

R-39 Rev. 03/2012  
(Title page)

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State of Connecticut  
**REGULATION**  
of

NAME OF AGENCY
<b>The Department of Consumer Protection</b>
<b>Concerning</b>
SUBJECT MATTER OF REGULATION
<b>The Manufacture, Distribution and Sale of Sealed Tickets</b>

**Section 1.** The Table of Contents that currently appears before Section 7-169h-1 of the Regulations of Connecticut State Agencies is hereby transferred to appear before the new section 7-169h-a1 and is also amended as follows:

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**Section 2.** Section 7-169h-a1 is hereby added to the Regulations of Connecticut State Agencies as follows:

### **Manufacture, Distribution and Sale of Sealed Tickets**

#### **(NEW) Sec. 7-169h-a1. Definitions**

When used in sections 7-169h-a1 to 7-169h-28, inclusive, the following words and phrases shall have the meaning herein allocated to them:

- (a) "Commissioner" means the commissioner of the Department of Consumer Protection.
- (b) "Department" means the Department of Consumer Protection.
- (c) "Form Number" means the unique number or alphanumeric code that identifies the cost per play, ticket count, payout structure, and extended payout structure (if any).
- (d) "Mailer or Flyer" means a sheet of literature, containing an artwork representation of a sealed ticket game, which is printed by a sealed ticket game products manufacturer.
- (e) "Member in Charge" means a bona fide, active member of the organization designated by the organization to be in charge of and primarily responsible for the procurement, distribution and sale of sealed tickets by the organization.
- (f) "Packet" means a separate game or series of sealed tickets with a specific form number and a unique serial number.
- (g) "Permittee" means a person that holds a sealed ticket permit issued by the department for the sale of sealed tickets within this state.
- (h) "Person" means any individual, organization, partnership, association, Limited Liability Company, corporation, trust, or other public or private entity.
- (i) "Sales Person" means a bona fide, active member of an organization who holds an individual sealed ticket sales permit issued by the department to sell sealed tickets for at least one sponsoring organization permitted to sell sealed tickets in this state.
- (j) "Sealed Ticket Dispensing Machine" means a mechanical or electronic ticket dispensing device with one or more stacking columns that dispenses a sealed ticket after a player inserts an appropriate amount of coin or currency.
- (k) "Sealed Ticket Dispensing Machine Equipment Dealer" means a business registered with the department to sell or lease sealed ticket dispensing machines to any permittee.
- (l) "Sealed Ticket Dispensing Machine Equipment Manufacturer" means a business registered with the department and who manufactures or assembles sealed ticket dispensing machines.
- (m) "Sealed Ticket Dispensing Machine Placement Sheet" means a document submitted to the commissioner for each sealed ticket dispensing machine sold or leased by a registered sealed ticket dispensing machine equipment manufacturer or dealer to a permittee.

(n) "Sealed Ticket Game Products Distributor" means a person who is a resident of this state and is registered with the department to provide services related to the sale and distribution of sealed tickets to any permittee.

(o) "Sealed Ticket Game Products Manufacturer" means a person who is registered with the department and who manufactures or assembles sealed tickets from raw materials, supplies or subparts.

(p) "Sealed Ticket or Pull-Tab" means a card with tabs which, when pulled, expose pictures of various objects, symbols or numbers and which entitles the holder of the ticket to receive a prize if the combination of objects, symbols or numbers pictured matches what is determined to be a winning combination.

(q) "Serial Number" means the unique identification assigned by the manufacturer identifying a specific packet of sealed tickets. A serial number may be numeric, alpha, or a combination of numeric and alpha characters.

**Section 3.** Sections 7-169h-1 through 7-169h-11, inclusive, of the Regulations of Connecticut State Agencies are hereby amended as follows:

**Sec. 7-169h-1 Sealed ticket permits**

(a) A sealed ticket permit and permit number may be issued by the [division of special revenue] department to any charitable, civic, educational, fraternal, veterans' or religious organization, volunteer fire department or grange which holds a bingo permit issued in accordance with the provisions of section 7-169 of the general statutes, as amended. Such sealed ticket permit and permit number may be revoked for cause.

(b) The [division] department may issue a permit to sell sealed tickets to any organization or group specified in section 7-172 of the [General Statutes] general statutes which holds a permit to operate a bazaar, issued in accordance with the provisions of sections 7-170 to 7-186, inclusive, of the [General Statutes] general statutes.

(c) The [division] department may issue a permit to sell sealed tickets to any charitable, civic, educational, fraternal, veterans' or religious organization, volunteer fire department[, ] or grange [or political party or town committee thereof which holds a permit to operate games of chance, issued in accordance with the provisions of Sections 7-186a to 7-186p, inclusive, of the General Statutes] authorizing such organization to sell sealed tickets in conjunction with any social function or event sponsored or conducted by such organization. Any such organization shall have been organized for not less than two years prior to the date of its application for such permit. Such permit shall be renewed annually.

**Sec. 7-169h-2. Over-the-bar permit**

The [division] department may issue an over-the-bar permit and permit number to sell sealed tickets to any charitable, civic, educational, fraternal, veterans' or religious organization, volunteer fire department or grange which holds a club permit or non-profit club permit under the provisions of Chapter 545 of the general statutes. Such over-the-bar permit and permit number may be revoked for cause.

**Sec. 7-169h-3. Personal sealed ticket sales permit**

(a) No person shall sell, offer for sale or distribute a sealed ticket who has not reached the age of eighteen and who has not applied for and received a permit on forms prescribed by the [executive director] commissioner and has provided information which the [executive director] commissioner

may reasonably require including, but not limited to, such person's criminal record, if any, moral character or business affiliations, and who thereafter has been assigned a permit number from the [division] department to sell sealed tickets. Such personal sealed ticket sales permit and permit number may be revoked for cause.

(b) Notwithstanding the provisions of subsection (a) of this section, the [executive director] commissioner may issue a personal sealed ticket sales permit and permit number to a minor sixteen years of age or older allowing such minor to sell, offer for sale or distribute sealed tickets at an authorized bingo game or games, bazaar, or sealed ticket special event, provided written permission from a parent or legal guardian of such minor is filed with the [division] department.

#### **Sec. 7-169h-4. Qualification of sales person**

(a) No person shall sell sealed tickets during the operation of authorized bingo games, bazaar events or sealed ticket special events unless he has been a bona fide, active member of at least one sponsoring organization permitted to sell sealed tickets [for a period of at least six months].

(b) No person shall sell sealed tickets over-the-bar unless he has been a bona fide, active member or worker of the sponsoring organization permitted to sell sealed tickets [for a period of at least six months].

#### **Sec. 7-169h-5. Sales persons**

(a) **Member in charge.** Every organization permitted to sell sealed tickets shall designate a bona fide, active member of the organization to be in charge of and primarily responsible for the procurement, distribution and sale of sealed tickets by the organization. [The member in charge shall have been a member in good standing for at least six months of the organization permitted to sell sealed tickets.] The member in charge shall supervise all activities and be responsible for the conduct of all sealed ticket sales, including the preparation of all returns, control reports, certified statements and affidavits, the records of receipts and disbursements and bank accounts required by the [division of special revenue] department, and the disposition of funds. The member in charge may designate, in writing, a qualified sales person to act in his behalf and to discharge his responsibilities on occasions when he is unable to do so. The member in charge or his qualified designee shall be present on the premises continually during the time at which sealed tickets are sold, offered for sale or distributed, and shall be familiar with the general statutes and administrative regulations governing the distribution and sale of sealed tickets.

(b) **Participation as sales person restricted.** No person shall assist in the conduct of sealed ticket sales except the holder of a personal sealed ticket sales permit [whose name appears on the notice required pursuant to section 7-169h-10 of these sealed ticket regulations].

(c) **Identification required.** The member in charge and those assisting him in any capacity shall possess and display such identification as may be specified by the [executive director of the division of special revenue] commissioner.

(d) **Payment of sales persons prohibited.** No commission, salary, compensation in any form or gift shall be paid or given to any person in any manner conducting or assisting in the conduct of sealed ticket sales either directly or indirectly. For the purposes of this subsection, compensation normally paid to bartenders of over-the-bar permittees shall not be considered as compensation for the sale or assistance in the selling of sealed tickets. No person selling sealed tickets shall solicit or receive any gift or donation of cash or merchandise on the premises during the conduct of sealed ticket sales.

(e) **Compensation of bookkeepers and accountants.** Bookkeepers and accountants may receive reasonable compensation for necessary services ordinarily incidental to the sale of sealed tickets.

### Sec. 7-169h-6. Investigation of permit applicants

The [executive director] commissioner shall make or cause to be made an investigation of the qualifications of permit applicants desiring to distribute or sell sealed tickets and the facts stated in any application and, if he determines that the permit applicant is qualified to distribute or sell sealed tickets, the [division] department shall issue a permit and permit number to such applicant.

### Sec. 7-169h-7. Unsuitable person barred

No person shall operate or assist in the operation of authorized sealed ticket games whose moral character, criminal record, if any, or business affiliations render such person unsuitable in the opinion of the [executive director] commissioner.

### Sec. 7-169h-8. Restrictions on sale or lease of equipment and renting of premises

(a) No organization may use a mechanical or electronic ticket dispensing machine to sell sealed tickets unless such machine was owned in full by the permittee before January 2, 2008 or is leased or purchased from a sealed ticket dispensing machine equipment dealer;

(b) No organization shall rent, lease or hire premises [or equipment] for the distribution or sale of sealed tickets on a percentage of gross or net earnings or income, or at a reduced rate or free of charge if the free or reduced rate for use of such [equipment or] premises carries with it an agreement of compensation or reward directly or indirectly in any form. Nothing in this subsection shall prohibit a permittee from utilizing an organization's premises in exchange for the permittee identifying the organization as a sponsor.

### Sec. 7-169h-9. Facilities

(a) **Premises required to be open for inspection.** The premises where sealed tickets are distributed or sold or where it is intended that any sealed ticket activity be conducted shall, at reasonable times, including normal business hours, be open to inspection by the [executive director] commissioner or his duly appointed representatives.

[(b) **Certain notices required to be posted.** Each organization authorized to sell sealed tickets shall conspicuously post within that portion of the premises where sealed tickets are sold its sealed ticket permit and one or more notices as required by the commissioner containing certain designated rules governing the distribution and sale of sealed tickets. The notice or notices shall be in the form prescribed and shall be provided by the division.]

### Sec. 7-169h-10. Notice on premises

(a) Certain notices required to be posted. Each organization authorized to sell sealed tickets shall conspicuously post within that portion of the premises where sealed tickets are sold its sealed ticket permit and one or more notices as required by the commissioner containing certain designated rules governing the distribution and sale of sealed tickets. The notice or notices shall be in the form prescribed and shall be provided by the department.

(b) A notice shall be posted conspicuously on the premises where authorized sealed ticket sales are conducted providing (1) the name of the organization and its [division] department-issued permit number; (2) the name of the member in charge thereof; (3) the name of each sealed ticket game[s], the types of tickets for which are offered for sale, and the amount of the charges for such tickets; and (4) the amount of prizes to be offered[, and (5) the names and permit numbers of the member in charge and sales persons for the particular session or time].

**Sec. 7-169h-11. No other games of chance activity permitted on premises**

No games of chance of any kind other than bingo games, bazaars, raffles[,] or other [games of chance] permitted games authorized pursuant to the provisions of Chapter 98 of the general statutes, and regardless of whether any separate or additional charge or payment is required, shall be conducted or allowed in the room or rooms, on any occasion, where or when authorized sealed tickets are sold.

**Section 4.** Sections 7-169h-12 through 7-169h 17, inclusive, of the Regulations of Connecticut State Agencies are hereby repealed.

**Section 5.** Section 7-169h-18 of the Regulations of Connecticut State Agencies is hereby amended as follows:

**Sec. 7-169h-18. Purchase of sealed tickets [from division]**

(a) Permittees shall only purchase sealed tickets from [the division] a sealed ticket game products distributor at a cost which is equal to ten percent (10%) of their resale value. [Sealed tickets shall be purchased in accordance with purchasing procedures adopted by the executive director and provided to each organization permitted to sell sealed tickets at the time such organization is issued its permit.]

(b) The discontinuation of a sealed ticket game shall not affect the ability of any person to claim a prize who purchased a sealed ticket prior to the effective date of termination.

**Section 6.** Sections 7-169h-20 through 7-169h-25, inclusive, of the Regulations of Connecticut State Agencies are hereby amended as follows:

**Sec. 7-169h-20. Records, control forms**

(a) **Record keeping.** Accurate records and books shall be kept by each [organization permitted to sell sealed tickets] permittee [in a manner and on control forms approved by the executive director,] showing in detail, among other things, the amount and source of gross receipts, prizes, and the expenses incurred.

(b) **Access to records.** The [executive director] commissioner or [his] the commissioner's authorized representatives shall at all times have access to all books and records of [any organization permitted to sell sealed tickets] a permittee for the purpose of examining them. Such records shall be accessible where and when sealed tickets are sold or during normal business hours.

**Sec. 7-169h-21. Bank accounts, expenses**

(a) Proceeds from sealed ticket sales shall be kept in a separate special sealed ticket bank account which shall be in the form of a checking account. All receipts from sealed ticket sales less the amount awarded as cash prizes shall be deposited in the special sealed ticket account. The commingling of any funds derived from the sale of sealed tickets with any other funds of the permitted organization is strictly prohibited. Money shall be withdrawn from this special account for only the following purposes:

- (1) Payment of expenses authorized pursuant to subsection (b) of this section.
- (2) Disbursement from net proceeds for charitable, civic, educational, fraternal, veterans', religious, volunteer fire department or grange purposes.

(b) Payment of expenses. Money for reasonable and necessary expenses ordinarily incidental to the sale of sealed tickets may be paid from the gross receipts of sealed ticket sales only by checks having preprinted consecutive numbers drawn on the special sealed ticket account required and authorized pursuant to subsection (a) of this section. Said checks shall be payable to the specific person or organization providing the goods or rendering the services which gave rise to the expense item, and at no time may checks be payable to cash. Only those expenses which are reasonable and necessary and ordinarily incidental to the sale of sealed tickets may be paid from the gross receipts of sealed ticket sales.

#### **Sec. 7-169h-22. Amendment of permit application**

Sealed ticket sales may be conducted under conditions other than as stated in the original application for a sealed ticket permit if an application to amend, prescribed by the [executive director of the division] commissioner, is filed with the [executive director] commissioner and if the subject matter of the proposed amendment could lawfully and properly have been included in the original application and permit, and upon payment of such additional fee, if any, as would have been payable if it had been so included. In no case shall there be a refund of fees. After an investigation of all the facts, the [division] department may approve or disapprove the application to amend.

#### **Sec. 7-169h-23. Notice of change in organization status**

No [organization] permittee shall sell sealed tickets after any substantial change has come about in its status which is at variance with the facts contained in the original application for a sealed ticket permit until an application to amend is filed with the [executive director] commissioner. After an investigation, the [division] department may, if the facts so warrant, revoke such organization's sealed ticket permit in accordance with Section 7-169h-26 of the regulations of Connecticut state agencies.

#### **Sec. 7-169h-24. Notice of change in personal status**

No person shall sell, offer for sale or distribute a sealed ticket when any substantial change has come about in [his] said person's personal status which is at variance with the facts contained in the original application for a sealed ticket sales permit and permit number until an application to amend has been filed with the [executive director] commissioner. After an investigation, the [division] department may, if the facts so warrant, revoke such sealed ticket sales permit and permit number in accordance with Section 7-169h-26 of the regulations of Connecticut state agencies.

#### **Sec. 7-169h-25. Monthly return to be filed**

Any [organization permitted to sell sealed tickets] permittee, and its [members who were in charge thereof] member in charge, shall furnish to the [executive director] department a monthly return, the form of which shall be prepared by the [executive director] commissioner, [showing] including, but not limited to, the following:

[(1)] 1. The amount of the gross receipts derived from sealed ticket sales which shall include income from the sale of tickets [or rights in any manner connected with participation in each such game or the right to participate therein].

[(2)] 2. Each item of expense incurred or paid, and each item of expenditure made or to be made, the name of each person to whom each such item has been paid or is to be paid, with a detailed description of the merchandise purchased or the services rendered therefore.

[(3)] 3. The net profit derived from sealed ticket sales, and the uses to which the net profit has been or is to be applied.

Such monthly return shall be furnished by the tenth of the next succeeding month.

**Section 7.** The Regulations of Connecticut State Agencies are hereby amended by adding Sections 7-169h-25a through 7-169h-25e, inclusive, as follows:

**(NEW) Sec. 7-169h-25a Qualifications for Registration**

(a) If the department shall find that the financial responsibility, experience, character and general fitness of the applicant are such that the participation of such person shall be consistent with the public interest, convenience or necessity and with the best interest of charitable gaming, in conformity with the purposes of chapter 98 of the general statutes, it shall thereupon grant a registration. If the department shall find that the applicant fails to meet any of said conditions, it shall not grant such registration and it shall notify the applicant of the denial.

(b) The commissioner may defer a decision of whether to grant or deny a registration if criminal charges are pending against the applicant.

**(NEW) Sec. 7-169h-25b Sealed ticket game products manufacturer**

(a) Each applicant for registration as a sealed ticket game products manufacturer shall apply to the commissioner on such forms as the commissioner prescribes. A manufacturer's application shall be accompanied by an annual fee of five thousand dollars or such other fee as the legislature deems appropriate, payable to the State Treasurer. Each applicant for an initial sealed ticket game products manufacturer registration shall submit to state and national criminal history records checks conducted in accordance with section 29-17a of the general statutes before such registration may be issued.

(b) No sealed ticket game products manufacturer shall sell any type of sealed ticket game products in this state that have not been approved by the commissioner.

(c) A sealed ticket game products manufacturer shall not sell sealed tickets to any person in this state except a sealed ticket game products distributor registered with the department.

(d) Tickets shall be produced to meet the standards on pull-tabs adopted by the North American Gaming Regulators Association, including, but not limited to, specifications on game construction, opacity, randomization, printing, cutting, and minimum information required on a ticket.

(e) A sealed ticket game products manufacturer shall submit a mailer or flyer to the commissioner for approval of each sealed ticket game to be manufactured for distribution and sale in this state, which shall include an artwork representation of the game detailing (1) the name of the sealed ticket game, (2) a reproduction of a game ticket, (3) the price per ticket, (4) the number of winners per packet, (5) the total number of winners and total payout, (6) the winning ticket ratio, (7) the percentage retained by the permittee as gross profit for a fully sold game, which shall be at least ten percent of the resale value of tickets sold, (8) the percentage of the resale value of tickets to be awarded as prizes, which shall be at least forty-five percent, and (9) any other information the commissioner may reasonably require.

(f) A sealed ticket game products manufacturer shall establish a process to track each packet of sealed tickets by serial number or form number from the manufacturer to the next point of sale and shall retain this information for thirty six months.

(g) Defective tickets shall be addressed in accordance with procedures established by the commissioner. The commissioner reserves the right to suspend sealed ticket sales or remove a game from sale due to manufacturer defects.

(h) Sealed ticket game products sales shall not be conducted under conditions other than as stated in the original application for a sealed ticket game products manufacturer registration unless an application to amend, prescribed by the commissioner, is filed with the commissioner and if the subject matter of the proposed amendment could lawfully and properly have been included in the original application and registration. After an investigation of the facts, the department may approve or disapprove the application to amend based upon the information provided in the application to amend.

(i) No sealed ticket game products manufacturer shall sell sealed ticket game products to a sealed ticket game products distributor after any substantial change has come about in the sealed ticket game products manufacturer's status which is at variance with the facts contained in the original application for a sealed ticket games products manufacturer registration until an application to amend is filed with the commissioner. After an investigation, the department may, if the facts so warrant, revoke such manufacturer's registration in accordance with the provisions of Section 7-169h-26 of the regulations of Connecticut state agencies.

(j) A sealed ticket game products manufacturer shall file a report or reports with the commissioner on a quarterly basis, during the months of January, April, July and October, in a manner prescribed by the Commissioner. Each such report shall include (1) the name, address and registration number of the sealed ticket game products distributor to whom sealed tickets were sold, (2) the name of the game, serial numbers and form numbers for all games sold to a sealed ticket game products distributor, (3) the date of sale, and (4) any other information the commissioner may require.

(k) The facilities of a sealed ticket game products manufacturer shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours.

**(NEW) Sec. 7-169h-25c Sealed ticket game products distributor**

(a) Each applicant for registration as a sealed ticket game product distributor shall apply to the commissioner on such forms as the commissioner prescribes. A sealed ticket game products distributor's application shall be accompanied by an annual fee of two thousand five hundred dollars or such other fee the legislature deems appropriate, payable to the State Treasurer. Each applicant for an initial sealed ticket game products distributor registration shall submit to state and national criminal history records checks conducted in accordance with section 29-17a of the general statutes before such registration is issued.

(b) A sealed ticket game products distributor shall have a physical office in this state and such office shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours. No permittee or person affiliated with a permittee shall be permitted to be a sealed ticket game products distributor.

(c) All sealed tickets purchased by a sealed ticket game products distributor for sale or use in this state shall be stored or warehoused in this state prior to their sale or distribution to any permittee during normal business hours, and such warehouse or storage facility shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours.

(d) A sealed ticket game products distributor shall not purchase sealed tickets for sale or use in this state from any person except a sealed ticket game products manufacturer registered with the department.

(e) All sealed tickets sold in this state shall be approved by the commissioner.

(f) A sealed ticket game products distributor shall develop procedures to track each packet of sealed tickets to sealed ticket permittees and account for all sealed ticket packets purchased, sold and in inventory. A distributor shall explain any discrepancy of packets not accounted for.

(g) Sealed ticket game products sales shall not be conducted under conditions other than as stated in the original application for a sealed ticket game products distributor registration unless an application to amend, prescribed by the commissioner, is filed with the commissioner and if the

subject matter of the proposed amendment could lawfully and properly have been included in the original application and registration. After an investigation of the facts, the department may approve or disapprove the application to amend based upon the information provided in the application to amend.

(h) No sealed ticket game products distributor shall sell sealed tickets after any substantial change has come about in its status which is at variance with the facts contained in the original application for a sealed ticket games products distributor registration until an application to amend is filed with the commissioner. After an investigation, the department may, if the facts so warrant, revoke such distributor's registration in accordance with the provisions of Section 7-169h-26 of the regulations of Connecticut state agencies.

(i) A sealed ticket game products distributor shall file a report with the commissioner on a quarterly basis, during the months of January, April, July and October, on a form prescribed by him, and pay to the State Treasurer a fee of thirty percent of the gross revenues, or such other fee as the legislature deems appropriate, derived from the sale of sealed tickets. Such report shall include (1) the date of sale, (2) the name of the game sold, (3) the serial numbers of all tickets sold, (4) the form numbers for all games sold, (5) the ticket count per packet for each game sold, (6) the name, address and permit number of each permittee to whom sealed tickets were sold, (7) the name and registration number of the sealed ticket game products manufacturer, and (8) any other information the commissioner may require.

(j) The commissioner or his authorized representatives shall at all times have access to all books and records of any sealed ticket game products distributor.

(k) The department may investigate any matter arising from the sale, purchase or game play of sealed tickets to ensure the integrity of the activity.

**(NEW) Sec. 7-169h-25d Sealed ticket dispensing machine equipment manufacturer**

(a) Each applicant for registration as a sealed ticket dispensing machine equipment manufacturer shall apply to the commissioner on such forms as the commissioner prescribes. A manufacturer's application shall be accompanied by an annual fee of one thousand two hundred fifty dollars, or such other fee the legislature deems appropriate, payable to the State Treasurer. Each applicant for an initial sealed ticket dispensing machine equipment manufacturer registration shall submit to state and national criminal history records checks conducted in accordance with section 29-17a of the general statutes before such registration is issued.

(b) No sealed ticket dispensing machine equipment manufacturer shall sell any type of sealed ticket dispensing machine that has not been approved by the commissioner. A sealed ticket dispensing machine equipment manufacturer shall submit to the commissioner for approval each sealed ticket dispensing machine to be manufactured for distribution and sale in this state.

(c) A sealed ticket dispensing machine equipment manufacturer shall not sell or lease a sealed ticket dispensing machine to any person in this state except a sealed ticket dispensing machine equipment dealer or a permittee.

(d) A sealed ticket dispensing machine equipment manufacturer shall submit a sealed ticket dispensing machine placement sheet to the commissioner for each sealed ticket machine sold, distributed, or leased to any permittee.

(e) Sealed ticket game product sales shall not be conducted under conditions other than as stated in the original application for a sealed ticket dispensing machine equipment manufacturer registration unless an application to amend, prescribed by the commissioner, is filed with the commissioner and if the subject matter of the proposed amendment could lawfully and properly have been included in the original application and registration. After an investigation of the facts, the department may approve or disapprove the application to amend based upon the information provided in the application to amend.

(f) No sealed ticket dispensing machine equipment manufacturer shall sell sealed ticket dispensing machine equipment to a sealed ticket dispensing machine equipment dealer after any substantial change has come about in its status which is at variance with the facts contained in the original application for a sealed ticket dispensing machine equipment manufacturer registration until an application to amend is filed with the commissioner. After an investigation, the department may, if the facts so warrant, revoke such manufacturer's registration in accordance with the provisions of Section 7-169h-26 of the regulations of Connecticut state agencies.

**(NEW) Sec. 7-169h-25e Sealed ticket dispensing machine equipment dealer**

(a) Each applicant for registration as a sealed ticket dispensing machine equipment dealer shall apply to the commissioner on such forms as the commissioner prescribes. A dealer's application shall be accompanied by an annual fee of six hundred twenty-five dollars, or such other fee the legislature deems appropriate, payable to the State Treasurer. Each applicant for an initial sealed ticket dispensing machine equipment dealer registration shall submit to state and national criminal history records checks conducted in accordance with section 29-17a of the general statutes before such registration is issued.

(b) A sealed ticket dispensing machine equipment dealer shall not purchase sealed ticket dispensing machines for sale, lease, distribution, or use in this state from any person except a sealed ticket dispensing machine equipment manufacturer.

(c) A sealed ticket dispensing machine equipment dealer shall submit a sealed ticket dispensing machine placement sheet to the commissioner, on a form prescribed by him, for each sealed ticket dispensing machine sold or leased to any permittee.

(d) Sealed ticket dispensing machine sales shall not be conducted under conditions other than as stated in the original application for a sealed ticket dispensing machine equipment dealer registration unless an application to amend, prescribed by the commissioner, is filed with the commissioner, and if the subject matter of the proposed amendment could lawfully and properly have been included in the original application and registration. After an investigation of the facts, the department may approve or disapprove the application to amend based upon the information provided in the application to amend.

(e) No sealed ticket dispensing machine equipment dealer shall sell sealed ticket dispensing machines after any substantial change has come about in its status which is at variance with the facts contained in the original application for a sealed ticket dispensing machine equipment dealer registration until an application to amend is filed with the commissioner. After an investigation, the department may, if the facts so warrant, revoke such dealer's registration in accordance with the provisions of Section 7-169h-26 of the regulations of Connecticut state agencies.

(f) The commissioner or the commissioner's duly designated agent may investigate any matter arising from the sale of sealed ticket dispensing machines to ensure the integrity of the activity.

**Section 8.** Sections 7-169h-26 through 7-169h-28, inclusive, of the Regulations of Connecticut State Agencies are hereby amended as follows:

**Sec. 7-169h-26. Violations of statutes, rules and regulations, false statement**

(a) Whenever it appears to the [executive director] commissioner after an investigation that any person is violating or is about to violate any provisions of [this] section 7-169h of the [General Statutes] general statutes or [Sections 7-169h-1] Sections 7-169h-a1 to 7-169h-28, inclusive, of the regulations of Connecticut state agencies, the [executive director] commissioner may in his discretion, to protect the public welfare, order that any sealed ticket permit issued be immediately

suspended or revoked and that the person cease and desist from the actions constituting such violation or which would constitute such violation. After such an order is issued, the person named therein may, within fourteen days after receipt of the order, file a written request for a hearing. Such hearing shall be held in accordance with the provisions of [Chapter] chapter 54 of the [General Statutes] general statutes.

(b) Whenever the [executive director] commissioner finds as the result of an investigation that any person has violated any provision of section 7-169h of the [General Statutes] general statutes or sections [Sections 7-169h-1] Sections 7-169h-a1 to 7-169h-28, inclusive, of the regulations of Connecticut state agencies, or made any false statement in any application for a registration or permit or in any report required by the [executive director] commissioner, the [executive director] commissioner may send a notice to such person by certified mail, return receipt requested. Any such notice shall include (1) a reference to the section or regulation alleged to have been violated or the application or report in which an alleged false statement was made, (2) a short and plain statement of the matter asserted or charged, (3) the fact that any registration or permit issued pursuant to this section may be suspended or revoked for such violation or false statement and the maximum penalty that may be imposed for such violation or false statement, and (4) the time and place for the hearing. Such hearing shall be fixed for a date not earlier than fourteen days after the notice is mailed.

(c) The [executive director] commissioner shall hold a hearing upon the charges made unless such person fails to appear at the hearing. Such hearing shall be held in accordance with the provisions of chapter 54 of the [General Statutes] general statutes. If such person fails to appear at the hearing or if, after the hearing, the [executive director] commissioner finds that such person committed such a violation or made such a false statement, the [executive director] commissioner may, in his discretion, suspend or revoke such registration or permit and order that a civil penalty of not more than [two] five hundred dollars be imposed upon such person for such violation or false statement. The [executive director] commissioner shall send a copy of any order issued pursuant to this subdivision by certified mail, return receipt requested, to any person named in such order.

(d) Whenever the [executive director] commissioner revokes a registration or permit issued pursuant to section 7-169h of the [General Statutes] general statutes, he shall not issue any registration or permit to such former registrant or permittee for one year after the date of such revocation.

### **Sec. 7-169h-27. Forms, statements under oath**

All forms, including control forms, used in compliance with the general statutes and the regulations of Connecticut state agencies governing the manufacture, distribution and sale of sealed tickets [and these administrative regulations for sealed tickets] shall be furnished by the [executive director of the division of special revenue] department, and when required, all statements therein shall be made under oath.

### **Sec. 7-169h-28. Waiver**

The [executive director, with the approval of the gaming policy board,] commissioner may waive any rule contained herein in his discretion, except any rule specified in the general statutes, upon his finding that such waiver is in the best interests of the state of Connecticut and the distribution and sale of sealed tickets. [Prior approval of the gaming policy board shall not be required in circumstances where the executive director finds that the public health, safety, and welfare requires emergency action provided the gaming policy board shall be apprised of the waiver and the circumstances surrounding it at its next scheduled meeting following said waiver whereupon the gaming policy board may approve or disprove the continuance of such waiver.]

**Statement of Purpose**

*Pursuant to CGS Section 4-170(b)(3), "Each proposed regulation shall have a statement of its purpose following the final section of the regulation."*

These proposed regulations fulfill the legislative requirements of Sections 7-169h and 7-169i, as modified by 2011 Public Act 51 (House Bill 6650) Sections 212 and 213. These statutes now require the state to regulate and permit the distributors and manufacturers of sealed ticket game products, as well as sealed ticket dispensing machine dealers and manufacturers, in order for these private businesses to distribute and sell sealed tickets to the public. Under the existing regulations, the state performs these functions by selling sealed tickets directly to registered and permitted non-profit organizations who then sell sealed tickets to the public.

These revised regulations provide for an effective and efficient process to regulate and monitor all activities relating to the manufacture, distribution and sale of sealed tickets based upon the revised statutes. In addition, these regulations have been updated with clear definitional terms (See the new Definition section at Section 7-169h-a1) and language to reflect all processes and procedures in place and for the future.

R-39 Rev. 03/2012  
(Certification page—see Instructions on back)

### CERTIFICATION

This certification statement must be completed in full, including items 3 and 4, if they are applicable.

- 1) I hereby certify that the above (check one)  Regulations  Emergency Regulations
- 2) are (check all that apply)  adopted  amended  repealed by this agency pursuant to the following authority(ies): (complete all that apply)
- a. Connecticut General Statutes section(s) 4-168; 7-169h; 7-169i.
- b. Public Act Number(s) 51 of the 2011 Public Acts.  
(Provide public act number(s) if the act has not yet been codified in the Connecticut General Statutes.)
- 3) And I further certify that notice of intent to adopt, amend or repeal said regulations was published in the **Connecticut Law Journal** on April 24, 2012;  
(Insert date of notice publication; if publication was required by CGS Section 4-168.)
- 4) And that a public hearing regarding the proposed regulations was held on May 30, 2012;  
(Insert date(s) of public hearing(s) held pursuant to CGS Section 4-168(a)(7), if any, or pursuant to other applicable statute.)
- 5) And that said regulations are **EFFECTIVE** (check one, and complete as applicable)
- When filed with the Secretary of the State
- OR  on (insert date) \_\_\_\_\_

DATE <u>7/13/12</u>	SIGNED (Head of Board, Agency or Commission) 	OFFICIAL TITLE, DULY AUTHORIZED Commissioner Department of Consumer Protection
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*(Regulations were resubmitted to Atty Gen on 8/16/12)*

**APPROVED** by the Attorney General as to legal sufficiency in accordance with CGS Section 4-169, as amended

DATE <u>8/16/12</u>	SIGNED (Attorney General or AG's designated representative) Joseph Rubin	OFFICIAL TITLE, DULY AUTHORIZED Assoc. Atty Gen 1
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Proposed regulations are **DEEMED APPROVED** by the Attorney General in accordance with CGS Section 4-169, as amended, if the attorney General fails to give notice to the agency of any legal insufficiency within thirty (30) days of the receipt of the proposed regulation.

*(For Regulation Review Committee Use ONLY)*

- Approved  Rejected without prejudice
- Approved with technical corrections  Disapproved in part, (Indicate Section Numbers disapproved only)
- Deemed approved pursuant to CGS Section 4-170(c)

By the Legislative Regulation Review Committee in accordance with CGS Section 4-170, as amended	DATE	SIGNED (Administrator, Legislative Regulation Review Committee)
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**Two certified copies received and filed and one such copy forwarded to the Commission on Official Legal Publications in accordance with CGS Section 4-172, as amended.**

DATE	SIGNED (Secretary of the State)	BY
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*(For Secretary of the State Use ONLY)*

**GENERAL INSTRUCTIONS**

1. All regulations proposed for adoption, amendment or repeal, *except* emergency regulations, must be presented to the Attorney General for his/her determination of legal sufficiency. (See CGS Section 4-169.)
2. After approval by the Attorney General, the original and one electronic copy (in Word format) of all regulations proposed for adoption, amendment or repeal must be presented to the Legislative Regulation Review Committee for its action. (See CGS Sections 4-168 and 4-170 as amended by Public Act 11-150, Sections 18 and 19.)
3. Each proposed regulation section must include the appropriate regulation section number and a section heading. (See CGS Section 4-172.)
4. New language added to an existing regulation must be in underlining or CAPITAL LETTERS, as determined by the Regulation Review Committee. (See CGS 4-170(b).)
5. Existing language to be deleted must be enclosed in brackets [ ]. (See CGS 4-170(b).)
6. A completely new regulation or a new section of an existing regulation must be preceded by the word "(NEW)" in capital letters. (See CGS Section 4-170(b).)
7. The proposed regulation must have a statement of its purpose following the final section of the regulation. (See CGS Section 4-170(b).)
8. The Certification Statement portion of the form must be completed, including all applicable information regarding *Connecticut Law Journal* notice publication date(s) and public hearing(s). (See more specific instructions below.)
9. Additional information regarding rules and procedures of the Legislative Regulation Review Committee can be found on the Committee's web site: <http://www.cga.ct.gov/rr/>.
10. A copy of the Legislative Commissioners' Regulations Drafting Manual is located on the LCO website at [http://www.cga.ct.gov/lco/pdfs/Regulations\\_Drafting\\_Manual.pdf](http://www.cga.ct.gov/lco/pdfs/Regulations_Drafting_Manual.pdf).

**CERTIFICATION STATEMENT INSTRUCTIONS**

*(Numbers below correspond to the numbered sections of the statement)*

1. Indicate whether the regulation is a regular or an emergency regulation adopted under the provisions of CGS Section 4-168(f).
2.
  - a) Indicate whether the regulations contains newly adopted sections, amendments to existing sections, and/or repeals existing sections. Check all cases that apply.
  - b) Indicate the specific legal authority that authorizes or requires adoption, amendment or repeal of the regulation. If the relevant public act has been codified in the most current biennial edition of the *Connecticut General Statutes*, indicate the relevant statute number(s) instead of the public act number. If the public act has not yet been codified, indicate the relevant public act number.
3. Except for emergency regulations adopted under CGS 4-168(f), and technical amendments to an existing regulation adopted under CGS 4-168(g), an agency must publish notice of its intent to adopt a regulation in the *Connecticut Law Journal*. Enter the date of notice publication.
4. CGS Section 4-168(a)(7) prescribes requirements for the holding of an agency public hearing regarding proposed regulations. Enter the date(s) of the hearing(s) held under that section, if any; also enter the date(s) of any hearing(s) the agency was required to hold under the provisions of any other law.
5. As applicable, enter the effective date of the regulation here, or indicate that it is effective upon filing with the Secretary of the State. Please note the information below.

Regulations are effective upon filing with the Secretary of the State or at a later specified date. See CGS Section 4-172(b) which provides that each regulation is effective upon filing, or, if a later date is required by statute or specified in the regulation, the later date is the effective date. An effective date may not precede the effective date of the public act requiring or permitting the regulation. Emergency regulations are effective immediately upon filing with the Secretary of the State, or at a stated date less than twenty days thereafter.