

AMENDED: July 15, 2010

Effective: August 31, 2010

PICK - 6 LOTTO GAME RULES

(6 OUT OF 49-LOTTERY)

The following rules have been adopted by the State Lottery Commission pursuant to the authorization contained in N.J.S.A. 5:9-7 and shall govern the operation of the “Pick-6 Lotto” lottery game. The rules are as follows:

1. The lottery game in which the ticket purchaser selects, or has the computer randomly assign six (6) numbers, (“Quick Six”), 01 through 49, inclusive, shall be called “Pick-6 Lotto,” and all lottery tickets issued for this game shall be clearly identified with the name of the game and the date or dates of the drawing(s) for which they are issued.
2. “Pick-6 Lotto” tickets will be sold every day during the normal business hours of the agents authorized to sell said tickets. The sale period for any given “Pick-6 Lotto” lottery date will terminate on the date of the drawing at a time to be determined by the Director of the Division of the State Lottery (“Director”). Advance sales shall be limited to the next eight (8) subsequent drawings, except where extended by the Director.
3. Lottery tickets for “Pick-6 Lotto” will be available only from certain designated lottery agents who have been selected by the Director.
4. The selected agents will have on their business premises an agent-operated, on-line machine and shall prominently display the machine and a poster or other advertisement stating that they sell tickets for the “Pick-6 Lotto” lottery. As a prerequisite for obtaining the machine, each agent shall have installed a communications link to the Lottery’s central computer. Unless otherwise determined by the Director, the agent shall be responsible for the cost of installing the communications link, which shall be in form and specifications as determined by the Director.
5. The price of a single wager shall be \$1.00, except that the Director may establish a discount

for multiple purchases or multiple drawing purchases.

6. The agent-operated, on-line machines will sell tickets for the "Pick-6 Lotto," the "Pick-4," the "Pick-3," the "Jersey Cash 5," the "MEGA MILLIONS," and the "POWERBALL" lotteries. The agents having this type of machine will be required to operate the machine for purposes of the issuance of all lottery tickets and shall be required to provide certain specified services relating to the upkeep of the machine and the reporting of lottery sales. All agents are required to have on deposit in their lottery bank account, no later than the close of their bank business day each Thursday, gross sales receipts less commission and cash prizes paid out for the previous sales week ending Wednesday. In case of deficiencies in Electronic Funds Transfer (EFT), the Director may debit the agent's account \$25.00 per failure. Agents will receive a commission equal to five percent of the gross sales dollars. In addition, all agents paying out cash prizes up to \$599.00 shall receive a commission equal to 1.25% of the money paid out in prizes. The agent(s) selling a winning 6 out of 6 "Pick-6 Lotto" ticket shall receive a \$2,000.00 bonus from the Lottery. The bonus shall be paid for each winning 6 out of 6 ticket sold. Agent commission and bonuses may be offset, at the Director's discretion, against monies due from the agent to the Lottery; in such cases, if applicable, a net payment will be made to the agent. All data regarding agents' sales and compensation shall be kept confidential by the Lottery, except for income tax reporting required by law. The agent-operated, on-line machines will have the capacity to:
 - a) Handle advance sales as may be implemented at the Director's discretion.
 - b) Issue "Pick-6 Lotto" tickets whereby players select six (6) numbers for \$1.00, and in multiples of \$1.00 up to \$5.00.
 - c) Issue "Pick-6 Lotto" Quick Six tickets for \$1.00 and in multiples of \$1.00 up to \$5.00.
 - d) Validate all "Pick-6 Lotto" tickets for a period of one (1) year from the date of drawing.

- e) "Pick-6 Lotto" tickets may not be canceled.
- 7. The drawings to select the winning six numbers for the "Pick-6 Lotto" lottery will be held each Monday and Thursday evening, except when Christmas Day falls on a Monday or Thursday, at which time the drawing will take place on the preceding or following day. The drawings will take place at a time, date and location prescribed by the Director and all drawings will be open to the public.
- 8. The winning six (6) numbers will be randomly generated by mechanical means. The precise drawing procedure will be determined by the Director.
- 9. The type of bets and the amount of the prizes for the "Pick-6 Lotto" lottery shall be determined as follows:

The purchaser shall select any six (6) numbers, or a "Quick Six," (in any order) from a range of consecutive numbers of 01 through 49 inclusive. Any repetition of numbers or bet selections of less than or more than six numbers selected will be impermissible.

- a) The player must select at the time of purchasing the ticket between either receiving the annuity installment prize or receiving in a lump sum the cash value equivalency of the annuity prize. The cash value equivalency shall be either the cash value of the annuity prize amount using market rate interest yields on the day of the draw or the dollar amount received by the New Jersey Lottery in selling the investments purchased to fund that particular prize, less any and all administrative fees incurred by the Lottery selling those investments. Once the cash value equivalency option is selected under this subparagraph, the selection is irrevocable, and the player may not change his or her mind; and
- b) Whenever a player wins an annuity installment prize AND has not chosen in advance to select a lump sum payment, when the option is available under the immediately preceding paragraphs, the player shall have another opportunity to select receiving in a lump sum the cash value equivalency of the annuitized prize, after the player:

10. Reviews the Lottery's disclosure of the methodology used to compute the single cash payment; and

signs an irrevocable prize payout election form stating that the player understands that he or she is under no obligation to elect to take the lump sum cash value equivalency payment and may freely continue to take the prize as an annuity; and

Makes the irrevocable selection between the annuity payments and a lump sum payment within 60 days from the date the prize claim is made. If a lump sum cash payment option is offered for an annuity prize claim, no payment for such a prize will be processed until the Claimant submits a form irrevocably selecting a payment option, or the 60-day selection period lapses, whichever shall first occur."

11. The Pick 6 Lotto jackpot shall be manually forecasted on each drawing day by the Lottery. The Director shall make a recommendation for the subsequent jackpot by 12:00 pm on Monday and Thursday of each week or at any other time as deemed necessary. If there is no top tier winning ticket in the current drawing, the Guaranteed Annuity Jackpot will increase a minimum of \$100,000 for the next scheduled drawing.

A cash equivalent Jackpot prize amount will be estimated prior to each drawing by dividing the annuitized jackpot amount by an established annuity factor derived from current market rates for U.S. Government STRIP bonds. The Pick 6 Lotto annuity jackpot shall be rounded to the next highest affordable multiple of five hundred thousand dollars (\$500,000.00) based on market rates at the time of purchase.

12. Prize Pool

- a) The total prize pool will be equal to 50% of the gross dollars wagered for said lottery drawing.
- b) The amount of the prize pool may be supplemented by proceeds from the unclaimed prize reserve or any part thereof for purposes of increasing the pari-mutuel prize awards at such times and in such a manner as the Director shall determine.

The unclaimed prize reserve will be credited an amount equal to a maximum of 70% of the daily prize obligation forfeitures. Prize obligation forfeitures are defined as that portion of game prizes which, after one year from the drawing date or game closing (end date), are unclaimed by players.

The New Jersey State Lottery Controller shall maintain a daily record of unclaimed prizes and provide such information to the Director at least monthly. It shall be the responsibility of the Director to report such information to the New Jersey State Lottery Commission. Any portion of the unclaimed prize reserve may at any time be treated as net proceeds for allocation to the State General Fund as aid to state institutions and education. At no time shall the unclaimed prize reserve be utilized inconsistently with the 30% minimum contribution requirement of the State Lottery law.

- c) The amount of money in the prize pool shall be divided among the winners in accordance with a pari-mutuel formula so that 6 out of 6 winner(s)s will equally share 68% of the total prize pool, 5 out of 6 winners will equally share 10% of the total prize pool, 4 out of 6 winners will equally share 11% of the total prize pool and 3 out of 6 winners will be paid a fixed prize of \$3.00 (approximately 11% of the total prize pool).
 - i) Pari-mutuel winning prize shares of \$150,000.00 or less will be paid entirely in cash or by check.
 - ii) Top Tier 6 out of 6 pari-mutuel winning shares in excess of \$150,000.00 will be paid as follows:
 - a) If the annuity installment option is selected by the winner(s), the winner(s) will receive an initial payment of approximately 1/26th of the annuity prize by check upon completion of the lottery's internal validation procedures. The subsequent twenty-five (25) payments shall be paid annually to coincide with the month of the federal

auction date at which the bonds were cashed. Such payments shall be made within 7 days of the anniversary of the actual auction date. The initial payment shall not exceed any resulting annual annuity installment payment.

- b) All payments shall be made to the winner(s), or his or her estate.
- c) The prize unit will be rounded down to the nearest dollar.
- d) Each \$1.00 bet shall be considered to be a single unit equal to one share of the total pool.
- e) Except as otherwise provided above, there will be a total "roll forward" of each prize pool tier if there are no winners in the 6 out of 6, 5 out of 6, 4 out of 6 or 3 out of 6 categories for any given drawing. All prize money for each of the above stipulated prize tiers will be added to the prize payout pool for the succeeding drawing(s) until there is a winner(s).
- f) The amount of breakage (amount received as a result of rounding down to the nearest dollar) will be set aside in a separate reserve fund which will be used to augment the prize pool and/or may be used for purposes of increasing the pari-mutuel or fixed prize awards at such times and in such a manner as the Director shall determine.

SAMPLE LIABILITIES CALCULATION
(based on assumptions in Figure #1)

Total Pool - State Takeout (50%) =		Payout Distribution Pool (PDP)=
\$4,000,000 - \$2,000,000	=	\$2,000,000
6 out of 6	=	68% of the PDP
	=	\$1,360,000*

5 out of 6	=	10% of the PDP
	=	\$200,000
4 out of 6	=	11% of the PDP
	=	\$220,000
3 out of 6	=	11% of the PDP
	=	\$220,000
6 out of 6 Prize	=	6 out of 6 Pool divided
	=	by # 6 out of 6 winners
	=	\$1,360,000 divided by 1
	=	\$1,360,000
Breakage 6 out of 6	=	\$1,360,000 - \$1,360,000
	=	0
5 out of 6 Prize	=	5 out of 6 Pool divided
	=	by # 5 out of 6 winners
	=	\$200,000 divided by 74
	=	\$2,702.70
Breakage 5 out of 6	=	5 out of 6 Pool - 5 out of
	=	6 Liability (74 x \$2,702)
	=	\$200,000 - \$199,948
	=	\$52
4 out of 6 Prize	=	4 out of 6 Pool divided
	=	by # 4 out of 6 winners
	=	\$220,000 divided by 3876
	=	\$56.76
Breakage 4 out of 6	=	4 out of 6 Pool - 4 out of
	=	6 Liability (3876 x \$56)
	=	\$220,000 - \$217,056
	=	\$2,944
3 out of 6 Prize	=	3 out of 6 Pool divided
	=	by # 3 out of 6 winners
	=	\$220,000 divided by 70,175
	=	\$3.14
Breakage 3 out of 6	=	3 out of 6 Pool - 3 out of

$$\begin{aligned} &= 6 \text{ Liability } (70,175 \times \$3.00) \\ &= \$220,000 - \$210,525 \\ &= \$9,475 \end{aligned}$$

* The designated percentage attributed to the 6 out of 6 pool portion shall be paid in the form of an initial payment as well as annual installment payments when the 6 out of 6 portion of pools exceeds \$150,000.

13.

- a) The holder of a winning ticket for the “Pick-6 Lotto” lottery can take said ticket to any claim center for validation. All agents having an agent-operated, on-line machine are claim centers. If said winning ticket entitles the holder to a prize of \$599.00 or less, said prize will be paid by the agent upon presentation and validation of the ticket. If the winning ticket entitles the holder to a prize that is more than \$599.00, then the agent shall validate the winning ticket, the claimant shall fill out a claim form issued by the agent and mail the claim form and validated ticket to Lottery Headquarters in the claim form mailer envelope. Once a ticket and claim form is received at Lottery Headquarters and validated, it will not be returned to the winner(s), but will be retained by the New Jersey State Lottery and the payment will be processed. The winner(s) will retain a copy of the claim form prior to mailing to Lottery Headquarters.
- b) Winner(s) of the Jackpot prize shall be required, at the discretion of the Director, to participate in a press conference. A press conference is an interview with television, radio and/or newspaper reporters and photographers. The press conference will be scheduled by the Director.

14. Liability of the State Lottery

- a) The liability of the State Lottery for tickets printed or produced in error or for defective tickets shall be limited to the replacement of the defective ticket with another unplayed ticket or reimbursement of the holder at the retail sale price of the ticket.
- b) All winners, tickets, and transactions are subject to New Jersey State Lottery rules and regulations and State Law. All prize awards are subject to claim procedures, validation tests, and other applicable requirements of the New Jersey Lottery. Tickets are void if:
 - i) Stolen, unissued, unreadable, mutilated, altered, counterfeit in whole or in part, miscut, multiply-printed, defective, printed or produced in error, or blank or partially blank.
 - ii) Printing is irregular.
 - iii) Apparent or asserted symbols are not confirmed by validation number.
 - iv) The ticket fails any of the Lottery's other validation tests.
- c) All persons holding winning tickets must file for a prize within one year after the date of the drawing. All winning tickets submitted beyond the one year period are not eligible for prize awards. Except as herein provided, all rules and regulations of the Lottery shall govern the operation of the "Pick-6 Lotto" lottery. All determinations of winners shall be made by the Director whose judgment shall be final.

6 out of 49 LOTTO GAME
BASIC PRIZE PAYOUT CALCULATION BY PERCENTAGE (1)

Number of Prize Winning Nos. In \$	In Customers	Probability Of Winning Selection (2)	Distribution of The Payout Pool (%)	Distribution of \$2,000,000 Weekly Payout Per Draw in \$	Avg. No. of Winning Selections Per Draw	Avg. No. of Winning Selections Per Year	Avg. Amount Per
6 out of 6	1 out of	13,938,816	68	\$1,360,000	0.34	14	.00(3)
5 out of 6	1 out of	54,201	10	200,000	74	3,450	2,702.00
4 out of 6	1 out of	1,032	11	220,000	3,876	181,201	56.00
3 out of 6	1 out of	57	11	220,000	70,175	3,280,701	3.00

(1) Based on 4,000,000 selections, \$4,000,000 net sales, and a 50% distribution of the net sales to the payout pool; or \$187 million selections, \$187 million net sales per year.

(2) Dollar breakage assumed.

(3) If no top winner is selected in a drawing, the entire prize is added to succeeding 6 out of 6 pools.