

Arkansas Lottery Commission
Legal and Retailer
Committee Meeting

1:30 p.m.

1404 W. Capitol/Union Plaza

7th Floor Board Room

September 4, 2009

The meeting was called to order at 1:30 p.m.

Arkansas Lottery Commissioners in attendance were Derrick Smith, Joe White, and Mike Malone. George Hammons, Patty Shipp, Susan Ward-Jones, Diane Lamberth, and Ben Pickard joined by teleconference.

Arkansas Scholarship Lottery staff present: Bridgette Frazier, Staff Attorney, and Patti Vick, paralegal.

Commissioner Smith called the meeting to order.

The first order of business was discussion of Retailer Rules. Commissioner Smith asked Bridgette Frazier if there were any public comments regarding the rules. Ms. Frazier stated that there were two letters, one from Polly Martin, President of Arkansas Grocers and Retail Merchants Association, and the other from Anne Hines, Executive Vice President of Arkansas Oil Marketers Association. Ms. Martin's concerns were (a) transferability of licensing in the case of a change in employees; (b) retailer commissions, specifically the 1% of the prize amount which is paid to a player with a ticket prize amount of \$10,000.00 or more; and (c) a recommendation that all selling commissions be 1% with no cap. Ms. Hines was also concerned about the commissions. Additionally, she requested that the rules reflect the \$10.00 Fidelity Fund fee.

Commissioner White stated that he would like further justification for not offering a commission to retailers for winning tickets that are less than \$10,000.00. Commissioner Lamberth also asked for further clarification. Commissioner Shipp asked the committee members if anyone knew of the percentage of prizes that fell through the gap of \$0 to \$10,000.00. Commissioners Smith, Lamberth, and Pickard all agreed that the \$25,000.00 cap on selling commissions should remain in place. Commissioner Lamberth asked if these rules applied also to Powerball tickets, and Ms. Frazier stated that the commission rules applied to all lottery games, including Powerball.

Commissioner Smith asked Ms. Frazier about the \$10.00 Fidelity Fund fee, which he considered a little low. Commissioner Pickard asked Ms. Frazier to provide a list of the states that require surety bonds and/or fidelity fees.

The next order of business was discussion of the Retailer Rules. The following are recommended changes or areas requiring further discussion:

Section 1.8: Include "daughter-in-law" and "son-in-law" in the definition.

Section 1.17: Change to Preliminary Background Check. Renumber sections 1.18 through 1.21 and add section 1.22.

Section 3.4: Change “a key person” to “responsible person”.

Section 4.6A and B: The Commissioner requested that “preliminary background check” be more clearly defined, and it was agreed that the 90-day periods of provisional licensing be reduced to 45 days, with a possible 45-day extension.

Section 6.2: Change to read “The retailer must notify the ALC prior to the following occurrences:”

Section 8: Add “Denial” to section header.

There being no further business, the meeting was adjourned at 2:00.