

SCEL INSTANT GAME CLOSING PROCEDURE

The South Carolina Education Lottery (SCEL) introduces more than sixty instant games (game) per year. After a game is launched and tickets are distributed throughout the network of licensed lottery retailers for sale to the general public, each game is monitored by Marketing and Product Development staff (Marketing) by reviewing various information, including, but not limited to:

- Retailer orders and shipments;
- Sales trends and overall sales performance;
- Inventory availability in retail outlets and in the central vendor warehouse; and
- Overall value and number of prizes claimed and the remaining prizes in each prize level.

The time for closing a game is based on several criteria including, but not limited to, the level of available inventory, sales performance, the aggregate value of remaining unclaimed prizes, and the number of remaining unclaimed top prizes. Other business considerations may also affect when a game may be closed. SCEL has determined that it is in the best interest of players and SCEL Retailers to adopt these criteria and this procedure as a fair and reasonable method to end games. The decision to end a game, as with any entrepreneurial business enterprise, is at the sole discretion of SCEL and may be made at any time without recourse by a retailer or a player. **Subject to the above listed criteria**, a game will be closed in the manner provided below:

1. As provided in this document, if not initiated on an earlier date, the game closure process will begin when there is one (1) unclaimed top prize remaining in the game. A game that offers a prize of equal or greater value to that of the top prize in the respective game that may be won through a “second-chance drawing” from mail-in and/or electronic entries may continue to be sold after the last top prize has been claimed in the game. A “top prize” is an amount equal to the highest prize level in a game and includes any lower prize level where a player may win a prize of the same monetary value as that in the highest prize level.

2. To the extent practicable, one business day after the date one unclaimed top prize remains in a game (based upon the central gaming system), an official “End of Game” (EOG) announcement will be issued and disseminated by Marketing. The EOG announcement must include key dates including, but not limited to: (1) the last day a game is to be available for sale (“Last Day to Sell,” generally ninety (90) days from the date of the EOG announcement); (2) the date retailers must return game tickets to a Marketing Sales Representatives (MSR) to obtain credit (“Last Day to Return,” generally thirty (30) days after the Last Day to Sell); and (3) the last date available for a player to redeem or claim a prize (“Last Day to Claim a Prize”, at least ninety (90) days after the date announced as the Last Day to Sell). The Last Day to Claim a Prize should fall only on a business day that the SCEL Claims Center is open and regular mail delivery is scheduled. Except as provided in Paragraphs 8 and 9 (which account for a date change due to the claiming of the last remaining top prize), once the dates established in this Paragraph are entered by SCEL Information Technology’s Gaming Division (IT Gaming) into the central gaming system, the date(s) may not be changed without approval from the

Marketing and the Legal Services (Legal) departments unless the change is being made to merely correct a data entry error.

3. Upon notification by Marketing, IT Gaming will make the game definition date changes in the central gaming system as directed by Marketing based upon the EOG announcement. As a general rule, at this point in the EOG process, the following timeline should apply: (1) the ability of a retailer to order tickets will end one (1) week prior to the Last Day to Sell, and (2) pack activation will end at 11:59:59 p.m. on the day of the Last Day to Sell.

4. On the date the EOG announcement is issued or as soon as practicable thereafter, Marketing will update the SCEL web site with the game closing information that is relevant to the players, e.g., Last Day to Sell, Last Day to Claim a Prize, etc. The "Instant Games Ending Flier" (Flier) is to be updated weekly and delivered to each MSR for placement at retailer locations. The Flier is also printed and provided to SCEL's instant ticket vendor for inclusion in each retailer ticket order each week an update is made. The Flier should be placed on the green play station located in most SCEL retail outlets.

5. As key EOG dates approach, Marketing will send a message to each retailer via the retail sales terminal as a reminder of the: (1) Last Day to Sell, (2) Last Day to Return, and (3) the Last Day to Claim a prize for a particular game.

6. On the first business day following the Last Day to Sell, each MSR will begin collecting the affected game tickets from retailers. This collection must be concluded within thirty (30) days, absent exigent circumstances. Tickets are returned to the central warehouse of the instant ticket vendor and shall be identified and labeled by the vendor as not available for reissue.

7. After the Last Day to Claim a Prize in an ended game, the Security and Audit Services departments will perform an EOG inventory audit. Once completed and approved, the remaining inventory shall be secured by the vendor and held for destruction by shredding. IT Gaming, after obtaining required approvals, will mark the game as inactive on the central gaming system.

ADDITIONAL STEPS IF THE LAST TOP PRIZE IS CLAIMED PRIOR TO THE ORIGINAL DATE ESTABLISHED FOR THE LAST DAY TO SELL

8. To the extent practicable, one business day after the last top prize in a game is claimed (i.e., top prizes remaining in a game equals "0"), Marketing will provide written notice via e-mail to IT Gaming, Sales, and Legal. The notification will advise IT Gaming to change the game definition dates on the central gaming system and/or other items, effective at 11:59:59 p.m. on the date of the notification, absent an exigent circumstance. Although not limited to these items, the notice must include the following information: (1) ticket orders for the game must cease; (2) retailer activation must be disallowed or made inoperable; and (3) if needed, a new date by which game inventory must be returned by the retailer. IT Gaming shall confirm by return e-mail (with copies to affected departments) that the changes have been made to the central gaming system.

Once these dates are entered, no change may be made without prior approval from Security.

9. To the extent practicable, upon receipt of the confirmation specified in Paragraph 8 from IT Gaming, Marketing will send a request to the online vendor to schedule a terminal message for delivery to all retailers at 12:00:01 a.m. and 6 a.m. on the date activation of game tickets is no longer available. The terminal message, at a minimum, must inform the retailer that: (1) tickets for the game must no longer be sold; (2) activations for the game are disabled; (3) ordering is no longer available for the game, and (4) all inventory for that game must be held in a secure place for return to an MSR. The Help Desk will also be informed when activations are disabled to assist in responding to questions from retailers.

10. Sales will instruct each MSR to begin retrieving all game inventory from each retail outlet during the next routine route visitation cycle, absent exigent circumstances, in the same manner as provided in Paragraph 6.

11. Upon the return of the tickets to the central warehouse, Paragraph 7 procedures will complete the game closure process.

As used in this document, “exigent circumstance” is generally meant to be limited to a natural and/or man-made disaster that affects SCEL’s central gaming system, SCEL headquarters (physical plant and facilities), the online vendor’s physical plant and central and/or back-up computer facility, or an event that impacts a portion of our retailer network in a way that causes SCEL resources and/or personnel to be redirected to address the particular emergency. “To the extent practicable” is intended to address disruptions caused by personnel changes and/or unanticipated absences or minor events related to the central gaming system that cause a deviation from the schedule outlined herein.

The Legal Department is responsible for reviewing and monitoring compliance with the criteria and procedures outlined above and reporting any deviation(s) or exception(s) to the Executive Director. This document is intended to be dynamic and to be improved over time. When any department(s) believes an item should be added to these procedure or an existing process could be clarified, changed, streamlined, or otherwise improved, please notify the Legal department to that point may be addressed in a revised document after input and review is obtained from all affected departments.

If there are any questions regarding this document or any SCEL policy or procedure, please contact Dolly Garfield at dolly.garfield@sclot.com.