

OHIO LOTTERY COMMISSION

Video Lottery Sales Agent (VLSA) Fine Schedule



The Ohio Lottery Commission has established rules and regulations forming the framework for the regulation of Video Lottery Sales Agents (VLSA). Violation of those rules and regulations may subject a VLSA to sanctions including suspension or revocation of its license and/or the levying of fines.

Pursuant to Ohio Administrative Code 3770:2-3-06(C), the Director may establish a schedule of fines that may be imposed. The following fine schedule, and any amendments or revisions, shall be approved by the Director and made available to VLSA's prior to the imposition of monetary fines.

When required to do so by the Administrative Procedure Act, the Director shall afford a hearing to a VLSA agent affected by an order imposing a fine. Such hearings shall be conducted by the Director or a hearing examiner designated by the Director and shall comply with requirements for adjudication hearings set out in the Administrative Procedure Act.

Advertising/Promotions

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to obtain approval for promotional credit distribution and/or play.	\$5,000 ¹	3770:2-6-05 The director may prohibit video lottery sales agents from engaging in certain advertising and promotions deemed by the director to be inappropriate. Unless otherwise approved by the director, any costs associated with advertising or promotions initiated by the video lottery sales agent are the responsibility of the video lottery sales agent. The director may initiate advertising and promotional programs and may provide video lottery sales agents with such materials as deemed appropriate.
Conducting advertising or promotional campaigns deemed to be inappropriate.	\$5,000	3770:2-6-05 The director may prohibit video lottery sales agents from engaging in certain advertising and promotions deemed by the director to be inappropriate. Unless otherwise approved by the director, any costs associated with advertising or promotions initiated by the video lottery sales agent are the responsibility of the video lottery sales agent. The director may initiate advertising and promotional programs and may provide video lottery sales agents with such materials as deemed appropriate.

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Financial Processing

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to complete the transfer of funds required in order to settle the weekly invoices sent to the VLSA.	10% of the transfer	3770:2-3-10 (E) Penalties for non-transfer of funds. The director may impose penalties for the failure of a video lottery sales agent to transfer funds to the lottery in a timely manner. Penalties may include, but are not limited to, monetary penalties, modification of license, immediate suspension, or revocation. The director may adopt internal management regulations elaborating on any terms regarding the collection of sales revenues due and owing from the video lottery sales agents.
Failure to properly process intercept inquiries/funds.	\$25,000	Financial Processing - Operating Standards Pursuant to ORC 3770.071 and 3770.073, the VLSA is required to intercept (withhold) prize payments for amounts owed to both the child support enforcement agency and the State of Ohio. The debt to the child support enforcement agency supersedes the State of Ohio debt. The VLSA will be required to make weekly deposits, of the withholdings into their designated lottery account. This electronic fund transfer will take place each week. The lottery will remit the withholdings and related data to the appropriate agency. The prize intercept procedures will be agreed to by the OLC and the VLSA.

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General Compliance

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to provide authorized OLC personnel or state auditors access to inspect records, files, equipment, and all areas of the video lottery sales agent's facilities, which involve or pertain to video lottery operations.	\$10,000	<p>3770:2-3-09 (A)(B)</p> <p>(A) The lottery and the auditor of the state may at any time examine, inspect, test or access for any purposes all records, files, equipment and other documents, including but not limited to electronic, paper and computer records, files and other documents, video lottery terminals, and hardware and software used in connection with video lottery of the video lottery sales agent whether kept or maintained by the video lottery sales agent, its management company, employees, representatives and/or other entity assisting in the operation of video lottery at the video lottery sales agent's video lottery facility. Video lottery sales agents shall ensure that such equipment, records, files, and other documents are regularly maintained and up to date.</p> <p>(B) A video lottery sales agent shall allow inspections of the licensed premises at any time as authorized by the director. The inspection may be made without prior notice to the video lottery sales agent.</p>
Failure to report instances of non-compliance	\$50,000	<p>VLSA Compliance - Operating Standards</p> <p>The VLSA shall report all instances of non-compliance to the OLC within 72 hours of being discovered by VLSA management. This includes instances of non-compliance with the OLC MICS, OLC Operating Standards, and gaming related VLSA SOPs. Certain instances of non-compliance may require reporting to the OLC in a time frame less than 72 hours when directed by the OLC. A notification of non-compliance shall be sent to both the on-site OLC Office of Investigations and Security and the OLC Office of VLT Management within the required time frame unless otherwise directed by the OLC.</p>
Failure to adhere to all the terms and conditions as set forth in the licensing agreement, including any amendments or modifications.	\$50,000	<p>3770:2-3-05(A)(1) (p)</p> <p>(A) Suspension or revocation. A video lottery license may be suspended or revoked as set forth in this rule:</p> <p>(1) Non-compliance. The director may suspend or revoke a license of a video lottery sales agent who does not comply with the Lottery act, all rules, terms and conditions, policies, orders and directives adopted, promulgated or issued by the commission or the director, or any state or federal law, including but not limited to the following:</p> <p>(p) Failure to adhere to all the terms and conditions as set forth in the licensing agreement, including any amendments or modifications thereto.</p>

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Acting in a manner that impacts or has the likelihood of impacting the efficient operation or integrity of video lottery.	\$50,000	3770:2-3-05(A)(1) (o) (A) Suspension or revocation. A video lottery license may be suspended or revoked as set forth in this rule: (1) Non-compliance. The director may suspend or revoke a license of a video lottery sales agent who does not comply with the Lottery act, all rules, terms and conditions, policies, orders, and directives adopted, promulgated or issued by the commission or the director, or any state or federal law, including but not limited to the following: (o) Acting in a manner that impacts or has the likelihood of impacting the efficient operation or integrity of video lottery;
Failure to adhere to the established OLC Minimum Internal Control Standards (MICS), OLC operating standards, and/or OLC approved Standard Operating Procedures (SOPs).	\$50,000	3770:2-3-05(A)(1) (A) Suspension or revocation. A video lottery license may be suspended or revoked as set forth in this rule: (1) Non-compliance. The director may suspend or revoke a license of a video lottery sales agent who does not comply with the Lottery act, all rules, terms and conditions, policies, orders, and directives adopted, promulgated or issued by the commission or the director, or any state or federal law.

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Licensing/Bonding

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to properly license employees.	\$1,000 per employee, per day worked.	3770:2-4-01 (B) (C) (B) Any individual who holds a license may perform the duties and responsibilities of any position within that category. (C) Identification. A licensed employee will have a photo taken for identification purposes and shall produce the appropriate and necessary identification, within a reasonable time, when required to do so.
Failure to maintain any required surety bond, dedicated non-revocable letter of credit, or other form of credit authorized or required by the director.	\$15,000	3770:2-3-05 (A) (1)(b) A video lottery license may be suspended or revoked as set forth in this rule: (b) Failure to maintain any required surety bond, dedicated non-revocable letter of credit, or other form of credit authorized or required by the director;
Failure to maintain any insurance, coverage and/or bonds required by the director.	\$15,000	3770:2-3-05(A)(1)(c) Failure to maintain any insurance, coverage and/or bonds required by the director;
Failure to comply with ongoing duty to report changes in financial condition, criminal activities, and other incidents as set in policy.	\$50,000	3770:2-3-05 (A)(3) The director may suspend or revoke a video lottery license if, at any time after issuance of a video lottery license, the director determines that a video lottery sales agent no longer meets the requirements and standards for issuance of a video lottery license as set forth in the Lottery Act, commission rules, regulations, policies, orders and directives adopted, promulgated or issued by the commission or the director.
If the director has determined that a VLSA provider should be subjected to a criminal background check and is convicted of any of the offenses set forth in divisions(C)(1) to (C) (5) and (E)(1) to (E)(2) of Section 3770.05 of the Revised Code, or any other criminal violation which as determined may negatively impact the integrity of the lottery.	\$50,000	3770:2-3-05(2) The director may suspend or revoke a video lottery license if a video lottery sales agent, or any of its video lottery principals or any person who the director has determined should be subjected to a criminal background check are convicted of any of the offenses set forth in divisions (C)(1) to (C)(5) and (E)(1) to (E)(2) of section 3770.05 of the Revised Code, or any other criminal violation which as determined by the director may negatively impact the integrity of the lottery.

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Security / Surveillance

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to maintain adequate and sufficient security and/or surveillance for video lottery terminals or video lottery games provided in the State.	\$15,000	<p>3770:2-3-05(A)(1)(h)</p> <p>Failure to maintain adequate and sufficient security at the video lottery sales agent's licensed facility;</p> <p>3770:2-6-03(A)(2)(a)</p> <p>Any areas within a video lottery sales agent's facility, which involve or relate to video lottery, shall be continuously monitored through the use of closed circuit television system, or other system approved by the director, by means which are capable of identifying conduct related to or involving video lottery, including, but not limited to, video lottery participants and video lottery terminal screens.</p>
Failure to retain surveillance recordings for a period of at least 14 days or the period determined by the director for recordings retained for evidentiary purposes.	\$10,000	<p>3770:2-6-03(A)(2)(a)</p> <p>Unless the director informs a video lottery sales agent that a video tape or other recording medium is required to be retained for evidentiary purposes for a longer period than fourteen days, all video tapes or other recording medium shall be retained for a period of at least fourteen days and be available for viewing by an authorized representative of the commission. In the event that a claim is made alleging a violation of rules under division 3770:2 of the Administrative Code or under Ohio or federal law, the video lottery sales agent shall retain the video tape or other recording medium until such time that the director advises that the video lottery sales agent is no longer required to retain the video tape or other recording medium.</p>
Failure to provide OLC security personnel unrestricted access to all areas of the video lottery sales agent's facilities, which involve or pertain to video lottery operations.	\$10,000	<p>3770:2-6-03(A)(2)(b)</p> <p>The commission's office of security personnel shall have unrestricted access to all areas of video lottery sales agent's facilities, which involve or pertain to video lottery operations. Each video lottery sales agent, and each member of a video lottery sales agent's security and surveillance department, shall timely comply with all requests from the commission and/or the commission's office of security personnel;</p>

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Underage

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to demonstrate control of underage individuals traversing the gaming floor.	\$15,000	<p>OLC Security and Surveillance Operating Standard</p> <p>VLSAs must demonstrate active control over individuals less than twenty-one years of age traversing the gaming floor to prevent these individuals from loitering or stopping while en route to age allowable venues such as the racetrack, entertainment, or restaurants.</p>
Failure to prevent underage VLT play and/or gaming.	\$15,000	<p>3770:2-7-01(A)</p> <p>Video lottery games may be played by, and video lottery prize payments may be paid to video lottery participants. In the event that an individual under twenty-one years of age plays a video lottery game, the play of the game is voidable and the individual under twenty-one years of age forfeits all credits.</p> <p>3770:2-3-05(A)(1)(g)</p> <p>Allowing an individual under the age of twenty-one to play video lottery games or to be paid a video lottery prize payment.</p>
Failure to prevent underage persons from winning a video lottery jackpot.	\$15,000 ²	<p>3770:2-7-01(A)</p> <p>Video lottery games may be played by, and video lottery prize payments may be paid to video lottery participants. In the event that an individual under twenty-one years of age plays a video lottery game, the play of the game is voidable and the individual under twenty-one years of age forfeits all credits.</p> <p>3770:2-3-05(A)(1)(g)</p> <p>Allowing an individual under the age of twenty-one to play video lottery games or to be paid a video lottery prize payment.</p>

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VEP (Voluntary Excluded Players)

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to notify the Lottery of VEP play/financial transactions	\$5,000	<p>3770:2-8-04 (B)(1)(2)(3)(4)(5)</p> <p>(B) An excluded facility must immediately notify an Ohio lottery commission employee if an Ohio VEP participant is found on the premises of the excluded facility. Within seventy-two hours of the incident, the excluded facility must provide a written report to the Ohio lottery commission containing the following information:</p> <ul style="list-style-type: none"> (1) The individual's name; (2) The individual's date of birth; (3) The circumstances of discovery of the individual's presence at the facility; (4) The individual's gaming activity, if any; and (5) The amount of any jackpots, VLT credits and/or vouchers in the possession of the individual, or any prize won, claimed, or attempted to be claimed, at an excluded facility.
Failure to follow established procedures for preventing VEP play/financial transactions.	\$10,000	<p>3770:2-8-04 (A)(B)(5)(D)</p> <p>(A) This section applies only to excluded facilities and excluded entities under the jurisdiction of the Ohio lottery commission. Each excluded facility and excluded entity must maintain a system for indicating whether an individual is in the Ohio VEP and must update that system with changes in the enrollment status of these individuals at least once every seven days.</p> <p>(B) An excluded facility must immediately notify an Ohio lottery commission employee if an Ohio VEP participant is found on the premises of the excluded facility. Within seventy-two hours of the incident, the excluded facility must provide a written report to the Ohio lottery commission containing the following information: (5) The amount of any jackpots, VLT credits and/or vouchers in the possession of the individual, or any prize won, claimed, or attempted to be claimed, at an excluded facility.</p> <p>(D) Each excluded facility and excluded entity must comply with the Ohio lottery commission's operating standards to reports on Ohio VEP participants who violated the terms of the Ohio VEP contained in Chapters 3770:2-8 and 3772-12 of the Administrative Code.</p>

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VLT Compliance

Violation	Fine <i>(maximum per occurrence)</i>	OAC 3770 / Operating Standard <i>(Reference)</i>
Failure to provide the OLC with video lottery terminal floor plans and to update them as appropriate.	\$5,000	3770: 2-6-04 (B) Relocation and installation of video lottery terminals within a video lottery sales agent's facility. As required by the director, a video lottery sales agent shall provide the lottery with an updated video lottery terminal floor plan, which sets forth the number of video lottery terminals, the names of the video lottery terminal providers (and the number of video lottery terminals provided by each different video lottery terminal provider), and the location of each video lottery terminal.
Failure to obtain the required approvals and/or certifications prior to placing a VLT in service.	\$3,000 per day, per VLT ³	3770:2-3-05(A)(1) (i) and (j) (i) Offering a video lottery game that has not been approved by the director or commission, as applicable; (j) Maintaining, installing or operating devices for the sale of video lottery at the facility approved for a video lottery license other than video lottery terminals authorized and approved by the director for use in connection with video lottery; 3770: 2-6-04(C) Certification. All certifications required by the lottery for video lottery terminals and video lottery games must be provided and must occur in accordance with rule 3770:2-5-01 of the Administrative Code. Any required procedures and certifications shall be in place prior to operation by the public of any video lottery terminal.
Failure to obtain approval for operating more than two thousand five hundred video lottery terminals.	\$3,000 per day, per VLT ³	3770:2-6-01(B) A determination regarding the number of video lottery terminals that shall be located at and operational at the licensed facility shall involve discussions between the video lottery sales agent and the director. Unless otherwise approved by the director, no video lottery sales agent shall have more than two thousand five hundred video lottery terminals operational at the licensed facility.
Failure to set the theoretical payout of a VLT to 85% or above	\$30,000 per VLT	3770:2-10-60 (D) Prize structure. The value of video lottery prize winnings and the number and type of different video lottery prize winning combinations available for each video lottery game shall be established by the director and shall be subject to approval through a resolution of five commissioners present at a meeting of the commission prior to the video lottery game being available to a video lottery sales agent for sale to video lottery participants. No resolution shall be approved unless there is a projected average return to video lottery participants of eighty-five per cent or more during the expected lifetime of the video lottery game using standard methods of probability theory.

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Failure to provide any required notice or failure to obtain any required approval prior to transportation of a video lottery terminal within the State.	\$15,000	3770:2-6-04 (A) Transportation of video lottery terminals. Five days prior to transportation of a video lottery terminal within the state, the video lottery sales agent and/or technology providers shall provide notification to the director. Notification shall be provided in a manner determined by the director to be acceptable. Waiver of the notification requirement may be requested in the case of unexpected or emergency shipments.
Failure to restore communications between an active commissioned VLT and the Central Monitoring System (CMS) within seven days, thus prohibiting the accurate and prompt settlement with the Ohio Lottery.	\$3,000 per VLT	3770:2-3-05(A)(e) Failure to settle the accounts of lottery transactions promptly and accurately and/or pay to the commission the amounts due the commission from video lottery sales, unclaimed credit vouchers or other amounts due the commission in accordance with the procedures established by the director;

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