



NEW MEXICO LOTTERY RETAILER CONTRACT

FORM A

For Retailer Licensing Only

Retailer #: _____

The Retailer agrees to abide by the following terms and conditions for selling Lottery products. Violation or failure to meet any of these terms and conditions may result in the New Mexico Lottery Authority (NMLA) terminating the Retailer's Contract and revoking its Certificate of Authority to sell New Mexico Lottery products.

General Rules and Requirements for New Mexico Lottery (NMLA) Retailers

1. The Retailer will operate in a manner that is consistent with the New Mexico Lottery Act, applicable federal, state and local laws, rules, policy and procedures adopted by the NMLA and these terms and conditions. (The New Mexico Lottery Act can be found at nmlottery.com).
2. Before entering into a contract with a lottery retailer applicant, the chief executive officer shall consider:
 - the financial responsibility and security of the applicant and his business or activity;
 - the accessibility of his place of business or activity to the public; and
 - sufficiency of existing licenses to serve the public convenience and the volume of the expected sales.
3. A lottery vendor or an employee or agent of any lottery vendor doing business in New Mexico cannot be a Lottery Retailer.
4. An NMLA Retailer Certificate of Authority is issued based upon information obtained from the Retail Application or Additional Store to an Existing Chain or Independent Account application and the background investigations conducted on the primary owners, corporate officers and/or Tribal officers of the retail outlet. An owner is defined as any person with a financial interest in the business. Once a Certificate of Authority is granted, the individual(s) listed as having financial responsibility on the original application are responsible for all concerns regarding the holding of a NMLA Certificate of Authority. This includes, but is not limited to, payment for all tickets sold by the retail location, adherence to the New Mexico Lottery Act, all applicable laws, rules, policies and regulations governing the sale of lottery products.
5. Retailer applicants are required to undergo a background investigation, comprised of criminal and credit checks. No person convicted of a felony or a gambling-related offense under federal law or under the law of any state may be a Lottery retailer. If the Retailer is convicted of a felony or gambling-related offense subsequent to the application approval, the NMLA Security Division must be notified in writing by the Retailer within 10 days of conviction at NMLA Headquarters, P.O. Box 93130, Albuquerque, NM 87199-3130, Attn: Executive Vice President, Security Division.
6. NMLA Retailers must not be engaged exclusively in the business of selling lottery products.
7. The authority to act as a NMLA Retailer is not assignable or transferable.
8. NMLA Retailers must be at least eighteen (18) years of age (this does not prohibit an employee of the Retailer under the age of eighteen (18) from selling or redeeming lottery tickets to an eligible purchaser).
9. Players who purchase and redeem lottery tickets must be eighteen 18 years of age or older.
10. Retailers shall not sell or allow lottery games to be redeemed by individuals under the age of eighteen (18). All prize claimants under the age of eighteen (18) must be referred to the NMLA Headquarters. Lottery tickets should always be treated as any other age controlled product by

requiring the proper identification prior to the purchase or redemption of lottery tickets. Sale of lottery products to persons underage may result in the Retailer Certificate of Authority being suspended or revoked.

11. The Retailer will make the purchase and redemption of Lottery tickets convenient and readily accessible to the public. Lottery tickets will be available for sale during the Retailer's normal business hours; the Retailer agrees to provide for the redemption of winning tickets during the same hours, up to the amount established by NMLA, unless otherwise waived by the NMLA.
12. Retailers may not sell lottery tickets at prices other than the prices established by the NMLA unless authorized in writing by the NMLA CEO.
13. The Retailer will offer any or all available Scratcher games and Draw Games, as designated by NMLA, for sale to the public at all times during Retailer's normal business hours.
14. All Lottery products will be sold in all retailer locations as defined by Lottery Certificate of Authority.
15. The Lottery may have a separate license for the following types of businesses:
 - 11-Restaurant with Liquor and/or beer license
 - 12-Restaurant without Liquor or beer
 - 13-Fast Food
 - 72-Bar
 - 99-other will be at the discretion of the Lottery CEO
 - Retailers with the above business code/trade style have the approval to sell only draw games and/or Bingo only due to their business code/trade style if preferred.
16. The Retailer will abide by the recommended plan-o-gram for the scratcher ticket display/dispensers, Self Service Lottery Terminal (vending machine) and the plan-o-gram for the Lottery Information Center display.
17. The Retailer agrees to prominently and neatly display point-of-sale materials as provided by the NMLA and to display the ticket dispenser and/or Self Service Lottery Terminal (SSLT) provided by the NMLA for the sale of tickets in a prominent location as agreed upon during the site survey process. Dispensers should be at the point of purchase or checkout. Only dispensers provided by the lottery may be used to display and sell lottery products.
18. Retailers will make every effort to display NMLA-supplied exterior signage excluding areas of the state that have a city ordinance that prevents outdoor signage.
19. NMLA Retailers cannot contract with any person for lottery goods or services except with the approval of the NMLA Board of Directors.
20. NMLA Retailers are required to keep the terminal sign-on receipt at their place of business for 120 days from the date of the sign-on.
21. The Retailer may only sell tickets for cash, check or at the retailer's discretion with debit card. Tickets cannot be purchased with credit cards, food stamps or electronic benefit transfer (EBT) cards.

22. Tickets may only be sold at the certified location as specified in the retailer contract. The Certificate of Authority is non-transferable and cannot be reassigned to any other person, entity or location.
23. The NMLA Certificate of Authority must be displayed in a conspicuous location (visible to the public) at each authorized location. Those Retailers with multiple locations will be issued a Certificate of Authority for each location and must display the Certificate of Authority at each location at all times.
24. Only a Retailer who has been issued a Certificate of Authority authorized by the NMLA CEO or designee may sell lottery tickets.
25. NMLA Retailers may give lottery tickets as a means of promoting goods or services to customers and or prospective customers, but shall be responsible for payment to the NMLA for all such tickets.
26. NMLA Retailers who wish to sell from a temporary location must complete an NMLA Offsite Application and NMLA Participation Agreement. Retailers must have NMLA approval in writing to sell from a temporary location. Once approved by the NMLA, a Temporary off-site Retailer Certificate of Authority will be issued.
27. The NMLA and Retailers shall make adequate disclosure of the odds with respect to each lottery game by stating the odds in lottery game advertisements or by posting the odds at each place in which lottery tickets are sold per the New Mexico Lottery Act, section **6-24-17.**
28. The Retailer is responsible for all tickets delivered to the retail location and agrees to maintain up-to-date inventory. The Retailer is expected to provide adequate security for all tickets, products, equipment and NMLA property, and to report to the NMLA Security Division as soon as possible any lost, missing, altered, stolen or damaged tickets and also notify the appropriate local law enforcement officials. Retailers will provide to the security division a copy of the police report.
29. To be considered to receive credit for any stolen lottery tickets the Retailer must report the theft within a reasonable timeframe and be able to provide detailed inventory of the tickets stolen and a copy of a police report.
30. NMLA Retailers shall keep a complete and current set of accounting records for all store sales and inventory of lottery tickets and provide it for inspection upon the request of the NMLA Board of Directors, the NMLA CEO, the Legislative Finance Committee or the Attorney General.
31. NMLA Retailers shall not return redeemed tickets to players and must properly deface any and all scratcher or draw game tickets redeemed.
32. The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. The Retailer will certify that location(s) listed on the application are and will remain in compliance with the Americans with Disabilities Act (ADA) at all times.
33. The Retailer agrees to abide by all applicable New Mexico Lottery Act, retailer rules, policies, procedures and stipulations as outlined in the retailer contract. Failure to comply with the above

may result in the retailer's contract and Certificate of Authority to be suspended, canceled or terminated. Also, a retailer contract and Certificate of Authority may be suspended, cancelled or terminated for insufficient funds (see financial guidelines and NMLA Polices).

34. NMLA can have the Lottery terminal disabled due to inactivity.
35. NMLA Retailers must fully cooperate during any investigation conducted by the NMLA Security and Division. Failure to do so may result in the Retailer Certificate of Authority being suspended or terminated.
36. NMLA Security Division will periodically conduct Retailer site inspections, without notice, to ensure retailer compliance with the New Mexico Lottery Act and NMLA rules, policies, procedures and retailer contract.
37. It is unlawful for a lottery Retailer to offer, pay, give or make any economic opportunity, gift, loan, gratuity, special discount, favor, service or hospitality having an aggregate value of more than twenty dollars (\$20.00) in any calendar year, excluding food and beverages consumed by the recipient at the time of receipt to any person affiliated with the NMLA, i.e. an employee or Board member or person residing in the household of an employee or Board member. Any person who violates any provision of this section is guilty of a misdemeanor and shall be prosecuted pursuant to the provisions of Section 31-19-1 NMSA 1978.
38. The NMLA has the authority to update and/or revise the Retailer Contract, rules, policies and procedures as necessary and will notify Retailers of any updates and/or changes to the Retailer Contract, rules, policies and procedures.
39. I understand that the NMLA has the right to update the licensing requirements periodically or at its discretion.
40. NMLA Retailers may be required to maintain minimum weekly sales averages, which will be determined and communicated by the NMLA. Retailers that do not meet minimum weekly sales averages may be assessed a terminal and communication fee and ticket shipment costs or be subject to termination.

Retailer Information updates, closures, change of ownership and additional locations

1. NMLA Retailer Certificate of Authority is issued based upon information obtained from the Retail Application or Additional Store to an Existing Chain or Independent Account Application with background investigations conducted on the primary owners of the retail outlet. An owner is defined as any person with a financial interest in the business, i.e. a percentage of ownership. Once a Certificate of Authority is granted, the individual(s) listed as having financial responsibility on the original application are responsible for all concerns regarding the holding of a NMLA Certificate of Authority. This includes, but is not limited to, payment for all tickets sold by the retail location, adherence to New Mexico Lottery Act, all applicable laws, rules, policies, procedures, retailer contract and regulations governing the sale of lottery products.
2. Any change in ownership of 51% or greater requires a new application and application fee.
3. The Retailer will notify the NMLA 30 days prior to any changes in location, (i.e. mailing address and/or physical address, phone number, tax identification changes, financial status, etc.) prior to any move and/or changes, financial status, corporation status or ownership of 10% or more (i.e., a change in the officers, directors or partners required to be listed on the application).

4. Retailers must notify the NMLA immediately upon closing their business or changing ownership.
5. If a NMLA Retailer location is sold or any changes in ownership take place prior to the issuance of a Certificate of Authority to the new owners, all lottery tickets and equipment will be picked up from the location. No lottery products shall be sold until the new owner's application has been approved and a Certificate of Authority has been issued. Exception requests must be submitted to the NMLA CEO in writing for review.
6. NMLA Retailers that elect to remove Lottery from their location are required to inform the NMLA immediately to ensure equipment removal and termination of the Retailer Certificate of Authority. The Retailer also agrees that the owner of record or person/persons authorized to act on behalf of the owner of record or authorized signer will be available for the scheduled close out process and will sign any necessary orders to close out the retailer, terminate the Certificate of Authority and equipment removal.
7. NMLA Retailers should not move or remove equipment during remodels or building repairs and should request and schedule an equipment move through a NMLA representative. Any damaged or lost equipment may result in the retailer being billed for the damage and/or missing equipment.
8. Upon notification of the closing or change of ownership, the Lottery Sales Representative will be contacting the Retailer to schedule time to perform the close out and return all lottery-issued inventory and equipment.
9. Upon closing or contract termination retailers must leave their bank accounts active for at least 14 days to ensure the collection of all monies owed are paid in full and/or that all credits are processed.
10. NMLA Retailers who wish to add a business and be licensed to sell Lottery products must submit the "Additional Store to an Existing Chain or Independent Account Application".

Financial Guidelines for New Mexico Lottery Retailers

1. New Mexico Lottery Authority (NMLA) Retailers are subject to certain financial requirements. These requirements have been established to detail the responsibilities of the Retailer to New Mexico Lottery Authority (hereafter referred to as "NMLA") in order to ensure fair and equitable handling of all financial circumstances with regards to Retailer lottery accounts. NMLA Retailers must adhere to these requirements. Any deviation from these requirements will be at the discretion of the NMLA CEO.
2. Each NMLA retail outlet must be approved by our Security and Enforcement Division prior to obtaining a NMLA Retailer Certificate of Authority to dispense lottery products. A portion of this approval process includes a background check verifying the financial status of the individuals applying for the Certificate of Authority by obtaining personal and professional credit history. A report containing questionable or unresolved credit issues may cause the individual to be subject to a conditional status, requiring that a security deposit be posted in an amount determined by the NMLA Executive Staff, based on anticipated or current sales. Questionable items may include debts sent to a collection agency marked as "unpaid", unresolved judgments and personal or business bankruptcy. This policy is intended to be applied fairly to all applicants for the Certification of Authority.

3. In addition, personal credit reports on all owners may be run annually or as often as deemed to be necessary, to update the status of active Retailers. Decisions based on the results of new information may include the requirement of a security deposit, according to guidelines.
4. Payment for lottery tickets is to be made via weekly electronic funds transfer (EFT) from the Retailer bank account to the NMLA receiving account. It is the responsibility of the Retailer to deposit all lottery proceeds into a designated bank account at least 24 hours prior to the scheduled EFT.
5. The Retailer must make a full financial settlement with the NMLA every week via an electronic funds transfer (EFT). The Lottery may require full financial settlement more than once per week under certain conditions. The Retailer is responsible for all proceeds from the sale of Lottery tickets and/or products. The NMLA will notify the Retailer of the amount due (or credit owed) each week. Retailers who have non-sufficient funds (NSF) to cover their weekly EFT amount may be subject to the fees and sanctions as outlined in the NMLA Past Due and Delinquent Retailer Accounts Policy and Procedures. Retailers may be required to supply a security deposit in an amount determined by the NMLA. All individuals listed as having a financial interest in the business will be held responsible for the business' debts to the NMLA.
6. Retailers shall make payments to the NMLA only by cash, cashier's check, bank draft, electronic fund transfer (EFT) or other method as authorized by the NMLA CEO.
7. Retailers who wish to change their bank account that is on file with NMLA must complete an Electronic Funds Transfer Authorization (EFT) form and submit it to NMLA prior to changing or closing the existing account. EFT forms must be signed by the owner of record or designee.
8. Notices of "insufficient funds" incidents are provided to the NMLA by NMLA's financial institution within four days of the EFT.

Security Deposit or Surety Bond Guidelines

1. The minimum deposit to be posted by any potential NMLA Retailer is subject to NMLA security deposit guidelines
2. All deposits will be held for a minimum of one year by the NMLA or until such time as the Retailer's account remains in financial good standing with weekly payments made successfully for one year, the retailer quits, closes or otherwise ceases to sell lottery products and all final payments are collected by the NMLA.
3. Should an existing Retailer require a security deposit due to insufficient funds occurrences, the amount of deposit may be determined by the number of NSF's, a review of an updated credit report and the Retailers sales history.
4. All security deposits on file with the NMLA may be applied toward any past due balance due to the NMLA or remaining unpaid balance in the event that the retailer's contract is cancelled or terminated for any reason, prior to determining final billing.

Equipment, Electronic Signage Placement and Installation Requirements

1. The NMLA and Retailer will mutually determine where the Lottery equipment should be placed in the Retailer's store(s) for the purposes of selling and promoting Lottery tickets.

2. In order to receive Lottery equipment, Retailer must be an active Lottery Retailer in good financial standing with the Lottery.
3. A Lottery Sales Representative will meet with a retailer representative who is authorized to make decisions on behalf of the Retailer and will perform a site survey to mutually agree upon the Lottery equipment to be placed in the Retailer's store(s). If no agreement can be reached, then the equipment will not be placed in the store(s).
4. The Retailer agrees not to relocate any Lottery equipment without the prior written consent of the Lottery. Failure to notify the NMLA of equipment relocation may result in the retailers Certificate of Authority to be suspended or cancelled.
3. Retailers with a Self Service Lottery Terminal (vending machine/SSLT) agrees to place the SSLT in a highly visible location near the main customer service area; customer check out area; or in another monitored high-traffic location within the premises, which is acceptable to the Lottery. The Retailer also agrees to exercise due diligence in preventing use of the SSLT by minors. This includes monitoring the SSLT and shutting down the machine via remote control or other reasonable means if a minor attempts to operate the unit. Before installation of the SSLT at the Retailer's sole expense, place an AC 110 volt electrical circuit within ten feet of the location where the SSLT will be installed. The Retailer agrees to maintain non-SSLT instant ticket sales of a minimum of 4 different games at customer service location (primary ticket selling location) or customer check out locations while maintaining the operation of the SSLT (secondary selling location).
5. The Retailer agrees to sign a receipt when it receives the Lottery equipment and when the Lottery equipment is returned to the Lottery.
6. All equipment and products supplied by the NMLA or its vendors remain the property of the NMLA and its vendors. Retailers will provide protection and care of all such equipment and products at all times. Retailers may be charged for any damaged or discarded equipment and/or dispensers.
7. The Retailer will allow the Lottery to assist in the installation and maintenance of the Lottery equipment.
8. Only Lottery-supplied or Lottery-approved products are to be affixed or loaded into or on the Lottery equipment.
9. Equipment and supplies provided by the NMLA shall not be modified without written consent of the NMLA CEO.
10. The Retailer will, at its own expense, provide all electrical and space requirements as outlined in the manufacturer specification sheets for the equipment, continuously supply electricity for the operation of the equipment, and shall pay all costs of providing electricity for the operation of the equipment.
11. The Lottery may conduct periodic inspections of the equipment, examining it for proper operation and to ensure that the terms of this contract are in compliance.

12. The Retailer will indemnify and hold the Lottery harmless from any and all claims, damages, losses and expenses, including reasonable attorney's fees incurred by the Lottery, resulting from the Retailer's use of the equipment or its placement at the Retailer's store(s).
13. The Retailer agrees to immediately notify the Lottery if any of the equipment and/or supplies malfunctions, is damaged or stolen. The Retailer understands that the Lottery, at its discretion, may hold the Retailer financially responsible for damaged or stolen equipment.
14. The Lottery may remove the equipment during business hours, with or without advance notice, at its sole discretion, for any reason.
15. The Retailer will pay any equipment fees for the Lottery equipment that may apply. The fees will be included in the Retailer's weekly billing statement.
16. Failure to comply with this Retailer Contract may result in the termination of the Retailer contract, Certificate of Authority and the removal of any or all the Lottery equipment from the Retailer's premises.
17. If the Retailer ceases operations, the Retailer agrees to immediately notify the Lottery and allow the Lottery to pick up and remove all Lottery equipment.
18. The following fees may be assessed for replacing damaged or missing equipment.

Equipment	Estimated Replacement Cost
Microlot Terminal	\$1,800.00 ea.
Play slip Reader	\$300.00 ea.
Player Advertising Display (PAD)	\$200.00 ea.
Customer Display Unit (CDU)	\$125.00 ea.
Self Service Lottery Terminal (SSLT)	\$12,500.00 ea.
Ticket Checker	\$475.00 ea.
Digital Electronic Jackpot Sign	\$440.00 ea.
New Mexico Lottery Logo Neon Sign	\$200.00 ea.
Lottery Information Center	\$285.00 ea.
Dispenser in-counter (20 game)	\$267.00 ea.
Dispensers on-counter (20 game)	\$230.00 ea.
Dispensers on-counter (24 game)	\$304.00 ea.
Lighted Display Motor 20/24 game	\$345.00 ea.

Lighted Display hand turned-20/24 game	\$180.00 ea.
Lighted Dispenser Motor 20/24 game	\$599.00/\$610.00 ea.
Lighted Dispenser hand turned 20/24 game	\$423.00/\$434.00 ea.

19. The above list of equipment is non-exclusive, and the Retailer agrees that any other equipment received by the Retailer will be covered and governed by this contract, whether the equipment and signage is received by Retailer prior to or after the signing of this contract.