

replica is signed and dated by a Breath Test Coordinator/Instructor and, for **operator** certifications [under] **pursuant to** N.J.A.C. 13:51-1.6(b), when the name of the approved instrument is entered on the replica.

(e) Certification of an operator with a valid certification for an instrument approved at N.J.A.C. 13:51-3.5(a), other than the instrument upon which the operator was previously trained and certified, shall be valid upon satisfactory completion of training, as described at N.J.A.C. 13:51-1.6(b), from the date of the completion of the training for the remainder of that calendar year and for the next two calendar years

13:51-1.9 Revocation of **operator** certificate

(a)-(f) (No change.)

13:51-1.11 Restoration of revoked **operator** certifications

The Attorney General may restore a revoked **operator** certification when he or she is satisfied that the cause for revocation has been removed. An operator whose **operator** certification is revoked may apply for a new operator's certification after the expiration of 12 months from the date of revocation, or final judgment thereon, whichever is later. Application shall be pursuant to the provisions [of] **at** N.J.A.C. 13:51-1.4(a) and [N.J.A.C. 13:51-]1.5, but shall be subject to review by the Superintendent of State Police. The applicant must complete the training as set forth at N.J.A.C. 13:51-1.6(a); but may not commence such training until any other requirements imposed by the Superintendent of State Police are satisfied. Upon satisfactory completion of training and any other prerequisites, the Superintendent of State Police may recommend **operator** certification of the applicant to the Attorney General.

SUBCHAPTER 2. BREATH TEST COORDINATOR/INSTRUCTORS

13:51-2.2 Training and functional qualifications

(a) A [Breath Test Coordinator/Instructor] **breath test coordinator/instructor** shall have specialized training, as prescribed by the Division of State Police, and have the knowledge to properly perform the following functions:

1. (No change.)

2. Inspection, maintenance, repair, and **instrument calibration/instrument certification** of approved instruments;

3.-5. (No change.)

SUBCHAPTER 4. BREATH TEST INSTRUMENT, GENERAL MAINTENANCE, AND ADMINISTRATIVE RECORDKEEPING

13:51-4.2 Administration and records

(a) The Division of State Police shall maintain administrative files of records made pursuant to this chapter. These files may be maintained in either a paper or electronic or other form as deemed appropriate by the Superintendent. Administrative files shall include:

1. (No change.)

2. Documentation of periodic inspections or **instrument calibration/instrument certification** checks of approved instruments pursuant to N.J.A.C. 13:51-4.3.

(b) (No change.)

13:51-4.3 Periodic inspection or **instrument calibration/instrument certification** check of approved instruments

(a) The following concern the **instrument calibration/instrument certification** check of approved instruments

1. All approved instruments that employ the infrared analysis and electrochemical analysis approved method of chemical breath testing, as set forth [in] **at** N.J.A.C. 13:51-3.5(a)1 or 2, when used in this State in connection with taking of breath samples [under] **pursuant to** the provisions [of] **at** N.J.S.A. 39:4-50.2(b), 39:3-10.24.b, or 12:7-55.b, or in connection with the prosecution of a person pursuant to the provisions [of] **at** N.J.S.A. 39:4-50 et seq., 39:3-10.13, 39:3-10.20, 39:3-10.24, 12:7-46, 12:7-55, or 2A:4A-23 **and** shall be subject to [a calibration] **an instrument calibration/instrument certification** check.

2. [A calibration] **An instrument calibration/instrument certification** check shall be performed by a [Breath Test Coordinator/Instructor] **breath test coordinator/instructor**.

3. [A calibration] **An instrument calibration/instrument certification** check shall be performed when an approved instrument:

i.-ii. (No change.)

iii. Within 182 days after [a calibration] **an instrument calibration/instrument certification** check conducted pursuant to (a)3i or ii above; and

iv. Thereafter, within 182 days after any [calibration] **instrument calibration/instrument certification** check conducted pursuant to (a)3i, ii, or iii above, or after a discretionary calibration check conducted pursuant to (a)4 below.

4. [A calibration] **An instrument calibration/instrument certification** check may be performed at any time a [Breath Test Coordinator/Instructor] **breath test coordinator/instructor**, in the exercise of his or her discretion, deems a calibration check is necessary or otherwise appropriate.

5. The results of each [calibration] **instrument calibration/instrument certification** check shall be recorded on forms and in the manner specified by the Superintendent of the Division of State Police.

i. An original, duplicate original, or copy of each [calibration] **instrument calibration/instrument certification** check shall be maintained by the Division of State Police pursuant to N.J.A.C. 13:51-4.2(a)2.

ii. An original, duplicate original, photocopy, or electronic copy of each [calibration] **instrument calibration/instrument certification** check, performed [under] **pursuant to** this subsection, of an approved instrument under the custody and control of an organized police department, other than approved instruments under the custody and control of the Division of State Police, shall be maintained by the organized police department having custody and control of the approved instrument.

TREASURY—GENERAL

(a)

DIVISION OF STATE LOTTERY

Insurance, Indemnification, and Bonding of Lottery Courier Services

Agent Deposit of Lottery Monies

Ticket Fulfillment, Notification, and Redemption by Courier Services

Courier Service Ticket Sale Occurrence and Ownership

Proposed Amendments: N.J.A.C. 17:20-6.3, 12.5, 12.10, 12.16, 12.18, and 12.21

Authorized By: The New Jersey Lottery Commission, James A. Carey, Executive Director.

Authority: N.J.S.A. 5:9-7.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2025-060.

Submit written comments by August 1, 2025, to:

Ryan S. Schaffer
Division of State Lottery
PO Box 041
Trenton, NJ 08625-0041
Email: Lotteryrulecomments@lottery.nj.gov

The agency proposal follows:

Summary

Pursuant to N.J.A.C. 17:20-12.4(e), the Director of the Division of State Lottery (Director) has the authority to relax requirements of this chapter when the Director has determined that a courier service will continue to operate in a manner that will remain in compliance with the

Courier Services Act and in a manner that will ensure the integrity and reputation of the New Jersey Lottery. Pursuant to this authority, the Director relaxed several rules governing couriers in order to allow effective and efficient operation of the courier service model. These proposed amendments will codify the relaxed rules.

The Division of the State Lottery (“Division” or “Lottery”) proposed amendments at N.J.A.C. 17:20-12.5 to modify, simplify, and consolidate the original insurance, indemnification, and bonding requirements for a courier service and increase the probability of a courier obtaining the required insurance indemnification and bonding for registration. The heading at N.J.A.C. 17:20-12.5 is amended for clarity and N.J.A.C. 17:20-12.5(a)1 through 7 are proposed for deletion and replacement.

New N.J.A.C. 17:20-12.5(a)1 provides the general provisions guiding courier services for obtaining sufficient insurance coverage, including the Lottery addresses where notice of insurance is to be sent. New N.J.A.C. 17:20-12.5(a)2 specifies that the indemnification and hold harmless provisions that couriers must obtain to meet Lottery standards that protect the Division of State Lottery, its officials and employees, as well as the State Lottery Commission and Commissioners. New N.J.A.C. 17:20-12.5(a)3 provides the types of insurance required and the policy limits for each type of coverage. Recodified N.J.A.C. 17:20-12.5(a)4 is amended to provide other requirements imposed on couriers, including the courier notifying its vendors, affiliates, and customers that nothing in their contractual relationship gives rise to the liability of the State or the Lottery and its officials or employees. The courier must also disclose its insurance coverage and amounts on their website (existing requirement that is recodified to N.J.A.C. 17:20-12.5(a)4i).

The proposed amendments at N.J.A.C. 17:20-6.3(a) and 12.10(d) relax the requirement that affiliate agents of courier services remit net lottery receipts, including the net lottery receipts of the affiliate agent’s courier service partner. In doing so, an affiliate agent and their courier service partner may remit net lottery proceeds separately. Commensurate changes are made at N.J.A.C. 17:20-6.3(a) to reflect that requirements previously imposed on a courier through their affiliate agent would now apply directly to the courier itself. As a result of this proposed amendment, affiliate agents and courier services will be paid bonuses and commissions separately, based on sales from the agent terminals and courier service dedicated terminals.

Proposed amendments at N.J.A.C. 17:20-12.10(a) provide that a courier service shall form and maintain a contractual relationship with affiliate agents and provide proof of the same to the Division. The proposed amendments also provide for dedicated terminals for the purchase of tickets on behalf of courier service customers, as well as terminal use.

The proposed amendments at N.J.A.C. 17:20-12.16(a) provide that each ticket purchased by a courier service must be assigned to a current customer at least 15 minutes prior to a drawing. The proposed amendments also provide for the charging of a courier customers’ tickets. The proposed amendment at N.J.A.C. 17:20-12.16(c) amends the section only to the limited extent when a courier customer has purchased a winning ticket for a prize less than \$600.00 and seeks to have that winning ticket redeemed by the courier service, the courier service does not need to print the customer’s name on the back of the ticket. This modification simplifies the process for the winning ticket holder and the courier service for prizes under \$600.00 where the courier is redeeming the ticket. In all other instances, as set forth in the section, the courier service must print the courier customer’s name on the back of the winning ticket, either mechanically or by hand.

The proposed amendment at N.J.A.C. 17:20-12.18(a)1 eliminates the requirement that a courier service be required to physically print out a ticket to fulfill a courier customer’s order before they charge a customer’s account for the purchase. The proposed amendment allows the courier service to deduct payment from the customer’s account at the time the customer places the order, which serves to expedite the transaction for the customer and ensure the transaction will be fully funded at the same time.

Proposed new N.J.A.C. 17:20-12.18(c) changes the process for the disposition of, and reporting requirements for, tickets that are erroneously printed by the courier service.

The proposed amendments at N.J.A.C. 17:20-12.21 are intended to better align the Division’s requirements with industry standards for

courier service audits, financial reporting, and controls. N.J.A.C. 17:20-12.21(a) is amended to provide that all audits shall be performed by independent certified public accounting firms. The amendments also require auditor rotation for financial audits. N.J.A.C. 17:20-12.21(b) is amended to specify that SSAE18 SOC II Type 2 audits, or subsequent versions, must be completed. New N.J.A.C. 17:20-12.21(m) provides for the provision of daily reports by courier services. New N.J.A.C. 17:20-12.21(n) provides that all system reports are subject to change at the Director’s discretion, upon 30 days notice to the courier service.

A 60-day comment period is provided on this notice of proposal, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the notice is excepted from the provisions governing rulemaking calendars.

Social Impact

The proposed amendments modify and simplify the original requirements set forth at N.J.A.C. 17:20. The Division believes that these proposed amendments will better strike a balance between the requirement to sell New Jersey Lottery tickets only to people who are in New Jersey, with the technology, business costs, and challenges borne by couriers, and for the benefit of the growth and vitality of the New Jersey Lottery, as a whole.

Economic Impact

The proposed amendments will modernize the regulatory scheme governing couriers, thereby making it more economically feasible for couriers to operate in this State. This is accomplished through several of the proposed amendments. Specifically, by updating the insurance requirements, a greater opportunity is provided for couriers to secure coverage for registration and to maintain coverage during operation. The proposed amendments will enable qualified courier services to operate an efficient and competitive business that may benefit all courier service customers and may also increase lottery sales, and maintain or increase the Lottery’s revenue contributions to the State pension systems, pursuant to the Lottery Enterprise Contributions Act, N.J.S.A. 5:9-21.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are not subject to any Federal standards or requirements.

Jobs Impact

The possible addition of new courier services may generate another source of employment within the State. The Division does not anticipate that any jobs will be lost as a result of the proposed amendments.

Agriculture Industry Impact

The proposed amendments will not have an impact on the agriculture industry. The proposed amendments have no effect on agriculture, as the proposed amendments pertain to Lottery services.

Regulatory Flexibility Analysis

The proposed amendments require a regulatory flexibility analysis in accordance with N.J.S.A. 52:14B-16 et seq., as the proposed amendments may affect existing requirements and may impose additional reporting, recordkeeping, or compliance requirements on small businesses, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. All requirements are discussed in the Summary and any costs are discussed in the Economic Impact.

Housing Affordability Impact Analysis

The proposed amendments will have no impact on the affordability of housing in this State, nor will they have any impact on the average costs associated with housing, as they pertain to insurance, indemnification, and bonding requirements of lottery courier services registered by the Division.

Smart Growth Development Impact Analysis

The proposed amendments will have no impact on the number of housing units in the State and will have no effect on smart growth development in Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan, as the proposed amendments pertain to insurance, indemnification, and bonding requirements of lottery courier services registered by the Division.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Division has evaluated this rulemaking and has determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning juveniles and adults in the State. Accordingly, no further analysis is required.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 6. [AGENT] DISTRIBUTION AND SALE OF TICKETS AND DEPOSIT OF LOTTERY MONIES

17:20-6.3 Agent **and courier service** deposit of lottery monies

(a) Agents[, including affiliate agents,] **and courier services** shall remit net lottery receipts to the **designated lottery bank account** on the dates specified by the [lottery] **Lottery**. [Affiliate agents are additionally required to collect the net lottery receipts from their associated courier service in sufficient time to deposit the funds in said bank by the dates specified by the lottery.] Notwithstanding the rules of any specific game to the contrary, the Director may, in the exercise of discretion, require [the] **an agent or courier service** to account fully for any and all tickets issued to that agent **or courier service** and to remit immediately all sums due the Lottery.

(b) Monies received by an agent **or courier service** from the sale of tickets are the property of the Lottery and are held by the agent **or courier service** in trust for the Lottery. The agent **or courier service** shall immediately segregate all monies received from the sale of tickets, and shall hold such monies in express trust for the Lottery in a bank account specifically designated as a New Jersey Lottery account **that is to be used exclusively for lottery transactions**.

(c) The agent **or courier service** shall be absolutely liable for payment of such monies to the Lottery, notwithstanding the degree of care exercised with respect to such monies by the agent **or courier service**.

(d) The agent **or courier service** shall keep current records of all operations in conformity with the Act and this chapter, and such other instructions as may be issued by the Director.

(e) All agent **and courier service** lottery operations, reports, and records shall be subject, upon demand, to inspection and audit by representatives of the Lottery, but such reports and records shall remain confidential for all other purposes except income tax reporting required by law.

[(f) The bank shall provide the Lottery with a statement of all transactions as required.]

(f) Upon request, the agent or courier service shall provide the Lottery with a statement of all transactions from their bank account used for Lottery transactions.

(g) (No change.)

SUBCHAPTER 12. COURIER SERVICES

17:20-12.5 [Insurance] **Courier service insurance**, indemnification, and bonding [of courier service]

(a) As a requirement to the issuance of a courier service registration, such courier service agrees to the following:

[1. The courier service shall indemnify and defend, at the registrant's own expense, and release the State, the Division, and any of the officials and employees of the State or the Division from any and all claims, damages, claims for damages, causes of action or suits, and related expenses, including court, attorney, or other fees, that may arise out of or occur directly or indirectly as a result of any act or omission of such courier service, its officers, employees, and anyone determined to be the courier service's agent pursuant to the common law tenets of agency law, or operation carried on pursuant to or in accordance with such registration, including, but not limited to, the purchase of courier services through the courier service's system, placement of requests for courier services through such courier service's system or the generation of, or failure to generate, tickets to complete ticket purchases related to such requests for courier services. This obligation to indemnify shall survive the expiration, revocation, or suspension of the courier service's registration.

2. The courier service shall obtain and maintain during the term of its registration, sufficient insurance, which shall include cyber liability insurance, errors and omissions insurance, directors and officer's insurance, and such other insurance coverage, with limits and coverage requirements and minimum carrier ratings as the courier services application form states. Proof of same, in the form of declaration pages, shall be provided to the Division prior to the courier service's commencement of operations. Lapse of any insurance coverage specified on the application form may result in revocation of courier service registration;

3. The courier service shall post a bond or its equivalent in an amount as determined by the Director in consultation with the Director of the Division of Risk Management and as set forth in the courier service application to be no less than \$40 million for the protection of its courier customers. Proof of same shall be provided to Division;

4. The courier service shall post a bond or its equivalent in an amount as determined by the Director in consultation with the Director of the Division of Risk Management and as set forth in the courier service application to cover general business liability;

5. The courier service shall bond all courier service employees. Proof of same shall be provided to Division;

6. The courier service shall comply with all other bond requirements or their equivalent in the courier service application as determined by the Director in consultation with the Director of the Division of Risk Management;

7. Each bond or its equivalent shall be conditioned on the premise that the applicant, its agents, or its employees will not be guilty of fraud or extortion, will comply with the rules and regulations promulgated by the Director, and will pay all damages occasioned to any person by reason of misstatement, misrepresentation, fraud or deceit, or any unlawful act or omission in connection with the provisions in this section and related business conduct;]

1. Insurance. At its own expense, a registered courier service shall secure and maintain in force for the term of the registration, insurance as provided in this section. Courier services shall procure all required insurance from insurance companies with an A-VIII or better rating by A.M. Best & Company. All policies must be endorsed to provide 30 days' written notice of cancellation or material change to the State of New Jersey at the following address:

Email Address: NJcourier.Services@lottery.nj.gov

Mailing Address:

New Jersey Lottery

PO Box 041

Trenton, NJ 08625-0041

Physical Address:

New Jersey Lottery

Lawrence Park Complex

1333 Brunswick Avenue Circle

Trenton, NJ 08648

i. If the courier service's insurer cannot provide 30 days' written notice, then it will become the obligation of the courier service to provide the notice. The courier service shall provide the Division with current certificates of insurance for all coverages and renewals thereof. The only acceptable proofs of insurance are certificate(s) of insurance. The certificate(s) shall state each policy with the required limits. The certificates of insurance shall indicate "NJ Lottery Registered Courier Service Program" in the Description of Operations box and shall list the State of New Jersey, Department of the Treasury, Division of State Lottery, PO Box 041, Trenton, NJ 08625-0041 in the Certificate Holders block. Courier services shall provide renewal certificates to the Division within 30 days of the expiration of each such insurance policy required of courier services by the Lottery law or rules;

2. Indemnification. As a condition to the issuance and acceptance of a courier service registration, the registrant agrees to the following indemnification clause:

i. The courier service shall indemnify and defend, at the courier service's own expense, and release the State, the Division, the Commission, any of the officers, officials, and employees of the State or the Division, and the Lottery Commissioners, from any and all

claims, damages, claims for damages, causes of action or suits, and related expenses, including court, attorney, or other fees, that may arise out of, or occur directly or indirectly, as a result of any act or omission of such courier service, its officers, employees, and anyone determined to be the courier service's agent pursuant to the common law tenets of agency law, or operation carried on pursuant to, or in accordance with, such registration, including, but not limited to, the purchase of courier services through the courier service's system, placement of requests for courier services through such courier service's system, or the generation of, or failure to generate, tickets to complete ticket purchases related to such requests for courier services. This obligation to indemnify is in addition to, and not limited by, the insurance requirements at (a)3 below, and shall survive the expiration, revocation, or suspension of the courier service's registration;

3. The insurance policies to be provided by the courier service shall be as follows:

i. **Commercial General Liability Insurance.** The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage. The Commercial General Liability policy shall name the State, the Division, the Commission, its officers, officials, and employees of the State or the Division and the Lottery Commissioners as "Additional Insureds" and include the blanket additional insured endorsement or its equivalent. The coverage to be provided through these policies shall be at least as broad as that provided by the standard basic Commercial General Liability Insurance occurrence coverage forms, or its equivalent, currently in use in the State of New Jersey, which shall not be circumscribed by any endorsement limiting the breadth of coverage;

ii. **Automobile Liability Insurance.** Such automobile liability insurance shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1,000,000 per occurrence as a combined single limit. The State, the Division, the Commission, its officers, officials, and employees of the State or the Division and the Lottery Commissioners as named "Additional Insureds";

iii. **Worker's Compensation Insurance and Employer's Liability Insurance.** Such insurance shall be consistent with the laws of the State of New Jersey and have limits not less than:

- (1) \$500,000 bodily injury, each occurrence;
- (2) \$500,000 disease each employee; and
- (3) \$500,000 aggregate limit;

iv. **Employee Dishonesty.** Blanket bond covering all employees, including faithful performance, and property of others, with a minimum limit of \$1,000,000;

v. **Crime. Money and securities, inside and outside, with a minimum limit of \$10,000;**

vi. **Cyber Event Insurance.** Minimum limit of \$10,000,000, including third-party liability; and

vii. **Errors and Omissions Liability (or equivalent).** The courier service shall carry Errors and Omissions, Professional Liability Insurance, and/or Professional Liability Malpractice Insurance sufficient to protect the courier service from any liability arising out of the professional obligations performed pursuant to Lottery rules. The insurance shall be in an amount not less than \$10,000,000 and in such policy forms as shall be approved by the Division. If the courier service has claims-made coverage and subsequently changes carriers during the term of the courier registration, it shall obtain from its new Errors and Omissions, Professional Liability Insurance, and/or Professional Malpractice Insurance carrier, an endorsement for retroactive coverage; and

[8.] 4. **Other requirements.** The courier service shall state in its contracts and agreements with its affiliates, vendors, and customers that nothing in the contracts or agreements shall give rise to liability of the State or of the Division, its officials, or employees. The courier service shall state on its website [and] **and/or** mobile application, along with any other disclaimers, [legally-required] **legally required** notices, or other notices concerning liability of the courier service, that nothing appearing on the courier service website and no transactions conducted on or through the courier service website or systems shall give rise to liability of the

State or of the Division, **the Commission, its officers,** its officials, or employees **of the State or the Division, or the Lottery Commissioners** [; and].

[9.] i. (No change in text.)

17:20-12.10 Courier service and affiliate agent

(a) A courier service shall [have] **form and maintain** a contractual relationship with one or more affiliate agents **and provide proof of same to the Division prior to registration approval.** [The affiliate agent shall maintain a dedicated terminal(s) at the affiliate agent's licensed place of business. The dedicated terminal(s) shall be solely for the purchase of tickets by the courier service on behalf of that courier service's courier customers.]

[1. A courier service shall be required to form and maintain a written contractual relationship with an affiliate agent(s) and provide proof of same to the Division prior to registration approval.]

[2.] 1. The affiliate agent(s) shall have installed at the affiliate agent's licensed place of business, **or other location approved by the Director,** a dedicated terminal(s) for the production of tickets for the courier service prior to when that courier service begins sales.

i. **The dedicated terminal(s) shall be solely for the purchase of tickets on behalf of courier service customers.**

[i.] ii. Such dedicated terminal(s) will be programed to produce only authorized games and shall not be eligible for any [Lottery approved] **Lottery-approved promotions, except as authorized by the Director.**

[ii.] iii. A courier service **or affiliate agent** shall use only the [affiliated agent's] dedicated terminal(s) for producing tickets for courier service customers. No other terminal(s) **shall be** utilized by the **courier service or** affiliated agent, or by any other agent, for **the purchase of tickets on behalf of courier service customers** for any reason.

[iii. The dedicated terminal(s) shall not be utilized by the affiliate agent or courier service to produce tickets for the affiliate agent's customers.]

iv. For security purposes, the courier service **or affiliate agent** shall use only the ticket stock supplied by the Lottery for [the affiliated agent's] **use in the dedicated terminal(s)].**

v. (No change.)

(b) (No change.)

(c) [The affiliate agent shall remain liable to the Lottery, regardless of the affiliated agent's contractual relationship with the courier service, for deposit of lottery monies as set forth in N.J.A.C. 17:20-6. Any licensing] **When a courier service contracts with an affiliate agent, the courier service is prohibited from purchasing tickets for the courier service's customers from any other source other than its affiliate agent's dedicated terminal. Therefore, the courier service accepts the risk that any actions the Division takes against an affiliate agent, including actions that remove[s] or disable terminal(s), [will] may also affect all dedicated terminal(s) of the courier service[, and the State and the Division shall not be liable to the courier service for any such actions]. Conversely, any actions the Division takes against a courier service, including actions that remove or disable terminal(s) dedicated to the courier services, may also affect all terminal(s) of the affiliate agent. As such, the State and the Division shall not be liable to the courier service or affiliate agent for any such actions by the Division. The text and citation of this subsection shall be included in any contractual agreement between affiliate agents and courier services.**

(d) The Division shall pay all commissions and/or bonuses of any type [only to the affiliate agent] **separately to the affiliate agent and courier service based on individual lottery terminal sales from the agent's terminal(s) and from the courier's dedicated terminals.** Nothing in this section shall prohibit [an affiliate agent] **a courier service** from sharing commissions and/or bonuses with [a courier service] **an affiliate agent** pursuant to the written contractual agreement in accordance with [(a)1] (a) above.

17:20-12.16 Ticket fulfillment, notification, and redemption by courier service

(a) Ticket fulfillment shall be as follows:

1. The courier system shall promptly process all courier customer requests to purchase tickets. **Each ticket purchased by a courier service must be assigned to a current courier customer at least 15 minutes prior to the applicable drawing.** Ticket processing shall consist of

completing all of the following in accordance with the requirements of this chapter:

i.-iv. (No change.)

v. Deduct from the courier customer's account the charge for the purchased ticket(s)[;]. **Courier services may charge a courier customer's account upon the placement of a customer's order or at the time the physical ticket is printed from the lottery terminal. If a courier service fails to purchase a ticket after a customer's account has been charged for an order, the courier service shall immediately reverse the charge and notify the customer that the authorization for the ticket purchase was not processed in time;**

vi.-ix (No change.)

2.-6. (No change.)

(b) (No change.)

(c) Redemption shall be as follows:

1. (No change.)

2. If a courier customer chooses to have winning tickets under \$600.00 redeemed by the courier service, it shall [print the courier customer's full name, as set forth in such courier customer's account, on the back of the ticket(s)] validate the winning ticket(s), and redeem the prize on behalf of the courier customer. Such prize amount(s) shall be disbursed to the courier customer by crediting the courier customer's account. The full value of the winning ticket(s) shall be credited to the courier [customer] **customer's** account within two business days of the applicable drawing.

3.-4. (No change.)

17:20-12.18 Courier service ticket sale occurrence and ownership

(a) Courier service ticket sale occurrence:

1. No courier [customer] **customer's** request or payment for courier service and no receipt or acknowledgment of any such request constitutes evidence of a validly issued ticket. A ticket, in order to be deemed validly issued, shall be physically generated by a lottery terminal authorized by the Division for sale to a customer (including sale through a courier system service). [A courier service shall not charge a courier customer's account until such time as the physical ticket is printed from the dedicated terminal. See N.J.A.C. 17:20-12.16(a)]

2. (No change.)

(b) (No change.)

(c) **Erroneously printed tickets shall be addressed as follows:**

1. **In the event that a courier service erroneously prints duplicate tickets of a courier customer's order, the courier service may not charge the customer for the price of the duplicate ticket(s) and shall provide the erroneously printed duplicate ticket(s) to the courier customer free of charge. The courier service shall provide the courier customer a message explaining why the courier customer is receiving the duplicate ticket(s) and images of the front and back of the duplicate tickets. The entire duplicate ticket process shall be completed at least 15 minutes prior to the applicable drawing;**

2. **In the event that a ticket is erroneously printed that does not match any courier customer's order, a courier service may attempt to resell the erroneously printed ticket to a current courier service**

customer physically located in New Jersey. If the courier is unable to resell the erroneously printed ticket prior to the next drawing, the courier service shall have a randomized process to give erroneously printed tickets free of charge to current courier service customer(s) physically located in New Jersey. The randomized process must be documented and auditable. The current customer receiving the erroneously printed ticket shall receive an email explaining why they are receiving the ticket. The email shall also include images of the front and back of the ticket. The entire erroneously printed ticket process, either resale or random distribution to a current courier customer, shall be completed at least 15 minutes prior to the applicable drawing;

3. Courier services shall submit daily reports for erroneously printed tickets; and

4. As a condition of registration, a courier service must explain how they will comply with this subsection.

17:20-12.21 Courier service audits, [and] financial reporting, [and] controls, **and reports**

(a) [A courier] **All auditing and associated services shall be performed by independent certified public accounting firms. Courier services shall provide annually to the Division, no later than [120] 180 days following the end of such courier service's fiscal year, financial statements audited in accordance with generally accepted auditing standards and government auditing standards, unless the Director, in writing, waives such requirement. In addition, the annual audit shall test compliance with N.J.S.A. 5:9-14.3 and the applicable parts of New Jersey Administrative Code Title 17, Chapter 20. The Director may require, in addition, other financial information, in a format the Director prescribes. The preparation of annual [or] financial and compliance audits and other financial statements shall be at the sole expense of the courier service. For financial audits, courier services shall not use the same lead audit partner or concurring partner for more than five consecutive fiscal years.**

(b) In addition to the courier service's audited financial statements, each courier service shall submit an SSAE 18 SOC II Type 2 report **or any subsequent version in accordance with prevailing industry standards**, annually no later than 120 days following the end of such courier service's fiscal year.

(c)-(l) (No change.)

(m) **A courier service shall generate all system and daily reports required pursuant to this subchapter and any additional reports requested, in writing, by the Director either from all courier services or by a particular courier service.**

(n) **All system reports are subject to change in the Director's discretion, upon 30 days prior notice to the courier service.**