – Prizes Greater Than Retailer Encashment Limit**

Winning tickets for prizes greater than a Retailer's encashment limit will validate as "Claim Centrally". For these tickets, Retailers and Retailer Employees must immediately and automatically return to Players all such tickets, along with the applicable prize claim/validation slips/Player receipt, or, in the event the Player did not hand over possession of the ticket for validation, immediately and automatically provide the applicable validation slip/Player receipt for the ticket to the Player. Retailers and Retailer Employees must not pay any prize, or any portion of a prize, if the prize amount is greater than the Retailer's encashment limit.

## **2.4. BUSINESS CONDUCT**

Retailers and Retailer Employees will, at all times, conduct their business dealings with Players in a good, courteous, businesslike and competent manner and in a manner that supports the promotion, marketing and sale of Authorized Lottery Tickets and WebCash to Players, as provided for by the Retailer Agreement and these Retailer Policies. Retailers and Retailer Employees must not do anything that could diminish the integrity or reputation of ATLANTIC LOTTERY lottery products or ATLANTIC LOTTERY.

## **2.5. MINIMUM AGE REQUIREMENT**

Retailers and Retailer Employees must not sell Authorized Lottery Tickets or WebCash to, or validate tickets or pay prizes for ATLANTIC LOTTERY tickets presented by anyone younger than nineteen (19) years of age. If the customer looks younger than twenty-five (25) years of age, Retailers and Retailer Employees must request identification from the customer to confirm that he/she meets the minimum age requirement prior to selling Authorized Lottery Tickets or WebCash to the customer or validating tickets/paying prizes.

Violation by a Retailer or Retailer Employees of the minimum age requirement shall be determined by ATLANTIC LOTTERY or any person, firm or corporation acting on behalf of ATLANTIC LOTTERY, and shall result in the Retailer being liable for the following procedures and fees for each Retailer Premises (also referred to as Retailer Location) at which violations occur:

- 1 violation within 12 months: written warning
  - 2 violations within 12 months: \$500 non compliance fee
  - 3 violations within 12 months: additional \$1000 non compliance fee
  - 4 violations within 12 months: termination of ATLANTIC LOTTERY's Retailer Agreement for the violating Retailer Premises.
- Note:** If the Retailer Agreement applies to multiple Retailer Premises, the termination applies only to the violating Retailer Premises.

All non compliance fees for violation of the minimum age requirement shall be paid to ATLANTIC LOTTERY in accordance with the conditions set out in the notification by ATLANTIC LOTTERY to the Retailer and/or Retailer Premises that there has been a violation and, if not paid as required in the notification may result in suspension or termination of the Retailer Premises' lottery operations.

## **2.6. RETAILER AND PLAYER PROTECTION MEASURES**

Retailers and Retailer Employees will, at all times, comply with Retailer and Player protection measures as specified from time to time by ATLANTIC LOTTERY and / or a provincial regulatory body and without limiting the general nature of this commitment, Retailers and Retailer Employees will

- (i) display CDU's, Ticket Checkers and Retailer/Player protection signage, materials and notices in an area and manner in which they will be clearly visible to Players;
- (ii) complete all activities associated with validating a ticket in an open manner that is visible to Players; and
- (iii) keep the area where tickets are validated clear of other lottery tickets.

## **2.7. RETAILER LOTTERY POOLS**

Retailers and Retailer Employees will not offer, administer or participate in any system, scheme or arrangement in which Retailers or Retailer Employees collect and pool funds from a number of customers that are then used by the Retailer or Retailer Employee to buy Authorized Lottery Tickets on behalf of the group who have paid into the pool.

## **2.8. PAYMENT FOR LOTTERY PRODUCTS**

Retailers and Retailer Employees must accept and collect payment for Authorized Lottery Tickets and WebCash at the time of sale to the Player. Retailers and Retailer Employees cannot offer credit to Players (i.e. run a tab for Players) to allow a Player to purchase lottery products; however, Retailers and Retailer Employees can accept payment made by interact and credit cards, and similar cards issued by financial institutions, as payment for Authorized Lottery Tickets. Each Retailer and Retailer Employee who

purchases any Authorized Lottery Tickets at the Retailers' Premises must pay for the tickets at the time of sale and prior to playing the tickets.

Retailers and Retailer Employees must honour promotional coupons issued by ATLANTIC LOTTERY, on the terms established by ATLANTIC LOTTERY for the coupons, as partial or complete payment, as applicable, for lottery products.

## **2.9. RESTRICTIONS ON THE SALE OF AUTHORIZED LOTTERY TICKETS**

### **2.9.1. In Person Sales Only**

ATLANTIC LOTTERY requires that Retailers and Retailer Employees sell Authorized Lottery Tickets and WebCash only to those customers who request to purchase these lottery products in person at the Retailer's premises. Retailers and Retailer Employees SHALL NOT accept orders or requests for Authorized Lottery Tickets and WebCash, and shall not provide Authorized Lottery Tickets or WebCash, for requests, orders or offers made using a telephone/cell phone, the internet, email systems, the mail or a courier.

### **2.9.2. Price/Location of Sales**

Unless otherwise authorized by ATLANTIC LOTTERY in advance, Retailers and Retailer Employees must not sell Authorized Lottery Tickets at a price other than the face amount shown on the ticket. Unless otherwise authorized by ATLANTIC LOTTERY in advance, Retailers and Retailer Employees must not sell Authorized Lottery Tickets or WebCash from any location other than that stated in the Retailer's Retailer Agreement with ATLANTIC LOTTERY.

### **2.9.3. Unauthorized Resale of Tickets**

Retailers and Retailer Employees are strictly prohibited from directly or indirectly selling or otherwise providing Authorized Lottery Tickets, or services of any kind in any way related to the marketing, distribution, sale or validation of these lottery tickets, to any person or company that is engaged in, or the Retailer or Retailer Employee knows, ought to know, or has reason to suspect, is engaged in or participates in any manner in the sale, re-sale, marketing, promotion, distribution or validation of lottery tickets or shares or rights in lottery tickets.

### **2.9.4. Cap on Sale of ATLANTIC LOTTERY Sports Products**

The maximum aggregate wager(s) per person or group on ATLANTIC LOTTERY's sports products at any Retailer Premises is as determined and communicated from time to time by ATLANTIC LOTTERY. Retailers and Retailer Employees must not accept any wager(s) from a person or group that would result in that person or group wagering in excess of this specified amount on ATLANTIC LOTTERY's Sports products in any one day. This includes the PRO-LINE suite of games, and any other future product(s) offered by ATLANTIC LOTTERY that is deemed by ATLANTIC LOTTERY to be subject to this policy provision.

### **2.9.5. Supplied by ATLANTIC LOTTERY**

Retailers and Retailer Employees must sell Authorized Lottery Tickets provided to them by ATLANTIC LOTTERY only and shall not sell lottery tickets acquired from another Retailer or lottery tickets acquired from another lottery corporation.

## **2.10. RESTRICTIONS ON PAYING PRIZES**

Outlined below are certain restrictions and conditions on the requirement that Retailers and Retailer Employees promptly pay prizes within their encashment limit:

### **2.10.1. Expired/Irregular Tickets**

Retailers and Retailer Employees must not pay a prize if the expiry date for claiming the prize has past or the ticket is in any way irregular. The ticket is considered irregular if

- (i) it is unissued, altered, counterfeited, forged or produced in error;
- (ii) it is illegible, mutilated, defective, misprinted, torn or otherwise incomplete;
- (iii) it is issued by a computer terminal and it has been cancelled by the Retailer or the computer entries have not been recorded or have been lost as a result of computer failure or otherwise.

These occurrences should be forwarded to ATLANTIC LOTTERY for investigation.

### **2.10.2. Previously Validated Tickets**

Retailers and Retailer Employees must not pay prizes for any tickets that cannot be validated as these tickets may have been previously validated or they may be expired. If presented with a validated ticket, Retailers and Retailer Employees should contact Customer Care Centre.

### **2.10.3. Non-Barcoded Breakopen Tickets**

Each Non-Barcoded Breakopen unit is a self-contained game. Retailers and Retailer Employees are required to pay all prizes for Non-Barcoded Breakopen Tickets that were purchased at the Retailer's Premises only. Before cashing a Non-Barcoded Breakopen ticket, Retailers and Retailer Employees should check the serial number to ensure they correspond to the tickets sold by the Retailer and to ensure that the ticket has a valid winning code. Non-Barcoded Breakopen Tickets are not sent to ATLANTIC LOTTERY for credit.

Winning Non-Barcoded Breakopen Tickets are not returned to Players and must be destroyed (hole punched, torn, or otherwise defaced) by Retailers after paying prizes for the tickets.

#### **2.10.4. Not an ATLANTIC LOTTERY Ticket**

Retailers and Retailer Employees must not pay a prize if the ticket is not an ATLANTIC LOTTERY ticket or if the ticket was purchased outside Atlantic Canada. In this case, the customer must deal with the lottery corporation identified on the ticket.

#### **2.10.5. Retailer/Player Mail-in Claim Process**

If a Retailer or Retailer Employee has a customer who needs to send in a ticket because of a validation issue, provide the customer with a retailer/Player-claim form, and advise the customer that ATLANTIC LOTTERY will need a photocopy of a valid, government-issued photo ID (a driver's license or passport for example) that proves they are of age (19+) to validate a lottery ticket and to receive a lottery prize. If the customer does not have photo ID, ATLANTIC LOTTERY will accept photocopies of two pieces of secondary ID such as a birth certificate or Medicare card (please note that for privacy reasons, ATLANTIC LOTTERY cannot accept a photocopy of a Social Insurance card).

### **2.11. VALIDATION SYSTEM INOPERATIVE**

Retailers and Retailer Employees must not attempt to validate or pay a prize for any ticket presented for validation by a Player if the Retailer's validation system is inoperative and the ticket cannot technically be validated.

### **2.12. ACTIVATE SCRATCH'N WIN AND BARCODED BREAKOPEN TICKETS**

Retailers and Retailer Employees must activate Scratch'n Win and Barcoded Breakopen Tickets prior to selling these tickets to Players; in the event a Retailer or Retailer Employee fails to activate the tickets, ATLANTIC LOTTERY reserves the right to activate the tickets.

### **2.13. ILLEGAL/LOTTERIES**

Retailers and Retailer Employees must not promote, display, operate or offer for sale, any lotteries, games of chance, games of mixed chance and skill, or gaming devices that are illegal or that are not licensed by the appropriate government regulatory body.

### **2.14. RETURNED/EXCHANGE TICKETS/TICKETS ISSUED IN ERROR**

Retailers and Retailer Employees must deal with requests from Players to return or exchange tickets in accordance with the following:

- (i) Prior to paying for and playing an On-Line, Scratch'n Win, Breakopen or Passive Ticket, Players can elect not to accept the ticket for any reason at the time the Retailer/Retailer Employee presents the ticket to the Player, including if the ticket was issued in error in any way, if it does not meet the Player's request or, otherwise, if it is not suitable for the Player.
- (ii) After accepting and paying for an On-Line Ticket, a Player can return an On-Line Ticket for a refund or exchange but only to the same Retailer where the ticket was purchased, only prior to the time of ATLANTIC LOTTERY's system shutdown for the earliest draw for which the ticket was purchased and only on the same day on which the On-Line Ticket was issued.
- (iii) Player's cannot return or exchange a Scratch'n Win, Breakopen or Passive Ticket after accepting and paying for the ticket, unless this is authorized by ATLANTIC LOTTERY.
- (iv) On-Line Tickets returned or exchanged pursuant to (i) and (ii) above must not be subsequently sold to other Players or purchased by the Retailer or Retailer Employee, but rather must be immediately voided and cancelled and marked "VOID".

## **3. REPORTING PRIZE CLAIMS**

### **3.1 REPORTABLE PRIZE CLAIM**

For the purpose of this section, a "Reportable Prize Claim" means a claim for a prize with a value of \$1,000 or greater arising from a lottery ticket offered for sale by ATLANTIC LOTTERY through Retailers, where the prize claimant is, or is claiming a prize on behalf of:

- (i) a Retailer or a person who was a Retailer at any point during the period of time between the purchase of the applicable ticket, or in the case of Scratch'n Win Tickets, the activation of the applicable ticket, and the applicable prize claim ("Reportable Claim by a Retailer");
- (ii) a Retailer Employee or a person who was a Retailer Employee at any point during the period of time between the purchase of the applicable ticket, or in the case of Scratch'n Win Tickets, the activation of the applicable ticket, and the applicable prize claim ("Reportable Claim by a Retailer Employee");
- (iii) the spouse (including common law) or fiancée, or a sibling, parent or child of a person referred to in (i) or (ii) above (whether or not they resided with a person referred to in (i) or (ii) above during the applicable period) OR any other person or relative, including by marriage, that resides or resided at any point during the applicable period referred to above, with a person referred to in (i) or (ii) above ("Reportable Claim by a Relative");
- (iv) a representative of a group win where any member of the group entitled to share in the prize claimed is a person referred to in (i), (ii) or (iii) above ("Reportable Claim by a Group").

## **3.2 RELATED PARTY PRIZE CLAIM POLICY**

Retailers must ensure that they review and understand ATLANTIC LOTTERY's Related Party Prize Claim Policy. Retailers must make the Related Party Prize Claim Policy readily available to Retailer Employees.

## **3.3 REPORTING OBLIGATIONS**

### **3.3.1 Retailer Prize Claim**

Every Retailer must disclose and report to ATLANTIC LOTTERY in writing on a prize claim form provided by ATLANTIC LOTTERY each Reportable Claim by a Retailer made by or on behalf of that Retailer and the specifics of the prize claim, including the prize claim amount, prior to or at the time of that Retailer making the prize claim.

### **3.3.2 Other Prize Claims**

In relation to a Reportable Claim by a Retailer Employee, a Relative or a Group, as defined in Section 3.1 (ii), (iii) or (iv) above, Retailers must report and disclose in writing to ATLANTIC LOTTERY each and every such Reportable Prize Claim known to the Retailer and each and every circumstance the Retailer has reason to suspect may be such a Reportable Prize Claim immediately upon the Retailer becoming aware of or suspecting the Reportable Prize Claim.

## **3.4 MANDATORY WAIT PERIOD**

### **3.4.1 On-Line Tickets**

ATLANTIC LOTTERY will not pay a prize claim with a value of \$1,000 or more made by or on behalf of Retailers or Retailer Employees prior to the expiration of thirty (30) days from the date of the prize claim except and only if:

- i. the prize claim is based on an On-Line Ticket;
- ii. the Retailer or Retailer Employee properly used the Retailer Play Button when purchasing the On-Line Ticket that is the subject of the prize claim; and
- iii. ATLANTIC LOTTERY's investigative process does not identify any irregularities,

in which event the minimum mandatory wait period of thirty (30) days will be reduced to one (1) day.

### **3.4.2 Scratch'n Win Tickets**

The exception in Section 3.4.1 does not apply to prize claims arising from Scratch'n Win Tickets as the Retailer Play Button cannot currently be used when purchasing Scratch'n Win Tickets; prize claims arising from Scratch'n Win Tickets for prizes \$10,000 or more will be subject to the thirty (30) day mandatory wait period in accordance with ALC's Related Party Prize Claim Policy.

## **3.5 ATLANTIC LOTTERY INVESTIGATION OF PRIZE CLAIMS**

Retailers acknowledge and agree that ATLANTIC LOTTERY will complete whatever inquiries and investigations it deems necessary under its Related Party Prize Claim Policy to validate and confirm the legitimacy of the Retailer's prize claim prior to, and as condition of, paying the prize. Retailers must cooperate and assist ATLANTIC LOTTERY in completing its inquiries and investigations.

## **3.6 WITHHOLD PRIZE PAYMENT**

ATLANTIC LOTTERY reserves the right to withhold prize payments beyond the mandatory wait periods referred to in Section 3.4 pending completion of its investigative processes.

## **3.7 INTEREST**

Refer to ATLANTIC LOTTERY's Related Party Prize Claim Policy for information on circumstances that ATLANTIC LOTTERY will pay interest for all or a portion of a wait periods when a prize is paid.

## **3.8 GROUP PRIZE CLAIMS**

A group prize claim in which any member of the group entitled to share in the prize claim is a person referred to in 3.1(i), (ii), or (iii) will be subject to the same conditions and wait periods referred to in Section 3.0.

**NOTE: Prizes won through alc.ca are not Reportable Prize Claims for Retailers and Retailer Employees and are not subject to the requirements that apply to prize claims by Retailers and Retailer Employees above.**

## **4. RETAILER OPERATIONS**

### **4.1. RESPONSIBLE GAMBLING AND RETAILER/PLAYER PROTECTION NOTICES**

Retailers must post and display in a manner visible to Players, and in accordance with ATLANTIC LOTTERY's standards, notices and point of sale displays related to ATLANTIC LOTTERY's responsible gambling and Retailer/Player protection programs.

### **4.2. PRODUCT DISPLAY/BREAKOPEN SALES**

Retailers must display Authorized Lottery Tickets in an amount and manner consistent with standards established from time to time by ATLANTIC LOTTERY for the display of lottery products. Scratch'n Win and Breakopen tickets should be displayed in the display units provided by ATLANTIC LOTTERY to Retailers and Retailers must ensure the display units are well stocked with

lottery products. The Breakopen display unit must contain Breakopen tickets at least to the fill line identified on the unit, and Retailers must sell 100% of Breakopen tickets within each box/unit, unless otherwise authorized by an ATLANTIC LOTTERY representative (in the case of non-regular or discontinued games). The display units must be used to display/hold Authorized Lottery Tickets only.

#### **4.3. UPDATED AND CURRENT SIGNAGE/MERCHANDISING MATERIALS**

Retailers must post and display jackpot and point of sale signage in a manner visible to Players and in accordance with ATLANTIC LOTTERY's signage standards and must update this signage as required to keep it accurate and current. Retailers must post and display in a manner visible to Players and for the time period requested by ATLANTIC LOTTERY other merchandising materials, including digital merchandising monitors, provided by ATLANTIC LOTTERY to the Retailer.

#### **4.4. RETAILER AND RETAILER EMPLOYEE TRAINING**

Retailers must complete, and must ensure that their Retailer Employees complete, training programs and initiatives offered by ATLANTIC LOTTERY, or by any person or corporation acting on behalf of or associated with ATLANTIC LOTTERY, to Retailers and Retailer Employees, including in relation to responsible gambling and Retailer and Player protection initiatives.

#### **4.5. ATLANTIC LOTTERY'S ACCESS TO RETAILER'S PREMISES AND BOOKS**

Retailers must allow ATLANTIC LOTTERY, and any person, firm or corporation acting on behalf of ATLANTIC LOTTERY, access to the Retailer's Premises and business records and accounts relating in any manner to the Retailer Agreement, including ATLANTIC LOTTERY Policies, at any time during normal business hours of the Retailer for the purposes of:

- (i) installing, inspecting, repairing, replacing or upgrading On-line Ticket Terminals or other Equipment;
- (ii) ensuring that adequate and acceptable physical security measures are in place, and are being followed, to protect Equipment, Authorized Lottery Tickets and Funds from the sale of Authorized Lottery Tickets and WebCash from damage, theft and loss;
- (iii) investigating any complaint;
- (iv) investigating any Reportable Prize Claim as referred to in section 3.0;
- (v) ensuring compliance with the Retailer Agreement, including ATLANTIC LOTTERY Policies;
- (vi) removing ATLANTIC LOTTERY Equipment or Authorized Lottery Tickets in accordance with the Agreement, including ATLANTIC LOTTERY Policies;
- (vii) re-locating ATLANTIC LOTTERY Equipment within the Retailer's Premises.

#### **4.6. SALE OR TRANSFER OF RETAILER/CHANGE OF INFORMATION**

Retailers must advise ATLANTIC LOTTERY of any sale, transfer or other change in effective ownership or control of the Retailer in writing at least two (2) weeks prior to the effective date of the sale, transfer or change in ownership or control. ATLANTIC LOTTERY must approve such sales or transfers prior to continuing a Retailer Agreement or entering into a new Retailer Agreement, as applicable. This Policy does not apply to changes in ownership or control arising from the sale or transfer of publicly traded shares.

Retailers must advise ATLANTIC LOTTERY in writing at least one (1) week in advance if it intends to vacate its Retailer Premises or discontinue its business operations.

Retailers must advise ATLANTIC LOTTERY of any other changes in information provided by the Retailer to ATLANTIC LOTTERY, including in relation to bank account information or contact information.

#### **4.7. BACKGROUND CHECK**

ATLANTIC LOTTERY requires that prospective Retailers agree to a background check, including a criminal record check, and that the results of this background check must be satisfactory to ATLANTIC LOTTERY, in ATLANTIC LOTTERY's discretion, prior to ATLANTIC LOTTERY approving a person as an ATLANTIC LOTTERY Retailer. ATLANTIC LOTTERY may require an existing Retailer to undergo a background check as a condition of remaining a Retailer if ATLANTIC LOTTERY determines that this is advisable as part of an investigation into a possible Retailer or Retailer Employee breach of the Retailer Agreement or these Policies. ATLANTIC LOTTERY may require Retailers and prospective Retailers to submit information and records to ATLANTIC LOTTERY for the purpose of background checks.

#### **4.8. INVENTORY SHORTAGES**

Upon discovery of an inventory shortage in relation to Authorized Lottery Tickets, the Retailer must contact Customer Care Centre immediately. All inventory shortages will be investigated by ATLANTIC LOTTERY. ATLANTIC LOTTERY may, in its discretion, charge back the Retailer for inventory shortages up to the face value of the missing inventory.

#### **4.9. VOIDED/CANCELLED TICKETS**

Retailers must retain tickets issued in error that were voided/cancelled in accordance with section 2.14 above for a period of three (3) months after which they can be destroyed. ATLANTIC LOTTERY periodically monitors all Retailers to ensure that voided/cancelled tickets are being kept for a period of three months. If any are missing, ATLANTIC LOTTERY will charge the Retailer back. Also, ATLANTIC LOTTERY tracks the number of voided/cancelled tickets produced by each Retailer. If the number of voided/cancelled tickets is found to be unusually high, training calls or visits will be made to the Retailer.

#### **4.10. SITE STANDARDS**

Retailers must meet or exceed site standards which may be amended by ATLANTIC LOTTERY from time to time. Retailers are responsible for providing adequate and acceptable physical security, in accordance with ATLANTIC LOTTERY's standards, for all Equipment, Authorized Lottery Tickets and Funds from the sale of Authorized Lottery Tickets and WebCash to protect these items from damage, theft and loss.

The Retailer is responsible for all electrical utility charges necessary to operate, repair, maintain and service the On-Line Ticket Terminal(s) on the Retailer's Premises, including all such electrical charges necessary to link the Terminal(s) to ATLANTIC LOTTERY's central computer system.

Retailers must sign off from the On-Line Ticket Terminal at the end of each day but must keep the terminal, CDU and Ticket Checker powered on 24 hours a day, unless directed by the Customer Care Centre to power it off.

#### **4.11. REPAIRING/MOVING EQUIPMENT**

Except where the Retailer has obtained the prior approval of ATLANTIC LOTTERY, the Retailer shall allow only ATLANTIC LOTTERY employees and authorized agents to repair and maintain On-Line Ticket Terminals and other ATLANTIC LOTTERY Equipment on the Retailer's Premises. ATLANTIC LOTTERY may charge a fee to move an On-Line Terminal or other Equipment within a Retailer's Premises, when done at the request of a Retailer.

Retailers must immediately report when any Equipment becomes damaged or does not operate as intended.

#### **4.12. TROUBLESHOOTING**

Retailers must cooperate in telephone troubleshooting efforts with ATLANTIC LOTTERY's Customer Care Centre.

#### **4.13 USE OF RETAILER PLAY BUTTON**

ATLANTIC LOTTERY recommends that Retailers use the Retailer Play Button when purchasing On-Line Tickets at the Retailer's Premises and at other retail locations that sell On-Line Tickets and that Retailers encourage Retailer Employees to use the Retailer Play Button in this manner.

### **5. FINANCIAL**

#### **5.1. PRE-AUTHORIZED DEBIT**

ATLANTIC LOTTERY requires each Retailer to provide ATLANTIC LOTTERY with a void cheque as well as a signed banking authorization, in a form provided by ATLANTIC LOTTERY, that authorizes ATLANTIC LOTTERY to electronically withdraw from a designated bank account, at such times as ATLANTIC LOTTERY may from time to time direct, all Funds belonging or owing to ATLANTIC LOTTERY under the Retailer Agreement. ATLANTIC LOTTERY requires that the Retailer inform ATLANTIC LOTTERY immediately in writing of any change in the designated bank account.

#### **5.2. ADMINISTRATIVE FEES**

Retailers are required to pay ATLANTIC LOTTERY an administrative fee for each On-Line Ticket Terminal and MRT (as applicable) placed on their Retailer Premises, which fee is set by ATLANTIC LOTTERY from time to time.

#### **5.3. COMPENSATION**

ATLANTIC LOTTERY currently compensates Retailers as follows:

##### **5.3.1. COMMISSIONS**

ATLANTIC LOTTERY will pay a Retailer commission on all Authorized Lottery Tickets and WebCash sold by the Retailer. For all Passive, Breakopen and Scratch'n Win Tickets, the commission is discounted on the invoice at the point of settlement of accounts with ATLANTIC LOTTERY. For On-line Tickets and WebCash, the Retailer earns a commission for each sale which is credited to the Retailer's weekly on-line invoice.

Until otherwise changed by ATLANTIC LOTTERY, commission rates are 5% for Scratch'n Win Tickets, 5% for On-line Tickets and WebCash, approximately 12.7% for Non-Barcoded Breakopen Tickets and approximately 12% for Barcoded Breakopen Tickets.

##### **5.3.2. ENCASHMENT FEE**

ATLANTIC LOTTERY will pay a Retailer \$.10 for every cash-prize winning ticket redeemed through an On-Line Terminal or a MRT (as applicable) on the Retailer's Premises. This encashment fee is credited to the Retailer's weekly on-line invoice.

##### **5.3.3. SELLER'S PRIZE**

ATLANTIC LOTTERY will pay a Retailer a prize of 1% of the prize value of a winning ticket of \$10,000 or more on any game for selling the ticket provided that the winning ticket must have been presented to ATLANTIC LOTTERY for payment and the winner must have been paid his/her prize.

#### **5.3.4. INCENTIVES**

From time to time, and for Retailers who choose to participate, ATLANTIC LOTTERY may offer incentive programs in the form of promotions and contests offering prizes and bonus monies to the Retailer and/or Retailer Employees for increasing sales, improving selling techniques, enhancing ticket display, etc. Details of these programs will be announced as the programs are made available.

#### **5.4. WEBCASH**

All monies received by the Retailer/Retailer Employee from the sale of WebCash are Funds under the Lottery Ticket Retailer Agreement and these Policies.

Retailers do not validate tickets purchased through ATLANTIC LOTTERY's website, alc.ca. Retailers do not receive any seller's prize for winning tickets purchased using WebCash.

#### **5.5. DISHONoured PAYMENT POLICY**

Retailers must notify ATLANTIC LOTTERY immediately in the event of a dishonoured payment to make arrangements to pay the dishonoured payment and to provide any security deposit(s) that may be required by ATLANTIC LOTTERY.

In the event of a dishonoured payment the Retailer is responsible to pay the following charges:

- (i) any service charges by a financial institution with regard to the dishonoured payment;
- (ii) any costs incurred in a special funds transfer to ATLANTIC LOTTERY to cover any delinquent amounts owed to ATLANTIC LOTTERY; and
- (iii) any service charges by ATLANTIC LOTTERY with regard to the dishonoured payment.

### **6. SUPPLY OF AUTHORIZED LOTTERY TICKETS AND EQUIPMENT**

The amount and type of Authorized Lottery Tickets and Equipment supplied to the Retailer is determined by ATLANTIC LOTTERY from time to time in ATLANTIC LOTTERY's sole discretion. All Equipment must be used by the Retailer solely for the purpose it was provided to the Retailer by ATLANTIC LOTTERY, including paper stock which must be used to print tickets and validation and claim centrally slips, as well as other lottery related purposes, only.

#### **6.1. AUTHORIZED LOTTERY TICKETS**

Retailers must have an On-Line Ticket Terminal or a MRT (as applicable) to sell ATLANTIC LOTTERY Passive and Scratch'n Win Tickets. All winning Passive and Scratch'n Win Tickets will be validated and paid only at Retailers with an On-Line Terminal or a MRT (as applicable). Retailers with an On-Line Ticket Terminal must sell WebCash and provide services related to selling WebCash.

Retailers with an On-Line Ticket Terminal must sell all of ATLANTIC LOTTERY's ticket lottery products, including Barcoded Breakopen Tickets, as well as WebCash. All winning Barcoded Breakopen Tickets will be validated and paid only at Retailers with an On-Line Terminal.

Retailers without an On-Line Ticket Terminal or a MRT (as applicable) will be eligible to sell ATLANTIC LOTTERY'S Non-Barcoded Breakopen Tickets only.

#### **6.2. ON-LINE TICKET TERMINALS**

##### **A. Eligibility**

On-Line Ticket Terminals will be placed with Retailers (and potential Retailers) depending on Terminal availability and the results of ATLANTIC LOTTERY's assessment of each Retailer, including the security background check. Priority for placement of On-Line Ticket Terminals is determined by ATLANTIC LOTTERY in ATLANTIC LOTTERY's sole discretion. Criteria used in ATLANTIC LOTTERY's assessment of Retailers and potential Retailers includes, but is not limited to:

- (i) ATLANTIC LOTTERY's analysis of whether the Retailer or a potential Retailer, will be able to achieve the minimum annual sales requirement set from time to time by ATLANTIC LOTTERY;
- (ii) ATLANTIC LOTTERY's analysis of a Retailer's, or a potential Retailer's, ability to meet criteria related to the comparative ranking of sales performance among Retailers or groups thereof, as determined from time to time by ATLANTIC LOTTERY;
- (iii) estimate of in-store traffic;
- (iv) number of surrounding Retailers and location in relation to other Retailers;
- (v) type of retail business;
- (vi) hours of operation;
- (vii) willingness of Retailer to merchandise and sell Authorized Lottery Tickets and WebCash;
- (viii) willingness of the Retailer to participate in ATLANTIC LOTTERY training programs;
- (ix) location of On-Line Ticket Terminal in Retailer's Premises;
- (x) counter space being provided.

##### **B. Retaining On-Line Ticket Terminal**

Each Retailer will be subject to an ongoing assessment process using the criteria referred to in paragraph 6.2, A.

Each Retailer with an On-Line Ticket Terminal is required to maintain a minimum level of sales and a minimum sales ranking as compared to other Retailers, or groups thereof, as determined from time to time by ATLANTIC LOTTERY. ATLANTIC LOTTERY may, in its discretion, remove an On-Line Ticket Terminal if this minimum level of sales or minimum sales ranking requirement is not obtained or maintained.

Currently, ATLANTIC LOTTERY has determined that the minimum sales level that must be achieved by Retailers is \$60,000 per annum; with respect to the minimum sales ranking requirements, Retailers with total lottery sales in the bottom 1% for all Retailers in the Province during any three (3) month period may, in ATLANTIC LOTTERY'S discretion, have its On-Line Ticket Terminal removed by ATLANTIC LOTTERY.

#### **7. LIMITATION OF LIABILITY/RETAILER INDEMNITY**

The Retailer Agreement provides, in summary, that ATLANTIC LOTTERY, its principals, officers, directors, employees, agents and shareholders ("Indemnified Parties") are not liable or in any way responsible to Retailers or the Retailer's principals, employees, agents, invitees, customers or patrons, for any loss, injury, damage or claim arising in any manner whatsoever from or out of the Retailer Agreement or the provision of services by the Retailer from the Retailer's Premises. Without limiting this provision, this means, for example, that ATLANTIC LOTTERY is not responsible for any loss, injury, damage or claim arising from:

- (i) the Retailer's acts or omissions relating in any manner to the operation of On-Line Ticket Terminals or MRTs (as applicable) on the Retailer's Premises or as a result of a breach by the Retailer of the Retailer Agreement, including ATLANTIC LOTTERY Policies and Operating Instructions;
- (ii) money or Authorized Lottery Tickets lost, stolen or missing from the Retailer;
- (iii) money paid to a Player of Authorized Lottery Tickets where the Player was not entitled to such a payment;
- (iv) the use or malfunction of any Equipment (or transmission-lines or other facilities installed for the operation of any Equipment);
- (v) interruptions or cessation in: (i) the provision of Authorized Lottery Tickets by ATLANTIC LOTTERY to a Retailer or (ii) in the operation of any Equipment (or transmission-line or other facilities installed for the operation of any Equipment) and any resulting loss of business to the Retailer;
- (vi) the use of the Retailer's Premises by purchasers of Authorized Lottery Tickets, or the Retailer's employees, agents, invitees, customers or patrons;
- (vii) reasonable defacement necessarily associated with the installation, repair or removal of any Equipment (including transmission-lines or other facilities installed for the operation of any On-Line Ticket Terminals).

The Retailer Agreement provides that the Retailer must indemnify ATLANTIC LOTTERY and the Indemnified Parties from all claims based on or arising from or out of the Retailer Agreement or from the provisions of services by the Retailer or, generally, based on, caused by or attributable to anything done or omitted to be done by the Retailer.

**Should Retailers or Retailer Employees have any questions in relation to these Retailer Policies or need to report to or contact ATLANTIC LOTTERY as required by these Retailer Policies, please use the following contact information:**

**Phone:**  
**For Service and Support – 1-800-561-7913**  
**All other inquiries – 1-800-561-3942**  
**E-mail: [info@alc.ca](mailto:info@alc.ca)**

**Mailing Address:**  
**Atlantic Lottery Corporation**  
**922 Main Street, PO Box 5500**  
**Moncton, NB, E1C 8W6**