

Arkansas Lottery Commission
Retailer NSF POLICY

Payment for Lottery tickets is to be made weekly via electronic funds transfer (EFT), or more frequently as determined by the ALC, from the Retailer's dedicated bank account to the ALC receiving account. It is the responsibility of the Retailer to deposit all Lottery proceeds on a daily basis into a dedicated bank account set up as "In Trust for the Arkansas Scholarship Lottery".

The Accounting week for Retailers is Monday at 12:01 A.M. to Sunday, Midnight.
Sweeps will be performed on Thursday afternoon.

"Working day" means a weekday (Monday through Friday) 8:30 am to 4:30 pm when the ALC Claim Centers are open.

1. On the first occurrence of an "insufficient funds" EFT, the following will apply:
 - The Retailer will be charged a \$25.00 NSF fee or the fee charged by a financial institution for the NSF, whichever is greater.
 - The ALC will attempt to contact the Retailer via telephone and/or in writing regarding the insufficient funds.
 - The Retailer must deposit the uncollected balance directly to the ALC bank account at the nearest branch or deliver a cashier's check or money order for the uncollected balance to ALC Headquarters or an ALC regional office within 24 hours. At the sole discretion of the Executive Director or designee, a business check may be accepted for payment depending on the circumstances. Proof of the deposit or delivery would be required to cure the NSF occurrence.
 - If payment is not received within 24 hours, the Lottery terminal may be disabled and instant ticket deliveries will cease until such time the amount due is settled.
 - If payment is not received or payment arrangements are not made within forty-eight (48) hours, the ALC may notify the Retailer in writing regarding termination of the Contract and may retrieve the Lottery equipment and any instant ticket not sold by the Retailer, if not already done so.
 - If payment is received within the specified period, instant tickets will be issued to the Retailer on the limited basis for a minimum of 6 months. After such time and if the Retailer does not incur any other NSFs during the 6 month period, the Sales Division will evaluate the Retailer's inventory status to determine the appropriate level of instant tickets to be issued to the Retailer based on the Retailer's expected sales.
2. On the second occasion of an "insufficient funds" EFT occurring within a rolling six (6) month period, the following will apply:
 - The Lottery Game Retailer will be charged a \$25.00 NSF fee or the fee charged by a financial institution for the NSF, whichever is greater.
 - The ALC will attempt to contact the Lottery Game Retailer via telephone, as well as in writing regarding the insufficient funds and the Lottery terminal may be disabled.

- If the total invoice owed by the Retailer is less than \$5,000, ALC Retail Accounting may request the average of the instant sales per week over the prior 13 weeks to the Sales Division to enter as a liability cap for any subsequent ordering packs of tickets.
- If the total invoice owed by the Retailer is \$5,000 or greater, ALC Retail Accounting may request the Sales Division to dispatch a Sales Representative to the Retailer to inventory the remaining Instant Tickets. The Sales Representative shall then contact Retail Accounting regarding the inventory. Based upon the outstanding liabilities to be owed by the Retailer, Retail Accounting may decide to have the Sales Representative settle a portion or all of the Retailer's Instant Tickets and retrieve any unsold tickets. If such is the case, the Retailer will be given the opportunity to pay for the settled tickets after the following week's invoice. If the outstanding liabilities are within reasonable limits based upon Retail Accounting's discretion, which is approximately the average instant sales per week over the prior 13 weeks, the tickets shall remain with the Retailer. Retail Accounting will provide the average sales number to the Sales Division to enter as a liability cap for any subsequent ordering packs of tickets.
- The Retailer must deposit the uncollected balance directly to the ALC bank account at the nearest branch or deliver a cashier's check or money order for the uncollected balance to ALC Headquarters or an ALC regional office within 24 hours. At the sole discretion of the Executive Director or designee, a business check may be accepted for payment depending on the circumstances. Proof of the deposit or delivery would be required to cure the NSF occurrence.
- The Lottery terminal may remain disabled and instant ticket deliveries will cease until such time the amount due is settled. If payment is not received or payment arrangements are not made within forty-eight (48) hours, the ALC may notify the Retailer in writing regarding termination of the Contract and may retrieve the Lottery equipment and any instant tickets not sold by the Retailers.
- Instant tickets will be issued to the Retailer on a limited basis for a minimum of 6 months. After such time and if the Retailer does not incur any other NSFs during the 6 month period, the Sales Division will evaluate the Retailer's inventory status to determine the appropriate level of instant tickets to be issued to the Retailer based on the Retailer's expected sales.

3. On the third occurrence or any subsequent "insufficient funds" events within six (6) months of the second occurrence, the following will apply:

- A \$25.00 NSF fee (or the fee charged by a financial institution for the NSF, whichever is greater), automatic disabling of the Lottery terminal for up to 30 days, ceasing of instant ticket deliveries and the settlement and retrieval of all instant tickets in the possession of the Retailer.
- The ALC will attempt to contact the Lottery Game Retailer via telephone, as well as in writing regarding the insufficient funds. The Retailer must deposit the uncollected balance directly to the ALC bank account at the nearest branch or deliver a cashier's check or money order for the uncollected balance to ALC Headquarters or an ALC regional office within 24 hours. At the sole discretion of the Executive Director or designee, a business check may be accepted for payment depending on the circumstances. Proof of the deposit or delivery would be required to cure the NSF occurrence.
- If payment is not received or payment arrangements are not made within forty-eight (48) hours, the ALC will notify the Retailer in writing regarding termination of the Contract and may retrieve the Lottery equipment and any instant tickets not sold by the Retailers.

- If payment is received within the specified period, the Lottery Contract will be restored, the Lottery terminal will be enabled and instant tickets will be issued to the Retailer on a limited basis for a minimum of 1 year. After such time, the Sales Division will evaluate the Retailer's inventory status to determine the appropriate level of instant tickets to be issued to the Retailer based on the Retailer's expected sales.

4. Additional Information:

- Any Lottery Game Retailer with two (2) or more "insufficient funds" payments during a rolling six (6) month period may be ineligible for any incentive programs that may apply to the periods of unsuccessful sweep attempts.
- Any Lottery Game Retailer may regain "good financial standing" with the completion of six (6) consecutive months of successful EFT sweeps. "Good financial standing" allows a retailer to participate in incentive programs that may be in effect.
- In the event that a Lottery Game Retailer defaults on payment, depending upon the business structure of the Retailer, individuals listed as having a financial interest in the business (those individuals listed in the retailer application) may be considered financially liable for any outstanding balance owed to the ALC at the time of default, as well as all instant tickets and equipment not returned to the ALC.
- In the event payment is not forthcoming after a period of sixty (60) days from the date of default, depending upon the business structure of the Retailer, the names of the responsible individuals may be forwarded to a collection agency for the purpose of collecting the debt. Depending upon the business structure of the Retailer, an unpaid debt may result in a listing on the personal credit history file of each individual financially associated with the defaulting Retailer.

5. Business closure: If the Retailer has three (3) NSF's within any consecutive twenty-four (24) month period, the ALC may pursue business closure pursuant to A.C.A. §23-115-607.

6. Additional remedies: This policy does not preclude any other remedies provided by law for failure to remit lottery proceeds due to the ALC.

7. NSF Due to Financial Institution Error: Any NSF that is due to an error committed by the retailer's financial institution does not count toward the three NSF limit in this rule as long as the error is corrected and ALC receives documentation from the retailer's financial institution. The financial institution must substantiate to the Director's satisfaction the financial institution's responsibility for causing the NSF, and that but for the financial institution's error, sufficient funds would have been available in the retailer's account to cover the EFT payment.

8. Financial Institution Closures: Any NSF that is due to an unexpected temporary closure of the retailer's financial institution does not count toward the three NSF limit in this rule as long as the NSF is corrected and ALC receives documentation from the retailer's financial institution that substantiates to the Director's satisfaction the reason for the financial institution's unexpected closure. The retailer shall make the deposit before 5 p.m. of the next day the financial institution is open or available for deposits to be made. If the deposit is not made as described, the ALC shall treat it as an NSF under these rules.

9. Retailer's Obligations Survive Contract Termination: Termination of the retailer's contract does not release the retailer from any obligation to pay all amounts due the ALC under this rule and the retailer's Lottery contract. The ALC may make a claim upon any bond, or cash deposit posted under this rule, and apply the money to any of the retailer's obligations owed to the ALC. The ALC may initiate collection action on behalf of the State to collect all amounts due.

10. Director's Discretion: The Director may make exceptions to these requirements based upon the facts and circumstances of any particular payment by a retailer which is rejected for non-sufficient funds.