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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

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A N A C T

RELATING TO LOTTERY

Introduced By: Senator Maryellen Goodwin

Date Introduced: June 02, 2010

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 11-19-35 of the General Laws in Chapter 11-19 entitled "Gambling  
2 and Lotteries" is hereby amended to read as follows:

3 **11-19-35. Pull-tab lottery tickets.** -- (a) The Rhode Island lottery ~~commission~~ is  
4 empowered to sell and regulate the sale of pull-tab lottery tickets to religious, fraternal, civic,  
5 educational, veterans', or charitable organizations. The ~~commission~~ lottery shall determine,  
6 consistent with this section, those organizations that are authorized to sell pull-tab lottery tickets.  
7 As part of such determination, the Rhode Island lottery shall require criminal background checks  
8 of those individuals it deems appropriate and said individuals shall apply to the bureau of  
9 criminal investigation of the Rhode Island state police or the Rhode Island department of the  
10 attorney general for a national criminal records check with fingerprinting. The individual whose  
11 criminal records check is being conducted shall be responsible for the payment of the costs of  
12 said criminal records check. The Rhode Island state police or the Rhode Island department of  
13 attorney general, as applicable, shall send the results of such criminal check to the Rhode Island  
14 lottery.

15 (b) The lottery shall insure that the pull tab lottery tickets to be distributed are secured  
16 for the purposes under which they are to be sold in terms of concealing the result of the tickets  
17 until the time that they are sold to the general public. Consistent with this section, those  
18 organizations authorized to sell the tickets are authorized to retain net profits as shall have been  
19 provided for by the commission.

1            ~~(b)~~(c) Notwithstanding any other section of the general laws to the contrary, pull-tab  
2 lottery tickets authorized by this section are declared to be legal.

3            SECTION 2. Section 41-1-1 of the General Laws in Chapter 41-1 entitled "Division of  
4 Racing and Athletics" is hereby amended to read as follows:

5            **41-1-1. Division of racing and athletics -- Duties. --** Within the department of business  
6 regulation there shall be a division of racing and athletics. The division shall supervise the  
7 enforcement of all laws relating to the regulation and control of racing and athletics, and may in  
8 the first instance make decisions and issue orders, subject to appeal to the racing and athletics  
9 hearing board. The division shall exercise all powers and duties prescribed by chapters 3, 3.1, 4,  
10 5, 5.2, 7, and 11 ~~and 7~~ of this title, and all other acts relative to the regulation and supervision of  
11 horse racing, dog racing, and athletics, heretofore performed by the commission on horse racing  
12 and athletics. The division shall comply with RI general laws section 42-14-14 in the conduct of  
13 any investigation related to any license application, permit and/or registration related to this title.  
14 The division may comply with RI general laws section 42-14-14 in the conduct of any  
15 investigation related to any license application, permit and/or registration related to chapters 5  
16 and 5.2 of this title. Such investigation shall require the applicant to apply to the bureau of  
17 criminal identification of the Rhode Island state police or the Rhode Island department of the  
18 attorney general for a nationwide criminal records check with fingerprinting. The applicant shall  
19 be responsible for payment of the costs of said criminal records check. The Rhode Island state  
20 police or the Rhode Island department of the attorney general, as applicable, shall send the results  
21 of such criminal records check to the division.

22            SECTION 3. Section 42-14-14 of the General Laws in Chapter 42-14 entitled  
23 "Department of Business Regulation" is hereby amended to read as follows:

24            **42-14-14. License applications -- Investigation. --** After receipt of any application for a  
25 license, permit, and/or registration that is subject to the jurisdiction of the department of business  
26 regulation, the director of business regulation or his or her designee shall conduct an investigation  
27 to determine whether the facts set forth in the application are true ~~and shall receive from the~~  
28 ~~department of the attorney general all records of criminal information which it has or shall~~  
29 ~~receive indicating any criminal activity on the part of the individual signing the application. The~~  
30 ~~department of the attorney general shall provide the information subject to the rules and~~  
31 ~~regulations promulgated by the attorney general regarding the production of that information and~~  
32 whether or not said license, permit and/or registration should be granted. As part of said  
33 investigation, the department may require the applicant to apply to the bureau of criminal  
34 identification of the Rhode Island state police or the Rhode Island department of attorney general

1 for a nationwide criminal records check with fingerprinting. The applicant shall be responsible for  
2 the payment of costs of any criminal records check. The Rhode Island state police or the Rhode  
3 Island department of attorney general, as applicable, shall send the results of such criminal  
4 records check to the department.

5 SECTION 4. Section 42-61-5 of the General Laws in Chapter 42-61 entitled "State  
6 Lottery" is hereby amended to read as follows:

7 **42-61-5. Sales agents.** -- (a) For the purpose of this chapter, the term "person" shall be  
8 construed to mean and include an individual, association, partnership, corporation, trust, estate,  
9 company, receiver, trustee, referee, or other person acting in a fiduciary or representative  
10 capacity, whether appointed by a court or otherwise, and any combination of individuals.  
11 "Person" shall be construed to mean all departments, committees, commissions, agencies, and  
12 instrumentalities of the state, including counties and municipalities and agencies and  
13 instrumentalities of the state.

14 (b) (1) The director of lotteries may license any person as a lottery sales agent as  
15 provided in this chapter. No license shall be issued to any person to engage in the sale of lottery  
16 tickets as his or her sole occupation or business.

17 (2) As part of its investigation as to whether to issue a lottery sales agent license, the  
18 Rhode Island lottery shall require criminal background checks of the applicant for a retail sales  
19 agent license as it deems appropriate and said individuals shall apply to the bureau of criminal  
20 investigation of the Rhode Island state police or the Rhode Island department of the attorney  
21 general for a national criminal records check with fingerprinting. The applicant whose criminal  
22 records check is being conducted shall be responsible for the payment of the costs of said  
23 criminal records check. The Rhode Island state police or the Rhode Island department of attorney  
24 general, as applicable, shall send the results of such criminal records check to the Rhode Island  
25 lottery.

26 (c) Before issuing any license to a lottery sales agent the director shall consider:

27 (1) The financial responsibility and security of the person and his or her business or  
28 activity;

29 (2) The accessibility of his or her place of business or activity to the public;

30 (3) The sufficiency of existing licensed agents to serve the public interest;

31 (4) The volume of expected sales by the applicant;

32 (5) Any other factors pertaining to the public interest, convenience or trust.

33 (d) The director shall refuse to grant or shall suspend, pending a hearing before the  
34 division, or recommend a revocation of a license if the applicant or licensee:

- 1 (1) Has been convicted of a felony, or any crime involving moral turpitude;
- 2 (2) Has been engaging in gambling as a significant source of income;
- 3 (3) Has been convicted of violating any gambling statutes;
- 4 (4) Has been convicted of fraud or misrepresentation in any connection;
- 5 (5) Has been found to have violated any rule, regulation, or order of the state lottery
- 6 division.

7 The license of an agent shall be suspended by the director for any charge which may  
8 result in a conviction for conduct prescribed in subdivisions (d)(1) -- (d)(5); which suspension  
9 shall be effective until a final judicial determination.

10 (e) The director shall refuse to grant, or shall suspend, pending a hearing before the  
11 division, or recommend revocation of a license if the applicant or licensee is a corporation:

12 (1) Any of whose directors, officers, or controlling shareholders have been found guilty  
13 of any of the activities specified in subsection (d);

14 (2) In which it appears to the director of lotteries that due to the experience, character, or  
15 general fitness of any director, officer, or controlling shareholder, the granting of a license as a  
16 lottery sales agent would be inconsistent with the public interest, convenience, or trust;

17 (3) Not the owner or lessee of the business at which it will conduct a lottery sales agency  
18 pursuant to the license applied for, or that any person, firm, association, or corporation other than  
19 the applicant shares or will share in the profits of the applicant, other than receiving dividends as  
20 a shareholder, or will participate in the management of the affairs of the applicant.

21 (f) Every holder of a license as a lottery sales agent shall renew the license annually  
22 pursuant to the rules and regulations of the division. Licensees shall pay to the division a fee to be  
23 determined by the director upon receipt or renewal of a license.

24 (g) Whenever requested by the director, the division of criminal identification of the  
25 department of the attorney general, the superintendent of state police, any superintendent or chief  
26 of police or sergeant of any city or town, shall furnish all information on convictions, arrests and  
27 present investigations concerning any person who is an applicant for a license or who is a licensee  
28 of the state lottery.

29 (h) Notwithstanding any other provision of law, any person licensed as provided in this  
30 chapter is authorized and empowered to act as a lottery sales agent.

31 (i) Every licensed sales agent authorized pursuant to this section and every licensed  
32 video lottery retailer authorized by chapter 61.2 of this title shall keep conspicuously posted on  
33 his or her premises the name and telephone number of a council on problem gambling recognized  
34 by an appropriate authority within state government or within the professional field of addiction

1 disorders and a statement of its availability to offer assistance. The lottery division shall supply  
2 each licensee with the required notice.

3 SECTION 5. Section 42-61.2-3 of the General Laws in Chapter 42-61.2 entitled "Video  
4 Lottery Terminal" is hereby amended to read as follows:

5 **42-61.2-3. Additional powers and duties of the director.** -- In addition to the powers  
6 and duties of the state lottery director under section 42-61-4, the director shall promulgate  
7 reasonable rules and regulations relating to video lottery games and to make recommendations  
8 and set policy for these games. These rules and regulations and shall include, but not be limited  
9 to:

10 (1) The division shall license technology providers capable of interfacing with a central  
11 communications system controlled by the division. In making its licensing decision, the division  
12 shall select providers based on the following factors: providers experienced in performing  
13 comparable projects, financial stability, technical and management abilities, the quality of the  
14 product and service capabilities, likelihood of timely performance, maximum revenue generation,  
15 its ability to pass a law enforcement background investigation, and any other factors found to be  
16 relevant to performance. As part of its investigation as to whether to issue a license hereunder, the  
17 Rhode Island lottery shall require criminal background checks of individuals as it deems  
18 appropriate and said individuals shall apply to the bureau of criminal investigation of the Rhode  
19 Island state police or the Rhode Island department of the attorney general for a national criminal  
20 records check with fingerprinting. The applicant whose criminal records check is being conducted  
21 shall be responsible for the payment of the costs of said criminal records check. The Rhode Island  
22 state police or the Rhode Island department of attorney general, as applicable, shall send the  
23 results of such criminal records check to the Rhode Island lottery.

24 The award of a license to technology providers under this section shall satisfy the  
25 requirements of chapter 2 of title 37. An outside independent testing laboratory may be utilized  
26 by the division at the expense of the individual provider;

27 (2) Accounting procedures for determining the net terminal income from lottery video  
28 terminals, and unclaimed prizes and credits;

29 (3) The type of video lottery games to be conducted;

30 (4) The price to play each game and the prizes or credits to be awarded;

31 (5) Financial reporting procedures for licensed video lottery retailers and control  
32 procedures in the event that any of these retailers should become insolvent;

33 (6) Insurance and bonding by:

34 (i) Licensed video lottery retailers; and

- 1           (ii) Technology provider;
- 2           (7) The licensing of licensed video lottery retailers;
- 3           (8) The contracting with technology providers;
- 4           (9) All video lottery machines shall be linked under a central communications system to
- 5 provide auditing program information as approved by the division. The communications system
- 6 approved by the division may not limit participation to only one manufacturer of video lottery
- 7 machines by either cost of implementing the necessary program modifications to communicate or
- 8 the inability to communicate with the central communication system;
- 9           (10) Establishment of information system, operating procedures, reporting and
- 10 accounting criteria in order to comply with the provisions of section 42-61.2-12; and
- 11           (11) Any other matters necessary for video lottery terminals or for the convenience of
- 12 the public.

13           SECTION 6. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO LOTTERY

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1           This act would require background checks for all individuals that sell pull-tab lottery  
2 tickets, that are subject to the regulation and control of the state division of racing and athletics  
3 that work for licensed lottery technology providers and that work for companies that hold  
4 licenses, permits, and/or registrations issued by the department of business regulation.

5           This act would take effect upon passage.

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