

IN RE:

**DECLARATORY RULING
BY THE SOUTH DAKOTA
LOTTERY COMMISSION**

**RULING 02-2
ARSD 48:02:05:05(10)
EXTENSION OF CREDIT**

Ruling: No one licensed by the South Dakota Lottery or acting in the course of employment for a video lottery establishment may advance any funds to any player for video lottery play without immediate and valuable consideration. Such consideration for the purposes of this Declaratory Ruling means cash may only be advanced to a video lottery player by exchange of a check or money order.

Issue: The Lottery is issuing this Declaratory Ruling to clarify and define what constitutes extending credit.

Rule: ARSD 48:02:05:05. Duties of licensed establishments. Specific duties of all owners, managers, and designated employees of licensed establishments include: (10) Extend no credit for video lottery play.

Reason: Any advancement of funds to a player for video lottery play without consideration is in violation of the above rule and of ARSD 48:02:01(2) requiring all video lottery licensees to conduct their video lottery operations in a manner that does not pose a threat to the public health, safety, and welfare of the citizens of South Dakota; reflect adversely on the security or integrity of the lottery; or harm the video lottery industry. SDCL 42-7A-56 declares as the public policy of this state regarding video lottery that: (1) The success of the South Dakota Lottery is dependent upon public confidence and trust that it is conducted honestly and free from criminal and corruptive elements: (2) Public confidence and trust can only be maintained by strict regulation of all persons, locations, practices, associations and activities related to the sale of lottery products and the operation, manufacturing and distribution of video lottery games and equipment.

SAMPLE PROHIBITED PRACTICES OF EXTENDING CREDIT

1. Loaning a player money to play video lottery.
2. Running a tab by advancing cash for play of video lottery for later repayment.
3. Holding a check and advancing cash for video lottery play.
4. Providing cash for video lottery play by use of a credit card.
5. Holding a credit card for later payment for video lottery play.

Caveat: Compliance with the above requirements does not relieve anyone from strict observance of the duty to exercise caution and good judgment in providing cash for checks presented for video lottery machine play. ARSD 48:02:05:05(12).

Dated this 16th day of August, 2002.

Dawn Nelson
Chairman
South Dakota Lottery Commission