



Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, CT 06067-3403
860-713-2795

REQUEST FOR PROPOSALS

RFP Number: CLC202104
RFP Description: Internet Lottery Gaming System and Related Services
RFP Issue Date: August 19, 2021
Submission Due Date: October 12, 2021 by 2:00 p.m. Eastern Time

**This document is subject to change.
Visit ctlottery.org for the most current information.**

Part I. INTRODUCTION

Pursuant to C.G.S. §§ 12-815(a) and 12-806(b)(9), the Connecticut Lottery Corporation (CLC) is soliciting competitive Proposals from qualified, experienced, and innovative Proposers for: (i) an integrated Internet Lottery Gaming System (iLottery System or System) for selling plays of the digital versions of CLC Draw Games and Keno; and (ii) services related to the development, implementation, operational support, maintenance of, and training on, the iLottery System ((i) and (ii) together, iLottery Program or Program).

Interested Proposers must submit their Proposals in accordance with the requirements and directions of this Request for Proposals (RFP). Proposers from outside of the United States may submit a Proposal, but if chosen, they must become registered to do business in Connecticut (see Part III, Paragraph C, Section 3 for further instructions).

This RFP includes the following appendices to assist Proposers in preparing their responses:

- APPENDIX A:** Public Act 21-23
- APPENDIX B:** CLC Games Gross Sales Performance
- APPENDIX C:** Technical Requirements & Specifications
- APPENDIX D:** Price Proposal Form & Instructions
- APPENDIX E:** Required Responsible Gaming Controls
- APPENDIX F:** Current CLC Promotions

A contract award is contingent upon the Successful Proposer satisfying all requirements identified in this RFP, including, without limitation, it and its Key Persons obtaining required licenses from the Connecticut Department of Consumer Protection (DCP), the CLC's regulatory agency. See Part V, Paragraph C. The contract with the Successful Proposer is also subject to prior review and approval by the CLC Board of Directors.

The anticipated initial duration of any resultant contract from this RFP will cover an implementation period plus eight (8) years of iLottery Program operations. The CLC will have the option to extend the contract in its sole

discretion for up to two (2) additional years in one (1) or more extensions and in any combination of months or years under the same terms and conditions.

This RFP is not a contract or an offer to contract and does not obligate the CLC to make an award to any Proposer, negotiate with any Proposer, or pay any costs or damages incurred by Proposers participating in this RFP. Unless and until a written contract is signed by the CLC and a Successful Proposer, the CLC shall have no obligations.

Proposers are prohibited from making unsolicited contact with any CLC employee, member of the CLC Board of Directors, or State of Connecticut official concerning this RFP or the products or services described in it, except as set forth in Part I, Paragraph C. A Proposer's failure to observe this restriction may result in its disqualification.

A. BACKGROUND INFORMATION

The CLC is a quasi-public agency with the mission of generating revenue for the State of Connecticut's General Fund with the highest standards of good public policy and social responsibility. The CLC's lottery products are currently sold statewide at approximately two thousand nine hundred (2,900) retail locations, from independent neighborhood shops to convenience stores, package stores to supermarkets, bars and restaurants, and other diverse distribution outlets.

The CLC believes in, and actively supports, corporate responsibility initiatives that include responsible play awareness and education, support for small, minority-owned, and other diverse businesses, and awareness of our environmental impact. The CLC is an entrepreneurial, team-oriented organization, seeking like-minded business partners that will help further these priorities. The CLC has consistently ranked among the top ten lotteries in the United States as measured by per capita sales. The CLC expects the Successful Proposer to adopt the same attitudes, concerns, and commitment towards the CLC's games, financial performance, legal and regulatory compliance, integrity, security, and utilization of Connecticut small and/or diverse suppliers.

Public Act 21-23 (attached as Appendix A) permits the CLC to sell Draw Games and Keno through its Internet website, online service, and/or a mobile application. DCP is required to develop regulations for the iLottery Program before online sales can begin. The proposed Program must conform to all applicable statutes and regulations. Regulations will be shared when they are available, but may not exist prior to the Proposal Submission Date.

The purpose of this RFP is to find a strategic partner to provide, implement, operate, maintain, and fully support a flexible, reliable, secure iLottery System, as a component of the Program, to sell the CLC's Draw Games and Keno.

The CLC's iLottery Program goals include:

- Offering its games through this new selling channel as a convenient option for current players and as a method to attract new players;
- Developing and maintaining a secure and reliable online platform that provides an easy experience for players to open accounts, purchase plays, claim prizes, and deposit and withdraw funds;
- Having the Program serve as an important component of a fully-integrated communications and marketing plan for players and retailers;
- Integrating player activity between the online and retail channels, and connecting with players so they think of playing lottery wherever they are and can make a purchase at any time;
- Growing sales both in retail and online in a responsible manner, and increasing the CLC's return to the State;
- Launching the Program during the first quarter of calendar year 2022 (Go-Live Date).

The CLC's gross sales for FY19 through FY21 for each Draw Game, Keno, and Scratch Games is attached to this RFP as Appendix B.

B. SCHEDULE

Proposer Written Questions	September 2, 2021 by 2 PM Eastern Time
CLC Written Responses	September 13, 2021
Proposal Submission Date	October 12, 2021 by 2 PM Eastern Time
Presentations	Within 7 days after Proposal Submission Date
CLC Follow-Up Questions (if necessary)	Within 7 days after Presentations
CLC Preliminary Notice of Award	November 17, 2021
Potential Go-Live Date	March 2022

All changes to this RFP, including date changes, will be posted on the CLC’s website (<https://www.ctlottery.org/PublicSolicitations>) and the Connecticut Department of Administrative Services’ procurement website (<https://portal.ct.gov/DAS/CTSource/BidBoard>, set “Organization” filter to “Connecticut Lottery Corporation”) (together, the Websites). The CLC’s website is the official source of information for all CLC procurements.

C. PROPOSER QUESTIONS

The sole CLC point of contact for this RFP prior to the award of any contract is Purchasing Officer Suzanne Colley (Purchasing Officer). Please direct all questions and other communications regarding this RFP to Suzanne.Colley@ctlottery.org.

Proposer questions must be submitted by email to the Purchasing Officer no later than the date and time set forth in Part I, Paragraph B. The Purchasing Officer will confirm receipt of a Proposer’s questions by email. The CLC will only answer relevant questions that in its sole judgment will assist Proposers in providing responsive Proposals. The CLC may combine similar questions and give one answer. Proposers must identify the specific sections and page numbers of the RFP to which their questions relate, if applicable.

The CLC will answer all relevant written questions by issuing one (1) or more written addenda, which shall be a part of this RFP and any resulting contract. Addenda will be available on the Websites. **Each Proposer is responsible for checking the Websites to determine if the CLC has issued any addenda and, if so, must complete its Proposal in accordance with this RFP as may be modified by the addenda.**

Only this RFP and the written addenda, if any, may be relied upon by Proposers. No other communications between the CLC and Proposers, including oral statements made by the CLC, shall waive, change, or otherwise modify any of the provisions of this RFP or bind the CLC.

D. SUBCONTRACTING/COLLABORATIVE PROPOSALS

If a Proposer intends to partner or subcontract with a third-party to fulfill some or all of the requirements in this RFP, then it must identify the third-party and clearly and fully explain this collaborative arrangement, including the division of responsibilities. If a Proposer intends to utilize Subcontractors, but has yet to identify them, then the

Proposal must include a description of the credentials that will be sought of such Subcontractors. If the Proposer does not intend to utilize Subcontractors, then the Proposer should say so.

Where two (2) or more businesses desire to submit a single collaborative Proposal in response to this RFP, which includes a Proposal involving subcontracting, they must do so on a prime/subcontractor basis. The collaborating businesses must select a prime contractor that will be the CLC's sole point of contact for all RFP matters. In this RFP, a Proposer's partners and subcontractors are referred to as "Subcontractors."

If a collaborative Proposal is accepted, then the prime contractor (Successful Proposer) will be solely responsible for the collaboration's entire performance of the contract, including all project management, legal, and financial responsibility for the completion of all work, as well as for all acts, omissions, failures, and faults of its Subcontractors as if they were the acts, omissions, failures, and faults of the Successful Proposer.

Following award but prior to contract execution, the Successful Proposer will be required to provide for each known Subcontractor: (i) the information in Part III, Paragraph C, Sections 3 and 4 pertaining to the Subcontractor, (ii) details concerning the Subcontractor's relationship history with the Proposer; (iii) the Subcontractor's experience performing the subcontracted work; (iv) the measures the Proposer will implement to ensure the security and protection of the iLottery System and its Data from compromise by the Subcontractor; and (v) who in the Proposer's company will oversee and enforce Subcontractor compliance with work requirements and applicable contract provisions.

E. CONTINUING DISCLOSURE OBLIGATIONS

Part III, Paragraph C, Sections 3, 4, 5, and 7 of this RFP are subject to a continuing disclosure requirement; any change in information or circumstance experienced by a Proposer occurring after submission of a Proposal and, with respect to the Successful Proposer after the execution of a contract, must be disclosed promptly in writing to the CLC.

F. ADDITIONAL PROPOSER INFORMATION

The CLC may request Proposers to provide information, clarify information contained in their Proposals, or supplement information previously supplied with additional information at any time during the RFP process. However, the CLC is not required to make such requests. A Proposer's failure to promptly respond to the CLC's request(s) may result in rejection of that Proposer's Proposal, or the CLC may elect to accept that Proposal as-is.

G. PRESUMPTION OF PROPOSER'S FULL KNOWLEDGE

The CLC will presume that each Proposer that submits a Proposal: (i) has read this RFP (including its addenda) and understands the CLC's needs and requirements; (ii) is capable of providing legal and regulatory-compliant products and services and performing all associated work that is necessary, incidental, or helpful to achieve the CLC's goals and objectives; and (iii) is familiar with and will comply with all federal, state, and municipal laws, ordinances, orders, decrees, decisions, regulations, and rules imposing obligations on it, as well as any mandatory professional, industry, and multi-jurisdictional lottery association standards related to the work described in this RFP. A Proposer's failure and/or omission to review or examine any information concerning this RFP shall in no way relieve it from any aspect of its Proposal or the related obligations.

H. CLC RESERVATION OF RIGHTS

By submitting a Proposal, each Proposer agrees that the CLC, in addition to any rights set forth elsewhere in this RFP, may take any of the following actions, in its sole discretion, at any time:

1. Accept or reject any or all Proposals, in whole or in part, and to award or not award a contract based on Proposals received;

2. Waive any technicalities, informalities, irregularities, or non-material deficiencies in a Proposal;
3. Waive any mandatory, non-material specification(s) that cannot be complied with by all Proposers;
4. Waive any informality in the RFP process if doing so, as determined solely by the CLC, is in the CLC's best interest;
5. Conduct discussions with any or all Proposers for the purpose of clarification and/or modification of Proposals;
6. Arrange to receive products and services from other providers, or obtain or perform itself the products and services, sought under this RFP;
7. Solicit additional and/or new Proposals from anyone;
8. Clarify, supplement, modify, suspend, or terminate this RFP in whole or in part, or withdraw and reissue a new RFP with terms and conditions materially different from this RFP;
9. Obtain information from any and all sources concerning a Proposer that the CLC considers relevant to this RFP, and to consider such information in evaluating the Proposer's submission;
10. Make a whole award, multiple awards, a partial award, or no award;
11. Disqualify any Proposer whose conduct and/or Proposal fails to conform to the requirements of this RFP;
12. Negotiate contract provisions, including provisions not found in this RFP, with one or more potential Proposers in any manner the CLC deems fit (negotiations may be held with multiple Proposers concurrently or on an individual basis at separate times as the CLC determines); and
13. Set aside the original Successful Proposer if the CLC determines that the Proposer is unable to fulfill the CLC's requirements for any reason. The CLC may, but shall not be obligated to, award the contract to a different responsible Proposer.

Part II. DEFINITIONS

The following terms used in this RFP have the meanings below. Other capitalized terms used in this RFP are defined in the context in which they are used.

"ACH" – Automated Clearing House.

"Action" – any demand, cause of action, claim, lawsuit (through any appeals), mediation or arbitration, subpoena, inquiry, audit, proceeding, investigation, or enforcement action of any nature, whether civil, criminal, administrative, regulatory, or other, whether at law, in equity, or otherwise.

"ADA" – the Americans with Disabilities Act.

"Advance Action" – means purchase of plays for a specified number of future drawings on a subscription/renewal basis.

"AML" – Anti-Money Laundering, meaning the methods/controls employed to prevent money laundering activities.

"API" – Application Programmable Interface, meaning the protocol for connecting and communicating with a software system.

“Applicable Law” – at any date of determination, any federal, state, and local laws, statutes, codes, ordinances, orders, decrees, decisions, regulations, rules, standards, regulatory or administrative guidance, or other restrictions of any government authority, as well as any professional, industry, and multi-jurisdictional lottery association (e.g., MUSL, NASPL) practices, methods, specifications, and standards, including, but not limited to those related to safety; security, including information security; privacy; intellectual property; export or transfer of products, technology, services, and data; performance; dependability; efficiency; and economy that may in any way be applicable to the iLottery Program or the lawful performance of the contract, or that may commonly be followed or accepted by highly experienced internet lottery gaming system suppliers in the lottery industry, in effect on such date.

“Back-Office” – data processing systems used to support the central business operation of the CLC, as distinct from gaming systems or systems employed by retailers at the point-of-sale.

“Backup Data Center” or “BDC” – the data center that shall be ready at any moment to take over production of the iLottery System from the Primary Data Center.

“Breach of Security” – whether caused by internal or external source(s), (i) any actual or reasonably suspected unauthorized use of, loss of, acquisition of, access to (including ransomware attacks), corruption of, or disclosure of Data in the control, custody, or possession of the Successful Proposer (or a Subcontractor); (ii) any actual or reasonably suspected compromise to the security, integrity, or availability of the iLottery Program; or (iii) any security breach or security incident (or substantially similar term) as defined by or used under Applicable Law.

“Business Day” – Monday through Friday, excluding Holidays. A reference to days in this RFP shall be construed as Calendar Days unless the term “Business Day” or “System Day” is used.

“C.G.S.” – Connecticut General Statutes.

“CLC” – the Connecticut Lottery Corporation.

“CLC Sensitive Information” – during the RFP process until contract execution, “CLC Sensitive Information” means non-public or proprietary information and documentation concerning the CLC however acquired by or provided to a Proposer, and any materials created by a Proposer using information concerning the CLC. After contract execution, “CLC Sensitive Information” has the meaning set forth in Part V, Paragraph E of this document.

“CMS” – Content Management System, meaning software that will provide the CLC with the ability to update text, images, and other simple areas of the website without any vendor intervention.

“CSC” – Customer Service Center, or call center.

“Cure Period” – has the meaning set forth in Part V, Paragraph G.1 of this document, unless a different Cure Period is identified.

“Data” – any data or other content or information provided to the Successful Proposer by or on behalf of the CLC, or collected, used, Processed, stored, generated, or created in connection with the iLottery Program, including, without limitation, CLC Sensitive Information; state and federal protected business and personal information by which an individual can be identified, whether or not publicly available, and includes any CLC retailer, employee, or player information; and other information protected by applicable state and federal data security and privacy laws.

“DCP” – the Connecticut Department of Consumer Protection, the CLC’s regulatory agency.

“Deposit Materials” – has the meaning set forth in Part V, Paragraph Q of this document.

“Documentation” – all written materials in any form or medium pertaining to the iLottery Program including, without limitation, any and all operator and user manuals, training materials, guides, commentary, on-line help files that the Successful Proposer customarily furnishes to customers for use in conjunction with and for the operation of the iLottery System, and any other materials prepared in connection with any iLottery System update, upgrade, or new release, and shall include any updated versions of Documentation.

“Draw Game” – any lottery game in which one or more numbers, letters or symbols are randomly drawn at predetermined times, but not more frequently than once every four (4) minutes, from a range of numbers, letters or symbols, and prizes are paid to players possessing winning plays, as set forth in the each game’s official game rules. “Draw Game” does not include Keno.

“Escrow Agent” – has the meaning set forth in Part V, Paragraph Q of this document.

“FOIA” – the Freedom of Information Act, Connecticut General Statutes §§ 1-200 et seq.

“Go-Live Date” – as defined in Part I, Paragraph A of this document, or that first date of operation of the Successful Proposer’s iLottery Program designated by the CLC when the CLC uses the Program for normal lottery business transactions.

“Holidays” – New Year’s Day, Martin Luther King Day, Lincoln’s Birthday, Washington’s Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran’s Day, Thanksgiving Day, and Christmas Day. The CLC may, in its sole discretion, change the number of Holidays and corresponding dates.

“ICS” – Internal Control System.

“iLottery Program” or “Program” – the comprehensive technology solution that will be provided by the Successful Proposer to operate, manage, support, and perform other services for the online lottery gaming environment in Connecticut. The iLottery Program includes, but is not limited to, the combination of:

- (i) iLottery System, together with any and all CLC Draw Games, Keno, or other lottery games that the CLC may offer through the iLottery System on the effective date of the contract or at any time thereafter;
- (ii) updates (e.g., fixes or incremental enhancements), upgrades (i.e., major changes to capability and functionality of the iLottery System), and new releases;
- (iii) any third-party software applications and programs the Successful Proposer incorporates in or otherwise uses in conjunction with the iLottery System;
- (iv) the Mobile App;
- (v) all licenses, including licenses to Intellectual Property;
- (vi) Documentation; and
- (vii) all services, labor, project management, expertise, testing, training, maintenance and support, and other work (including pursuant to any warranty obligations)

as further described in the RFP, which would be helpful to the CLC in meeting its RFP goals and objectives, or which is customarily included with a program of the scope and scale as the iLottery program that the CLC seeks to sell CLC lottery products through the Internet. The “iLottery Program” includes all of the foregoing items (i) through (vii) whether provided directly by the Successful Proposer or through the use of Subcontractors and third-party services.

“iLottery System” or “System” – Internet Lottery Gaming System, meaning the combination of computers, software, hardware, code, applications and programs, databases, networks, servers, operating systems, storage, communications channels, facilities, equipment, components, options, infrastructure, hosted environment, and other elements designed and configured that deploys or enables the deployment of compliant Internet-based lottery games and promotions.

“Implementation Services” – the combination of all the technical and other specifications in this RFP that allow the Program to properly and correctly function.

“Incurable Default” – a breach or default that by its nature or by reason of prevailing circumstances is incapable of being cured, but does not include the failure to perform a time-sensitive obligation where it is possible to subsequently perform that obligation. For example only and without limitation, an Incurable Default includes: (i) a breach that continues beyond the relevant Cure Period after CLC notice thereof; (ii) a breach of Part V, Paragraph G.1.a (False Representations and Warranties), Paragraph G.1.b (Abandonment), Paragraph G.1.d (Adverse Harm to the CLC), and Paragraph G.1.e (Failure to Maintain DCP Licensing); (iii) a Breach of Security; (iv) a breach of an obligation if there have been two (2) prior breaches of such obligation within the immediately preceding one (1) year period; and (v) repeated breaches (whether of the same kind or different) year after year during the contract that demonstrate, in the CLC’s sole judgment, a persistent inability or a persistent unwillingness to comply with obligations under the contract.

“Indemnified Parties” – has the meaning set forth in Part V, Paragraph K of this document.

“Infringement Claim” – has the meaning set forth in Part V, Paragraph K of this document.

“Intellectual Property” – all intellectual and similar property rights such as: inventions, discoveries, or improvements, including patents, patent applications and certificates; trade secrets, know-how; compilation, arrangement, or selection of Data and other works of authorship or expression, including copyrights and future copyrights; trademarks, service marks, logos, taglines, designs and trade dress; and similar property under any laws or international conventions throughout the world.

“Intellectual Property Rights” – any rights regarding Intellectual Property, including the protection of Intellectual Property under any laws or international conventions throughout the world, including the right to apply for registrations, certificates, or renewals with respect thereto, and the rights to prosecute, enforce, and obtain damages.

“Keno” – a CLC game, in which twenty (20) winning numbers are randomly drawn from a field of eighty (80) numbers at predetermined times (currently every four (4) minutes) by the CLC’s gaming system using RNGs, and prizes are paid to players possessing winning plays, as set forth in the official game rules.

“Key Persons” – the directors, officers, employees, and other representatives of the Successful Proposer or Subcontractors that (i) perform duties directly related to the contract; (ii) have supervisory authority over any person who performs duties directly related to the contract; or (iii) have access to CLC Sensitive Information.

“Licensed Purposes” – has the meaning set forth in Part V, Paragraph Q of this document.

“Liquidated Damages” – has the meaning set forth in Part V, Paragraph O of this document.

“Loss” – in connection with an Action that is subject to defense and indemnification under this RFP and the contract, all damages, awards, settlements, judgments, fines, penalties, costs, and expenses of whatever kind, including, without limitation, attorney and professional fees and court costs; costs of investigation, discovery, and litigation (through any appeals); as well as costs of enforcing a Proposer’s/Successful Proposer’s indemnification obligations and pursuing any insurance providers.

“Mobile App” – has the meaning set forth in Appendix C, Paragraph 2.8.g.

“MUSL” – the Multi-State Lottery Association.

“NASPL” – the North American Association of State and Provincial Lotteries.

“Online Entertainment Games” – online non-lottery games that have no cost to play, award no prizes or rewards of any monetary value, and do not require purchase of lottery play(s).

“Owner” – an individual or legal entity with 10% or more equity in the Proposer.

“PCI” – Payment Card Industry.

“Performance Security” – has the meaning set forth in Part V, Paragraph N of this document.

“Permitted Uses” – has the meaning set forth in Part V, Paragraph E of this document.

“Player Account Management” or “PAM” – the portion of the vendor’s software that manages the player.

“Preliminary Notice of Award” – notice of the CLC’s tentative selection of a Successful Proposer. The CLC may rescind a Preliminary Notice of Award at any time and for any reason prior to execution of a contract.

“Price Proposal” – means that part of a Proposal described in Part III, Paragraph C, Section 10 of this document and Appendix D.

“Primary Data Center” or “PDC” – The location in Connecticut where the Successful Proposer will house the servers, networking components, and other infrastructure related to the System.

“Process” – to perform any operation or set of operations on any Data, information, material, work, expression, or other content, including to (i) collect, use, receive, input, upload, download, record, reproduce, generate, store, organize, combine, log, catalog, cross-reference, manage, maintain, copy, adapt, alter, translate, or make other improvements or derivative works, (ii) process, retrieve, output, consult, use, disseminate, transmit, submit, post, transfer, disclose, or otherwise provide or make available, or (iii) block, erase, or destroy. “Processing” and “Processed” have correlative meanings.

“Program” – see “iLottery Program” definition.

“Proposal” – all materials, information, and documents submitted by a Proposer in response to this RFP or to any information request made by the CLC at any time during the RFP process (e.g., addenda, clarifications, modifications, demonstrations/presentations, best and final offers).

“Proposer” – any individual or business entity submitting a Proposal in response to this RFP, including that business entity’s parent corporation, if any.

“Proposer Confidential Information” – has the meaning set forth in Part III, Paragraph B of this document.

“Records” – has the meaning set forth in Part V, Paragraph R of this document.

“Return Event” – has the meaning set forth in Part V, Paragraph S of this document.

“RFP” – this Request for Proposals, including all its attachments and all addenda.

“RNG” – Random Number Generator.

“Security Program” – has the meaning set forth in Part V, Paragraph F of this document.

“Service Levels” – has the meaning set forth in Part V, Paragraph O of this document.

“SMS” – Short Message Service, used to send text messages to mobile phones.

“Software Escrow Agreement” – has the meaning set forth in Part V, Paragraph Q of this document.

“Subcontractor” – has the meaning set forth in Part I, Paragraph D of this document.

“Successful Proposer” – the Proposer that the CLC selects to provide the iLottery Program pursuant to this RFP, subject to the execution of a contract approved by the CLC Board of Directors.

“System” – see “iLottery System” definition.

“System Day” – the time period expected to start at approximately 5:00 a.m. and ending at approximately 2:00 a.m.

“UAT” – User Acceptance Testing, meaning the extensive verification process to demonstrate and ensure that the Program conforms to the specifications and requirements of this RFP, the Successful Proposer’s Proposal, and the contract.

“UI” – User Interface.

“Updates” – has the meaning set forth in Part V, Paragraph Q of this document.

“Websites” – has the meaning set forth in Part I, Paragraph B of this document.

“Webview” – has the meaning set forth in Appendix C, Paragraph 2.8.h.

Part III. SUBMISSION REQUIREMENTS & PROPOSAL CONTENTS

A. SUBMISSION REQUIREMENTS

1. Delivery of Submissions

Proposers must submit their full proposal by email to Suzanne.Colley@ctlottery.org. If documents are too large for successful submission by email, then Proposers must provide other commonly used means for transmitting documents (e.g., Dropbox). See Part III, Paragraph B for instructions on submitting a second electronic version of Proposals redacted to exclude Proposer Confidential Information.

The CLC must receive Proposals on or before the Submission Date set forth in Part I, Paragraph B. Proposers are solely responsible for ensuring timely delivery. The CLC will NOT accept late Proposals (unless due to technical difficulties in transmitting documents that are out of Proposer’s control).

The following pages of the Proposal must be signed by an authorized representative of Proposer: (i) the Introduction Letter (see Part III, Paragraph C, Section 1), (ii) the Price Proposal (see Part III, Paragraph C, Section 10), and (iii) the Campaign Contribution Certification Form (see Part III, Paragraph C, Section 7). The CLC may reject Proposals that do not bear signatures.

2. Withdrawal of Proposal/Proposals Valid for One Year

A Proposer may modify or withdraw a Proposal in writing provided that the CLC’s Purchasing Officer receives the request prior to the Submission Date. Proposals, including, without limitation, Proposer clarifications and pricing provided, are considered valid, and may not be withdrawn, cancelled, or modified by Proposers, for one (1) year after the Submission Date, or until the commencement date of any resulting contract, whichever is later. Any supplemental information submitted by a Proposer after the Submission Date in response to the CLC’s request (e.g., clarifications, best and final offers) automatically extends the acceptance period for an equal time period.

B. FREEDOM OF INFORMATION ACT

All Proposals and documents submitted to the CLC in connection with this RFP are subject to disclosure to the public under the Connecticut Freedom of Information Act (FOIA), unless exempted by law. Proposers must clearly identify any portion(s) of their Proposals that contain financial, proprietary commercial information, trade secrets, or other highly sensitive, competitive information that they consider to be exempt from public disclosure by the CLC (Proposer Confidential Information). Proposer Confidential Information must be identified as follows: (i) each page containing Proposer Confidential Information must contain a footer with the word "CONFIDENTIAL," and (ii) the beginning of Proposer Confidential Information must be noted "CONFIDENTIAL INFORMATION BEGINS HERE," and the end of Proposer Confidential Information must be noted "CONFIDENTIAL INFORMATION ENDS HERE." Proposer must also provide a second electronic copy of its complete Proposal (including pricing) with Proposer Confidential Information redacted and clearly labeled as the "Public Copy." **The CLC will interpret a Proposer's failure to comply with this "Public Copy" requirement as Proposer's acknowledgment that its Proposal contains no Proposer Confidential Information and, therefore, may be disclosed in full to the public upon request.**

Pricing, resumes, and marketing information are subject to public disclosure. Proposers may not preface their Proposals with a general proprietary statement, or use page headers or footers that arbitrarily mark all pages confidential. **If the CLC receives a request for a copy of a Proposal, then the CLC will provide the Public Copy to the requester without notice to or review by the Proposer. Accordingly, each Proposer is solely responsible for, and the CLC shall have no liability to a Proposer for, the inclusion of any Proposer Confidential Information contained in the Public Copy or the provision of a Public Copy to a third-party.**

By submitting a Proposal with portions marked "CONFIDENTIAL," a Proposer represents it has a good faith belief that such portions are exempt from public disclosure under FOIA. If the CLC receives a request for Proposer Confidential Information, then it will notify the Proposer. The Proposer may provide written consent to the disclosure, or it may object to the disclosure by notifying the CLC in writing of the basis for its objection, including the statutory, judicial, or other legal exemption(s) from disclosure.

Proposers agree that the CLC will not be liable for any disclosure of Proposer Confidential Information under any circumstance. Proposers will indemnify, hold harmless, and, if requested by the CLC but at Proposers' sole cost and expense, defend the CLC (including its directors, officers, and employees whether named in their individual or official capacities) from and against any and all Actions, and, in each case, will on demand, pay and reimburse the CLC for associated Losses arising out of, resulting from, or related to (or which the CLC alleges relate to): (i) the CLC's complete or partial nondisclosure of claimed Proposer Confidential Information, and/or (ii) the CLC's complete or partial public disclosure of any claimed Proposer Confidential Information if the CLC reasonably determines disclosure is required by law, or if disclosure is ordered by any judicial, administrative, or other governmental body. A Proposer's obligations under this paragraph shall be immediate upon the CLC's written notice and tender. Upon the CLC's request, a Proposer will promptly and diligently cooperate and assist the CLC in replying to and defending against any complaint in connection with CLC's nondisclosure of claimed Proposer Confidential Information, including providing appropriate witnesses and documents.

C. CONTENT REQUIREMENTS

Proposals must be clear and thorough, and all pages of the Proposal must be numbered.

Section 1: Introduction Letter

Proposers must submit an introduction letter providing the following information:

1. Proposer's understanding of the work to be performed, commitment to Proposer's recommended timeline, and a description of Proposer's proposed solution.

2. Proposer's declaration that it possesses the particular qualifications, experience, capabilities, and resources available that will enable it to meet the CLC's wants, needs, and expectations.
3. Summary of Proposer's work process, product and service warranties and guarantees, and any particular practices it employs to ensure the quality of its products and services and that products and services are delivered on-time and according to customer specifications and requirements in a consistent manner.
4. Explain what differentiates the Proposer from its competitors and why the CLC should select the Proposer to provide the products and services solicited in this RFP.
5. Certification that the Proposer (including its collaborating partners and Subcontractors, if any) has reviewed and approved the Proposal, and that the individual signing the Proposal is authorized to sign and submit it on Proposer's behalf and bind the Proposer to deliver on its response to this RFP.

Section 2: References

Provide three (3) references who are customers for which Proposer has performed work similar to that requested in this RFP. For each reference, provide the name of the company, address, contact person, telephone number, email, description of the products and services provided, and the date the products and services were provided. If utilizing a Subcontractor for a primary or functional aspect of the work, then provide two (2) customer references for it. The CLC may verify any and all references. Reference checks may include, without limitation, inquiry into the Proposer's performance on similar projects, compliance with specifications, and ability to meet project deadlines. The CLC may also independently check information sources other than the Proposer's references for purposes of evaluating the Proposer's responsibility, experience, skill, and business standing.

Section 3: Proposer's Business Structure and Operations

Each Proposer shall provide the following information with respect to its legal structure and business operations. For the purposes of this RFP, an "Owner" is an individual or legal entity with ten percent (10%) or more equity in the Proposer.

1. Full business name and the street and mailing address of its principal place of business, as well as for all locations from which the work under this RFP will be performed if different from the principal office.

The Successful Proposer must be authorized to conduct business in Connecticut. If a Proposer is a corporation or other legal entity that is required to file or register with the Connecticut Secretary of the State's Office, then it must have a current certificate of authority or registration to do business in the State of Connecticut that is on file with such office. The CLC may request acceptable evidence of any Proposer's authority to do business in Connecticut following the submission of its Proposal.

2. The name, title, address, telephone number, and email address of the Proposer's primary point of contact for this RFP.
3. Proposer's founding and history; ownership structure; the names of principals/Owners; the number of employees; and the number of years in business providing the products and services requested in this RFP. Provide Proposer's organizational chart.
4. Legal structure and key participants, including:
 - a. If a corporation: the names of all corporate officers and directors, and the names of all stockholders having ten percent (10%) or more equity in the corporation.

- b. If a partnership, LLP, LLC, or joint venture: the names of the general partners, the limited partners or members, and the owners.
 - c. Any parent company or subsidiaries of Proposer.
5. Account Staffing. For each Key Person that will be assigned to the CLC's account, provide their name and title, location, experience providing the products and services the CLC is procuring, number of years employed by Proposer, and their responsibilities if the contract is awarded to Proposer. If a Proposer has yet to determine its account staff, then it should identify at least the positions and titles of the individuals it proposes to utilize to perform the contract.

The Successful Proposer is required to obtain the CLC's prior written consent prior to replacing or substituting Key Persons or Subcontractors performing work under the contract (except for vacancies due to termination or resignation, personal circumstances, and incapacity of workers). The Successful Proposer is also required to notify the CLC of any material change in the background status of any Key Person or Subcontractor, including, but not limited to, due to unlawful or dishonest conduct. The Successful Proposer must notify the CLC within ten (10) Business Days of any such material change. The CLC has the right at any time to direct the immediate removal and replacement of any Key Person or Subcontractor that the CLC, in its sole judgment, finds unfit to perform work or whose conduct is detrimental to the CLC's best interests. The CLC may seek damages or recoup expenses for any work interruption or delay due to any Successful Proposer staffing or Subcontractor issues, including DCP licensing issues.

6. Any known related party relationships (professional or personal) between the Proposer (or its Owners, officers, directors, primary members, or Subcontractors) and a CLC director, officer, or employee.
7. Any judgement or settlement within the past two (2) calendar years related to the Proposer's products and services and any pending, threatened, or reasonably anticipated action, suit, proceeding, investigation, or litigation, whether judicial, administrative, or otherwise (including without limitation, any bankruptcy, reorganization, insolvency, or similar proceeding) involving the Proposer.
8. The details of all pleas, indictments, convictions, findings of fault and liability (e.g., fines, penalties, damages), or consent agreements, against the Proposer and/or its Owners, members, directors, and officers (regardless of place of employment) involving fraud, misrepresentation, criminal offense, or violation of any federal, state, or local ethics law, regulation, ordinance, code, policy or similar standard.
9. Connecticut Small Business & Diverse Supplier Participation. The CLC believes in supporting Connecticut small businesses as well as the state's minority-, women-, service-disabled veteran-owned, and other underutilized small businesses through its procurement activities. This RFP, however, is not restricted to Connecticut businesses nor those designated as small and/or minority-owned businesses. Proposer should describe its efforts in identifying, recruiting and encouraging participation by these businesses in its subcontracting opportunities under this RFP and its small and/or diverse business subcontractor participation goals (e.g., participation goals may be expressed in terms of number of subcontractors, quantity of spending, as a percentage of the total contract dollar value, etc.), as well as confirm its commitment to make a good faith effort to achieve these goals during the contract.

Change in Ownership

If a Proposer experiences a material change in ownership prior to the award of a contract or during the contract with the CLC, then the Proposer is required to notify in writing the CLC at the time the change occurs or is identified. "Material change in ownership" means any merger, acquisition, assignment, or change in parties who, in the aggregate, own greater than forty-nine percent (49%) of the Proposer or the parent company of the Proposer. Failure to notify the CLC of such a change may result in the rejection of a Proposer's Proposal or termination of the contract. The CLC reserves the right, based on its assessment of a material change in ownership, to reject a Proposer's Proposal or terminate a contract.

Conflicts of Interest

Proposers must disclose any actual or potential conflicts of interest that exist at the time of submitting their Proposals, or which may arise during the contract, between any work they perform for any of their current clients and the CLC. Proposers must disclose any current gaming industry clients doing business in Connecticut. The Successful Proposer will have an on-going obligation to inform the CLC of any actual or potential conflicts of interest. The CLC shall be the final authority as to whether a conflict of interest might exist, and if one does exist, the CLC reserves the right to waive the conflict or take all necessary and appropriate action to protect its interests.

Section 4: Proposer's Prior Performance Issues

Each Proposer shall state whether it has experienced any of the following events:

1. During the last five (5) years, it, its parent, or subsidiary has had any contracts terminated for its default or cause. If so, then the Proposer must submit full details of the contract termination.
2. It, its parent, or subsidiary has ever been debarred or otherwise prohibited from contracting or submitting proposals or bids for contracts with: the State of Connecticut or any other state, Native American body, or other governmental or quasi-governmental entity within the United States. If so, then the Proposer must fully identify the authority issuing the debarment prohibition, describe the reason(s) for the debarment/prohibition, and state the inclusive dates thereof.
3. During the last three (3) years, it, its parent, or subsidiary has been assessed penalties or liquidated damages under any of its existing or past iLottery Program contracts. If so, then the Proposer must explain the reason(s) and the amount of such penalty or liquidated damages.
4. During the last five (5) years, it, its parent, or subsidiary has been investigated by any governmental agency or was the subject of any order, judgment, or decree of any federal, state, municipal, or provincial authority barring, suspending, or otherwise limiting the right of the Proposer to engage in any business practice or activity, or if trading in the stock of the Proposer has been suspended. Information, including a complete copy of such order, judgment, or decree, must be provided to the CLC, with appropriate and accompanying date(s) and explanation(s).

Section 5: Proposer's Financial Statements

The Successful Proposer must be financially sound and stable and able to perform the terms and conditions of the contract. Each Proposer must provide the following information:

1. Audited financial statements for the last three (3) completed fiscal years; and
2. If the Proposer is a subsidiary of another company, then financial statements for the parent company for the same periods must be provided with the Proposer's statements. The Proposer must also

submit a letter, signed by an authorized representative of the parent company, stating that the parent company will guarantee the Proposer's full, prompt, and complete performance if it is awarded the contract, including any and all of Proposer's financial commitments, obligations, and liabilities.

The information required in #1 and #2 above should be submitted as a separate PDF.

The Proposer's Chief Financial Officer must provide a signed and dated statement that the financial statements submitted are prepared in accordance with Generally Accepted Accounting Principles (GAAP) accepted in the United States of America and fairly represent the financial condition of the Proposer as of the Proposal Submission Date.

Change in Financial Condition

If a Proposer experiences a change in financial condition prior to the award of a contract or during the term of the contract with the CLC, then the Proposer is required to notify the CLC in writing at the time the change occurs or is identified. A "change in financial condition" is any event that, following GAAP (or the international equivalents to the extent available), would require a disclosure in the annual report of a publicly traded United States corporation or that would be required to be disclosed under state or federal law. Failure to notify the CLC of such a change may result in rejection of Proposer's Proposal or termination of the contract, in the sole discretion of the CLC.

Section 6: Protest/Litigation Bond

All protests arising from or related to this RFP must be sent by email to the Purchasing Officer and received by the CLC within five (5) Business Days following the date of the CLC's notice of award of the contract. Only Proposers that submitted qualifying and complete Proposals are eligible to file a protest. A qualifying Proposal means a Proposal that conforms to all of the requirements of this RFP and contains sufficient information to enable the CLC to perform a complete and meaningful analysis of the information in the Proposal.

In lieu of the litigation bond required in this section, a Proposer may submit with the Proposal an acceptable written statement to the CLC guaranteeing that it will not bring any litigation, claims, demands, protests, causes of action, or legal or other proceeding of any kind against the CLC or any director, officer, or employee of the CLC; the State of Connecticut or any State of Connecticut employee or representative; any CLC contractor or employee of any CLC contractor, or CLC retailers with regard to any matter relating to the CLC's procurement processes or policies or this RFP, including, without limitation, the issuance of this RFP, the award of a contract pursuant to this RFP, or the execution of a contract with the Successful Proposer. If the above statement is not provided, Proposers must submit with their Proposal an unconditional litigation bond made payable to the Connecticut Lottery Corporation in the amount of \$150,000. The litigation bond shall be in the form of a bond, cashier's check, certified check, bank draft, or an irrevocable letter of credit from a bank with the Connecticut Lottery Corporation named as the payee by the Proposal Submission Date. Personal or company checks are NOT acceptable. The RFP number and the bond effective dates shall be specified in the litigation bond. The litigation bond shall be mailed to attention of the Purchasing Officer, Connecticut Lottery Corporation, 777 Brook Street, Rocky Hill, CT 06067 and must be postmarked on or before the Proposal Submission Date to be considered timely.

The CLC may make a claim upon the litigation bond if both of the following conditions are met:

1. The Proposer, anyone acting on behalf of the Proposer, or any Subcontractor or assignee of the Proposer, brings a legal or other proceeding of any kind against the CLC or any director, officer, or employee of the CLC; the State of Connecticut or any State of Connecticut employee or representative; any CLC contractor or employee of any CLC contractor with regard to any matter relating to the CLC's procurement processes or policies or this RFP, including, without limitation, the

issuance of this RFP, the award of a contract pursuant to this RFP, or the execution of a contract with the Successful Proposer; and

2. The CLC or other defendant(s) is the prevailing party in such legal or other proceeding. The CLC or other defendant(s) will have prevailed in a legal or other proceeding if: (i) the legal or other proceeding is withdrawn or dismissed at any stage, (ii) they obtain greater net relief than the Proposer or other adversary, whether by compromise, settlement, or final judgment, in light of the claims, causes of action, and defenses asserted, or (iii) where no party obtains any relief. The litigation bond shall entitle the CLC or other defendants to recover, and shall guarantee payment, of all costs and damages of any kind, including, without limitation, reasonable attorneys' fees, court costs, and other similar or dissimilar expenses from trial through appeals directly or indirectly associated with a legal or other proceeding.

The litigation bond shall remain in effect for a period of two (2) years from the date the CLC receives Proposer's Proposal. Following signing of a contract with the Successful Proposer, a litigation bond may be released upon the CLC's acceptance of Proposer's release and covenant not to sue.

Section 7: Campaign Contribution Certification

The following procurement form, available via the link below, must be executed and submitted with the Proposal:

- Campaign Contribution Certification Form (OPM Form 1) - <https://portal.ct.gov/-/media/OPM/Fin-General/OPM-Form1-GiftandCampaignContributionCertificationRev-07222021-FINAL--GDB.pdf>

In the event the above link is unavailable or inactive, Proposers can find the form on the CLC's Procurement website at <https://ctlottery.org/ProcurementForms>.

Proposers are subject to a continuing disclosure requirement; any such matter or change in circumstance occurring after submission of a Proposal and, with respect to the Successful Proposer after the execution of a contract, must be disclosed promptly in writing to the CLC. **The CLC will not enter into or continue a contract with a Successful Proposer that fails or refuses to comply with documentation and disclosure requirements.**

Section 8: Technical Proposal

This Section 8 should establish the Proposer's understanding of the CLC's requirements and specifications in Appendices A, C, and E of this RFP. The Proposal must clearly establish the Proposer's intentions and ability to meet these requirements and specifications, explaining specific methodologies, techniques, management oversight, and other critical deliverables that will be present at the start and throughout the duration of the Program contract.

The CLC is looking for a strategic partner that will share their process and planning for developing, implementing, testing, and training on a new iLottery System, and how to get that System and all of its components deployed and working properly on the Go-Live Date. The work that the Proposer will do and the work that the CLC will do must align together as one plan, with active and engaged communication.

The CLC is looking for a strategic partner that will collaborate and coordinate with the CLC while operating the iLottery Program and its integrated components and functions in an effort to grow revenue.

The Successful Proposer must work closely with the CLC to ensure integrity, security, and reliability in all aspects of this working partnership. After the Go-Live Date, the Successful Proposer and the CLC will have meetings, at least monthly, and then at an agreed upon frequency, to review and discuss a wide range of topics to include, but not limited to compliance with the contract, efforts to maintain and exceed service levels, review and correct

audit recommendations and findings, security and data privacy, iLottery Program management, and ongoing development and planning for the future.

Section 9: Exceptions, Variances, and Deviations

Proposers are responsible for carefully reviewing each requirement and specification identified in this RFP, including but not only those set forth in Appendices A, C, and E. If a Proposer has any exceptions to or variances from the requirements and specifications, then it must identify and explain the reason for them for the CLC's consideration. Absence of exceptions and variances will mean that the Proposer accepts and can meet all of the CLC's requirements and specifications.

Section 10: Price Proposal

Appendix D describes the manner and format in which Proposers must submit pricing for the CLC's consideration. Proposers must submit their Price Proposals – completed and signed – using the uniform format provided. Please read the pricing instructions carefully in order to provide a responsive Proposal.

Price Proposals must cover all direct, ancillary, and other costs and expenses associated with providing the products and services to the CLC. Unless asked for and priced separately, the CLC will consider all costs and expenses to be included in a Proposer's Price Proposal. Pricing for options recommended by Proposer should be described within the appropriate section and priced separately on Price Proposal.

Pricing Variables

The CLC has planned a number of changes and new offerings scheduled to occur both before and after the iLottery Program Go-Live Date that may impact the CLC's evaluation of Proposals submitted in response to this RFP. These include:

1. System of Record. The CLC will launch a new retail gaming system in April 2023; however, the current retail gaming system will still be in place when the iLottery System launches. Proposers must specify whether the proposed System will be the system of record for online plays, or whether the Proposer plans to integrate into the retail gaming system, with the CLC's retail gaming system being the system of record. If the CLC's retail gaming system will be the system of record, then the Proposal must include transitioning to the new retail gaming system by April 2023. Proposer must cover all expenses associated with retail integration and any costs charged to the CLC by the CLC's current and future retail gaming system vendors. Proposers to whom this applies must note this in their Price Proposals.
2. Internal Control System (ICS). If the proposed System will be the system of record for online plays, then the Proposer must meet all requirements of integrating with the new ICS system, including cooperation with the ICS vendor. If the CLC's retail gaming system will be the system of record, then the Proposer must fully describe in its Proposal how integration with the retail gaming system will be accomplished and function throughout the term of the contract. Proposers to whom this applies must note this in their Price Proposals.
3. Player Account Management (PAM). The CLC will launch a sports betting platform prior to selecting a vendor to provide the iLottery Program. The CLC reserves the right to use one PAM system to manage player accounts for both sports betting and iLottery. Proposers must state whether the proposed System can utilize a PAM system that is not under the Proposer's design and control, and if so, submit separate pricing that excludes PAM.

Part IV. EVALUATION & NOTICE OF AWARD

A. METHOD OF AWARD & PROCESS

The CLC will select the Proposal that, all things considered, the CLC determines to be in its best interest. The CLC may consider any objective and subjective factors it deems relevant such as, but not limited to: a Proposer's experience; Proposer's ability to demonstrate strategic partnership thinking; Proposer's ability to describe the fullness of its Program development; Proposer's management and operations; Proposer's security efforts at the start and ongoing; Proposer's ability to demonstrate its responsiveness, timeliness, and creative problem solving; and Proposer's ability to demonstrate its thoroughness and commitment to first-time quality in launching and maintaining the Program or making software changes and improvements.

Prior to making its selection, the CLC may request additional information and/or require presentations from Proposers. The CLC may also conduct discussions with "short-listed" Proposers determined by the CLC, in its sole judgement, to be the most qualified to provide the requested products and services and with Proposals within an acceptable competitive range. The CLC may ask a Proposer to submit best and final terms after it reviews all Proposals, including any offered options.

However, the CLC is under no obligation to request additional information or engage in pre-selection discussions, and may make its final selection without doing so. Therefore, Proposers are advised to submit their best Proposals in response to this RFP as the CLC may make a contract award based on the content of initial submissions.

The CLC may also independently obtain information from sources other than a Proposer, including, without limitation, information concerning the Proposer's reliability, its experience and capabilities, and its performance under other contracts, that the CLC deems pertinent to the RFP, and may consider such information in the Proposal evaluation process.

B. PRESENTATIONS

The CLC may require Proposers to make presentations of a mock-up of their iLottery Program. Presentations shall take place in-person, via video conference, or by other virtual means, at the CLC's discretion, within the timetable of this RFP. Further instructions will be provided to Proposers at the time of invitation.

Presentations should demonstrate significant, special, or complex features of Proposer's proposed System, services, and skills. Presentations must demonstrate the functionality of the proposed System, including at a minimum: a player's journey from the point of establishing an account, to funding an account, to placing a wager, to cashing out a prize; back-office functions; and diagrammatic information for all material aspects of the Program. Required and offered options should be included in each presentation to enhance the CLC's understanding of them.

C. PRELIMINARY NOTICE OF AWARD; THE CONTRACT

A Preliminary Notice of Award will be sent to the Successful Proposer. **The making of a Preliminary Notice of Award does not provide a Proposer with any rights and does not impose upon the CLC any obligations. The CLC is free to withdraw a Preliminary Notice of Award at any time and for any reason. A Proposer has rights, and the CLC has obligations, only if and when a contract is executed by the CLC and the Successful Proposer.** The Successful Proposer should not make any commitments or commence any work until contract execution.

Award Publicity Prohibition: The Successful Proposer(s) will not issue any public statement (e.g., press releases, tradeshow conversations) promoting itself in connection with this RFP or any arrangement entered into under this RFP without prior written approval from the CLC in each instance.

Final approval of award(s) is subject to the Successful Proposer's execution of a definitive written contract with the CLC, its submission of all procurement documents and information requested by the CLC, and its fulfillment of any

background check, DCP licensing, or other requirements the CLC may impose as a condition of the contract.

The Successful Proposer and Key Persons must be separately licensed by the DCP (see Part V, Paragraph C). The CLC will withdraw a Preliminary Notice of Award or terminate a contract if the Successful Proposer fails to promptly and cooperatively comply with licensing requirements. The DCP may require individuals to become fully licensed before performing any work on the contract.

Any contract the CLC may award as a result of this RFP will be based upon this RFP, including all attachments, any addenda, and some or all portions of the Proposal submitted by the Successful Proposer, and will include provisions required by the CLC and other mutually agreeable terms and conditions. The CLC reserves the right to award the contract without further negotiations, or negotiate some or all terms and conditions of the contract. A Proposer must not submit a Proposal assuming that there will be an opportunity to negotiate any aspect of the contract, and any Proposal that is contingent on the CLC negotiating with a Proposer may be rejected.

Negotiations may result in minor or material changes to the Proposal and/or the RFP, including, without limitation, changes to the original scope of work, schedule of work, and financial, technical, and operational terms, conditions, and requirements. Negotiations may be terminated by the CLC, in its sole discretion, at any time for any reason. If the CLC and the Successful Proposer are unable to reach agreement, then the CLC will cease negotiations and has the option of engaging another party for the products and/or services being procured under this RFP.

Part V. SPECIAL PROVISIONS

The CLC contemplates that, in addition to the terms, conditions, and requirements in this RFP, the contract between the CLC and the Successful Proposer will include, without limitation, the following draft special provisions. The CLC's final contract offer may contain additional provisions or provisions worded differently from those set forth below.

A. INTEGRITY OF THE SUCCESSFUL PROPOSER

The CLC is an extremely sensitive enterprise and its success depends on maintaining the public trust and confidence. The CLC operates with the highest standards of security and integrity, and its vendors are held to the same standards. Therefore, it is essential that operation of the CLC, and the operation of vendors doing business with it, avoid any impropriety or appearance of impropriety. Because of this, the Successful Proposer, its Subcontractors, and their respective employees must:

- Provide consistent, high quality product and service solutions;
- Act with uncompromising integrity and honesty and with due regard for the public good;
- Avoid activities reasonably judged by the CLC to adversely affect or reflect on the CLC, the State of Connecticut, or the lottery industry;
- Be accountable for their actions and results and deliver on their commitments;
- Comply with Applicable Law, including Connecticut statutes and regulations applicable to contractors doing business with the State of Connecticut; and
- Report actual or potential issues, problems, defects, changes, performance degradations, incidents, breaches, and other matters concerning the Program, the contract, or any work immediately to the CLC upon detection, and provide the CLC full and prompt access to any and all records and reports related thereto upon its request.

B. SUBCONTRACTING

No work required under the contract may be subcontracted to any individual or entity without the CLC's prior written consent, in each instance, which may be withheld or conditioned, or at any time for any reason revoked, in the CLC's sole discretion. The CLC's prior written consent is not necessary for the purchase of commercially available products and services that are ancillary for the completion of the contract (as determined by the CLC). For avoidance of doubt,

in the event a Subcontractor is engaged by the Successful Proposer to provide products or services for critical System functions or components (e.g., modules) or to host or assist with the implementation of the Program, or whose work requires it to handle CLC Sensitive Information, then the CLC's prior written consent is required. If CLC approval is given, the Successful Proposer will ensure that its Subcontractors are responsible and experienced to perform the subcontracted work. The Successful Proposer will be fully and solely responsible for and be strictly liable to the CLC for the proper supervision, coordination, and performance of its Subcontractors and all others it hires to perform or assist in performing any work, and will not be relieved by their non-performance. The CLC has the right at any time to require the immediate removal of a Subcontractor if the CLC, in its sole judgment, finds the Subcontractor unfit to perform the subcontracted work or if its conduct is detrimental to the CLC's best interests.

Approved Subcontractors will be subject to all provisions of the contract applicable to their engagement, including, without limitation, skilled and sufficient staffing, information security and privacy, DCP licensing, insurance, and other requirements determined by the CLC at the time of contracting, and the Successful Proposer will ensure their full compliance of their Subcontractors with these provisions.

C. DCP LICENSING REQUIREMENTS; BACKGROUND CHECKS

Due to the sensitive nature of the contract, the Successful Proposer, Subcontractor(s) if any, and their respective Key Persons must be separately licensed by the DCP in accordance with Public Act 21-23. The Successful Proposer is responsible for all application fees and costs associated with obtaining and maintaining such licenses. The CLC or the DCP may at any time extend licensing requirements to include other CLC-pre-approved individuals and entities that the Successful Proposer assigns to perform contract activities or otherwise for the benefit of the CLC.

Estimated DCP licensing fees are as follows:

Online Gaming Operator License: \$250,000 per corporation
Online Gaming Service Provider License: \$2,000 per Subcontractor
Occupational Employee License: \$50 per occupational employee
Key Employee License: \$200 per key employee

The CLC, the DCP, and/or the Connecticut State Police may, prior to the commencement of the contract and at any time during the contract, initiate investigations deemed proper and necessary to determine the ability of the Successful Proposer, Subcontractor(s), and Key Persons to perform the contract, whether such performance takes place in Connecticut or elsewhere. Such investigations may include, but are not limited to, fingerprint identification by the Connecticut State Police, and financial and criminal background investigations on Key Persons. The Successful Proposer consents to such investigations and will cause all Subcontractors and Key Persons to fully cooperate with such investigations and to provide all necessary information and authorizations in connection therewith. The CLC may terminate the contract based upon the results of these investigations or for the Successful Proposer's failure to comply with DCP licensing requirements.

D. PROHIBITION AGAINST GAMING PARTICIPATION

The Successful Proposer will notify Key Persons that they and certain members of their households are prohibited from purchasing and participating in, or sharing the winnings from, any CLC lottery game or multijurisdictional lottery game in which the CLC participates (i.e., Powerball, Mega Millions, Lucky for Life). The CLC will provide the Successful Proposer with the wording of such notice at the time of contracting. Each Key Person will remain ineligible to play or win for the duration of the contract, regardless of their receipt of such notice.

E. CLC SENSITIVE INFORMATION

The CLC may share non-public information and documentation with the Successful Proposer that is confidential information (CLC Sensitive Information). Additionally, the Successful Proposer may procure, develop, generate, collect, use, store, and otherwise Process information and documentation for the CLC during the contract that could

cause the CLC, its retailers, players, or contractors harm if released, which the Successful Proposer also acknowledges is CLC Sensitive Information. This includes, but is not limited to, personal identifiable information, game-related transactions and data, security codes, reports, security controls, retailer data, and player data. "CLC Sensitive Information" also includes any information and content placed on, Processed or created by, or that is derived from the Program (e.g., analytics, reports) that is exempt from public disclosure under FOIA. Confidential information need not be novel, unique, copyrightable, or constitute a trade secret to constitute CLC Sensitive Information under the contract. The Successful Proposer agrees that all CLC Sensitive Information, whether or not marked "Confidential," and whether documentary, electronic, oral, observational, or otherwise, is and will remain the CLC's exclusive property.

The Successful Proposer will protect all Data, especially CLC Sensitive Information, and will not (i) disclose or cause to be disclosed to any third-party, or (ii) use or cause to be used, any CLC Sensitive Information, for any purpose, except: (a) to the extent necessary to perform the contract or (b) with the CLC's prior express written consent in each instance (collectively, the Permitted Uses). The Successful Proposer will limit access to CLC Sensitive Information to its Key Persons and Subcontractors that have a need-to-know to such information for the Permitted Uses and are advised of the privacy, confidentiality, and information security requirements of the CLC prior to access. The Successful Proposer will retain only Subcontractors that are capable of complying with CLC's confidentiality requirements, and the Successful Proposer will be responsible for, and remain liable to the CLC for, its Subcontractors' compliance.

The Successful Proposer will exercise a level of care to prevent the disclosure and misuse of CLC Sensitive Information equal to or exceeding the level of care that it exercises to keep and protect its own non-public, sensitive, confidential, and proprietary information, but not less than reasonable care and diligence. To the extent multi-jurisdictional association requirements (e.g., MUSL), accepted lottery industry practices, or Applicable Law imposes any greater restrictions or prohibitions with respect to the disclosure and use of any CLC Sensitive Information, the Successful Proposer will comply with such greater restrictions or prohibitions. The CLC may require the Successful Proposer obtain signed confidentiality agreements from its Key Persons and its Subcontractors incorporating confidentiality requirements no less restrictive than those set forth in this Paragraph E.

If the Successful Proposer receives a request for disclosure of any CLC Sensitive Information (for example only, under FOIA or by subpoena), then it must immediately notify and consult with the CLC as to how to respond to the request.

F. SECURITY PROGRAM

1. The Successful Proposer must maintain a comprehensive written security program for the iLottery System and Program information (Security Program), which shall encompass, but is not limited to, the iLottery System environment (the combination of hardware, software (including firmware), programs, equipment, peripherals, facilities, etc.), as well as Data and transactions Processed by the iLottery System, software contained in or used with the System executed or installed on any device connected to a CLC information system or network, and any of the Successful Proposer's services that support or maintain the iLottery Program.

The Security Program must include reasonable and appropriate technical, organizational, administrative, and physical security controls and countermeasures to protect the confidentiality, integrity, and availability of: (i) the iLottery System environment and (ii) Data, including CLC Sensitive Information, over which the Successful Proposer has direct or indirect access, possession, or control, and whether at rest in hosting and Primary Data Center and Backup Data Center of the Successful Proposer, or in-transit, from and against internal and external threats or hazards. The content and implementation of the Successful Proposer's Security Program shall be fully documented in writing and available to certain CLC personnel upon request.

See Appendix C, Paragraph 3.7 for additional Security Program information and Security Program submission requirements.

2. Transparency of System Controls; Security and Operations Audits.

a. No less than twice annually, the Successful Proposer and Subcontractors that handle Data and/or host or perform other critical functions related to the System will provide a report to the CLC President (either in writing or verbally, at the President's election) concerning the System and its operations, including changes, strengths/weaknesses, processes and controls, audits, Security Program activities, and any other business area requested by the CLC.

b. No less than annually, the Successful Proposer, at its sole expense, must engage or cause to be engaged an independent audit firm to assess the Security Program, which audit shall include physical inspection of facilities and equipment, external scan, process reviews, and reviews of System configurations, including firewall rule sets, and any information or materials in the possession, custody, or control of the Successful Proposer or its Subcontractors, relating in any way to their Security Program obligations. The Successful Proposer must provide the CLC with copies of all audit reports as soon as they are available. The Successful Proposer will promptly correct any audit issues, deficiencies, and weaknesses, at no cost to the CLC, and provide the CLC sufficient documentation demonstrating correction of such matters to the satisfaction of the CLC.

The failure of the Successful Proposer to conduct an annual Security Program audit, including integrated systems of its Subcontractors, will constitute a material breach of the contract. In such event and without waiving any other right or remedies the CLC may have, the CLC may retain an independent audit firm to perform the audit. The Successful Proposer will provide all necessary support and cooperation, including giving the audit firm access to their facilities, personnel, and any information or materials needed to conduct the audit. The CLC may deduct all audit costs and expenses from future payments to the Successful Proposer or draw upon the Successful Proposer's Performance Security.

G. TERMINATION

1. Termination for Cause. The CLC may terminate the contract or any portion(s) of the contract (as well as any subcontract or other agreement or portions thereof) for cause, including, but not limited to, in the following circumstances:

a. If the Successful Proposer furnished any statement, representation, warranty, or certification in connection with its Proposal or in the contract that is found by the CLC, in its sole judgement, to be materially false, deceptive, incorrect, or incomplete.

b. If, in the sole judgment of the CLC, the Successful Proposer abandons or fails to timely perform the work (unless otherwise agreed to by CLC), or if the Successful Proposer's performance is non-conforming, deficient, careless, or otherwise does not meet lottery industry standards (e.g., MUSL, NASPL, etc.) and/or does not meet the CLC's specifications.

c. If the Successful Proposer fails to perform or satisfy any other provision or requirement under or referred to in the contract, in the sole judgment of the CLC.

d. If the Successful Proposer's actions or omissions, whether or not related to the contract, harm or could adversely affect the CLC, in the sole judgment of the CLC, or subject the CLC to public scrutiny.

e. If the Successful Proposer fails to comply with DCP licensing obligations, including, without limitation, if it or any of its Key Persons allow their licenses to expire or have their licenses revoked by the DCP.

If a default or breach reasonably susceptible to cure as determined by the CLC is not cured within a mutually agreed-upon cure period after the Successful Proposer has received written notice (Cure Period), but in no event later than thirty (30) Calendar Days from the Successful Proposer's receipt of notice, then the CLC will have the right to terminate all or any part of the work under the contract. The termination will become effective (i) upon the

expiration of the Cure Period if such default or breach is curable but is not cured by the Successful Proposer on or before such expiration, or (ii) immediately upon the Successful Proposer's receipt of written notice if such default or breach is not curable.

The CLC's right to terminate for cause is in addition to any other rights and remedies available to the CLC by law or equity or under the contract (e.g., the right to procure products and/or services required by the contract from other sources on the open market and seek reimbursement from the Successful Proposer, the right to continued specific performance until an alternative solution is sound, the right to assume contracts).

2. Termination for Convenience. The CLC may terminate the contract or any portion(s) of the contract (as well as any subcontract or other agreement or portions thereof) at any time if the CLC determines that such a termination is in its best interest. The CLC will provide the Successful Proposer at least thirty (30) Calendar Days written notice prior to the termination effective date.

3. Termination Due to Public Interest or Legislative or Regulatory Action. The CLC's obligations under the contract are expressly conditioned upon the CLC's receipt of all necessary or desirable written consents, approvals, and waivers from all appropriate Connecticut government authorities with respect to the contract and the transactions contemplated by the contract, and the continued authorization of such government authorities. If at any time public interest questions arise regarding the propriety or continued performance of the contract (e.g., an improperly awarded contract), or the CLC, in its sole judgment, determines that the contract, or an activity or operation supported or contemplated by the contract, is unlawful for reasons including court decision, legislative action, administrative decision, or advice of counsel, then the CLC may terminate the contract or any portion(s) of it (as well as any subcontract or other agreement or portions thereof) effective immediately upon giving the Successful Proposer written notice.

4. In the event of a termination for convenience or due to public interest or legislative or regulatory action, each party shall be relieved of any obligation or liability to the other, except with respect to the CLC's payment of certain expenses identified in this Paragraph 4, and except for any provisions specifically stated in the contract to survive termination. The CLC will pay the Successful Proposer for expenses under the following circumstances: (i) if prior to the Go-Live Date, then the pro-rata cost of contractually authorized Program setup and installation work performed (excluding the cost of equipment, hardware, and software) and any third-party software license fees actually incurred and irrevocably committed to, all measured from the date the CLC provides its termination notice to the Successful Proposer; (ii) if after the Go-Live Date, then the pro-rata cost of work completed and accepted by the CLC prior to the termination effective date for which it has not yet been paid (other than disputed fees, if applicable) and any agreed upon residual value calculations.

All agreed upon expenses will be properly supported by documentation that clearly proves the amount and incurrence of the expense. Other than an agreed upon residual value calculation (including but not only equipment depreciation, payment of amounts due in subcontractor severance clauses), in no event will the CLC be liable to the Successful Proposer for any other costs or expenses including, but not limited to, anticipatory compensation for work in progress, work not yet performed, or work which the CLC has yet to accept; materials acquired unnecessarily in advance, in excess of the CLC's delivery requirements, or initiated after the Successful Proposer's receipt of a termination notice; lost or prospective profits; loss of business opportunity; or any indirect, consequential, punitive, or special damages. Upon receipt of a termination notice, the Successful Proposer will cooperate with the CLC, including, without limitation, taking reasonable steps to mitigate its costs and expenses.

The CLC's termination of the contract for cause, for convenience, or due to public interest or legislative or regulatory action will not relieve the Successful Proposer from any accrued or accruing obligation it may have on or before the termination effective date. Furthermore, any responsibilities that the Successful Proposer has that by their nature extend beyond contract termination will remain in effect until fulfilled.

H. EFFECT OF TERMINATION

Upon the expiration or termination of the contract:

1. The Successful Proposer will either stop all work (or certain work) immediately or continue to perform for a specified period of time, as required in writing by the CLC;
2. The Successful Proposer will perform all end of contract transition responsibilities in accordance with Part V, Paragraph I and Appendix C, Paragraph 4.6., including transferring all Data, including CLC Sensitive Information, to the CLC or, as requested by the CLC in writing, to a successor vendor; and
3. The CLC will have the option to continue to access and use the Successful Proposer's System, in whole or in part, pursuant to an emergency extension of the contract (see Part V, Paragraph J).

I. END OF CONTRACT AND TRANSITION TO NEW VENDOR

For a variety of reasons, the contract between the CLC and the Successful Proposer will terminate or eventually end naturally, and the CLC may engage with a new vendor to provide a replacement iLottery system. The CLC may utilize part of the last year of the contract or of any extension thereof for conversion to the replacement iLottery system. The Successful Proposer, at no cost or expense to the CLC, agrees to cooperate and collaborate fully with the CLC and the CLC's designated new vendor for the entire duration of the end of contract conversion in a courteous and expeditious manner, which shall include the sharing of all Program-related Data stored in the Successful Proposer's Program and providing all necessary or helpful assistance.

Without limitation, the Successful Proposer will (i) meet from time to time with the CLC's designated new vendor in connection with end of contract conversion work as may be requested by, or on behalf of, the CLC, (ii) provide reasonable and customary technical assistance and personnel and share such information, subject to reasonable confidentiality restrictions, as may be necessary or prudent for the successful and timely completion of end of contract conversion work and the proper implementation of the new iLottery system, and (iii) avoid unnecessary delays with or interference in end of contract conversion work.

Additional information and Successful Proposer conversion plan submission requirements are set forth in Appendix C, Paragraph 4.6.

J. EMERGENCY EXTENSION

The CLC reserves the right to extend the contract, or any renewal thereof, for one (1) or more thirty (30) Calendar Day periods at the price and upon the terms and conditions then in effect if a successor vendor is chosen for a subsequent contract and the successor vendor's system is not yet prepared to go-live. The CLC will have this right until the subsequent system is operational. The CLC will endeavor to provide at least thirty (30) Calendar Days prior notice for any emergency extension; however, notice may be as little as twenty-four (24) hours.

To meet this requirement, the Successful Proposer must maintain its iLottery System in a state of readiness throughout the end of contract conversion period and for thirty (30) Calendar Days thereafter.

Exercising these rights shall not be construed as obligating the CLC to repeat the procurement process for any subsequent contract or conferring any right or expectation for the Successful Proposer to continue operating the iLottery System after the expiration of any such emergency extension period.

K. INDEMNIFICATION

1. General Indemnification. The Successful Proposer will indemnify, hold harmless, and, upon the CLC's request but at the Successful Proposer's sole cost and expense, defend the CLC and the State of Connecticut, and each of their respective directors, officers, employees, and representatives whether named in their individual or official capacities (collectively, Indemnified Parties) from and against any and all Actions, and, in each case, will on demand, pay and reimburse the CLC for all associated Losses, whether or not covered by insurance, arising out of, resulting from, or related to (or which the CLC alleges relate to): (i) the Successful Proposer's (or any Subcontractor's) malfeasance, misconduct, negligence (or more culpable act or omission), tortious act, or violation of Applicable Law, in performing or failing to perform any obligation under the contract, (ii) the Successful Proposer's (or any Subcontractor's) breach of any promise, representation, or warranty provided under the contract, and (iii) any compromise to the security, confidentiality, or integrity of Data, including any Breach of Security. To the extent that any Action or Loss arises out of, results from, or alleges that the Program (or any aspect of it), service deliverable created by the Successful Proposer (e.g., report, interface, database), the permitted use of any Intellectual Property by the CLC licensed to it under the contract, or the use of Intellectual Property by the Successful Proposer or its Subcontractors does or threatens to infringe, misappropriate, or otherwise violate any Intellectual Property Rights of any third-party (Infringement Claim), the Successful Proposer's (and any Subcontractor's) obligations with respect to such Infringement Claim, if any, will be subject to the Infringement Indemnification paragraph below.

2. Infringement Indemnification.

a. The Successful Proposer will indemnify, hold harmless, and, upon the CLC's request but at Successful Proposer's sole cost and expense, defend the Indemnified Parties from and against all Infringement Claims and, in each case, will on demand, pay and reimburse the CLC for all associated Losses. The Successful Proposer shall have no liability or obligation with respect to any Infringement Claim or Loss to the extent it arises out of or results from the CLC's unauthorized use of the iLottery Program or third-party Intellectual Property.

b. If the CLC's permitted access to or use of the iLottery Program (or any aspect of it) is endangered or disrupted by reason of an Infringement Claim, or, in the CLC's reasonable opinion, likely to become subject to an Infringement Claim, then in addition to the Successful Proposer's Infringement Claim indemnification obligations and any rights and remedies the CLC may have, the Successful Proposer will, at the CLC's sole option but at the Successful Proposer's sole cost and expense (i) procure the right for the CLC to continue to access and use the deliverable under the terms of the contract or under substantially similar terms or (ii) modify or replace the aspects of the deliverable that infringe or allegedly infringe to make them non-infringing, provided that the replacement or modified deliverable is substantially equivalent in functionality and security as the originally provided deliverable. If the CLC determines that neither (i) nor (ii) is reasonably possible, then, in addition to any rights or remedies the CLC may have, the CLC will have the right to terminate the contract with respect to the entire iLottery Program or an infringing or allegedly infringing aspect of it, at the CLC's election, and the Successful Proposer will refund to the CLC: a.) the full System license fees paid by the CLC over the contract, plus the unused portion of annual maintenance and support fees paid by the CLC for the then-current maintenance period as determined from the effective date of termination of the contract or in each case with respect to the infringing or allegedly infringing aspect of it; and

c. The full services fees paid by CLC over the contract, including for the creation and implementation of the iLottery Program or the infringing or allegedly infringing portion it. In any case, the Successful Proposer, at its sole cost and expense, will secure the right for the CLC to continue using the infringing or allegedly infringing deliverable for a transition period of no less than six (6) months to allow the CLC to replace the affected deliverable without disruption.

3. The Successful Proposer's indemnification obligations under this RFP (whether found under this Indemnification paragraph or in any other paragraph of this RFP) are in no way limited by its involvement or non-involvement in the defense of any Action; any minimum amount of insurance the Successful Proposer or any of its Subcontractors is required to have under the contract, the types of insurance they maintain, or the scope of policy coverage; the market availability or unavailability of insurance; the ability or inability of them to procure insurance;

or, in the case of a claim brought against any Indemnified Party by an employee of the Successful Proposer or a Subcontractor, by any limitation on the amount, type, or availability of damages, compensation, or benefits paid to the employee under applicable workers' compensation, disability benefits, or other employee benefits law.

4. The indemnification provisions under this RFP (whether found under this Indemnification paragraph or in any other paragraph of this RFP) are intended to be as broad and inclusive as possible to give the Indemnified Parties the maximum rights and protections allowed by law. The Successful Proposer's indemnifications obligations, including its obligation to compensate and reimburse the CLC, shall be immediate upon the CLC's written notice and tender of any Action or Loss to the Successful Proposer.

5. If the CLC requests the Successful Proposer to defend any Action, then the CLC reserves the right to approve counsel chosen by the Successful Proposer and, subject to the approval of the relevant insurance carrier, to participate in the defense. In addition, the CLC retains the right to approve the terms of any settlement or compromise that affects the CLC's rights under the contract or imposes any obligations on the CLC. Alternatively, the CLC has the right to defend any Action itself and select counsel of its own choice, subject to the approval of the insurance carrier. No insurance carrier approval will be required if (i) the Successful Proposer has not engaged counsel to defend an Action within a reasonable time after receiving notice of the Action or (ii) the CLC reasonably concludes that there may be defenses available to it, which are different from or additional to those available to the Successful Proposer. If the CLC assumes its own defense, then the Successful Proposer will reimburse the CLC for all costs and expenses of whatever nature as they are incurred within twenty (20) Business Days after the Successful Proposer's receipt of a statement of such costs and expenses, including, without limitation, legal costs.

L. INSURANCE

The Successful Proposer, at its sole cost and expense, will maintain the insurance policies and limits of insurance coverage specified below for the entire duration of the contract (limits may be provided through any combination of primary and umbrella/excess policies). If the Successful Proposer engages Subcontractors, then Subcontractors must maintain the insurance policies in Paragraphs L.1 through L.8 below and provide the same documentation evidencing proof of coverage as is required of the Successful Proposer. The Successful Proposer must request and obtain the CLC's prior written approval of any variations to the insurance requirements for the Successful Proposer's Subcontractors. However, neither the CLC's approval nor its failure to disapprove insurance furnished by a Subcontractor shall relieve the Subcontractor from responsibility to provide insurance as required.

1. Property insurance insuring all buildings, fixtures, and equipment provided or used in providing the iLottery Program must be maintained in the amount of actual replacement cost thereof. Property insurance must include electronic data processing coverage for any CLC-owned Data in the care, custody, or control of the Successful Proposer in the amount necessary to reproduce, replace, or restore lost or damaged Data, including the cost of consultation services. This policy must insure personal property including contents, equipment, and mobile items, as well as CLC-owned Data, against fire, flood, power surge, building collapse, computer virus, theft, and other perils.

2. Commercial General Liability (CGL) insurance with a minimum combined single limit of \$1,000,000 occurrence/\$2,000,000 aggregate covering bodily injury (including death), personal injury, and property damage resulting from or arising out of the action or inaction in the performance of the contract by the Successful Proposer, its employees, agents, representatives, and Subcontractors. Coverage shall include Premises and Operations, Independent Contractors, Products and Completed Operations, Contractual Liability and Broad Form Property Damage coverage. The Successful Proposer's CGL insurance must include contractual liability coverage for its indemnification obligations under the contract.

3. Commercial Automobile Liability insurance with a minimum combined single limit of not less than \$1,000,000 per incident for bodily injury (including death), personal injury, and property damage that may arise from the operation of any owned, non-owned, hired, or scheduled automobiles used by or for the Successful Proposer in any capacity in connection with carrying out the contract.

4. Workers' Compensation insurance in accordance with the statutory requirements of the State of Connecticut and Employer's Liability insurance with minimum limits of \$500,000 per accident, \$500,000 per employee, and \$500,000 per disease per policy year. If the Successful Proposer has no statutory obligation to maintain workers' compensation insurance, then it must provide the CLC a letter affirming that it is exempt and agreeing to indemnify, hold harmless, and, if requested by the CLC, defend the CLC and the State of Connecticut from any loss or liability. If during the course of the contract the Successful Proposer becomes subject to workers' compensation insurance statutory requirements, then it must comply with such requirements and provide the CLC a Certificate of Insurance evidencing such coverage.

5. Commercial Umbrella/Excess Liability insurance in the minimum amount of \$5,000,000. The policy must provide insurance in excess over and no less broad than the Successful Proposer's primary liability policies (including endorsement naming the CLC and the State of Connecticut as additional insureds) and with coverage that drops down when the underlying aggregate limits of liability insurance are exhausted.

6. Professional/Technical Errors and Omissions Liability insurance in the minimum amount of \$5,000,000 for each claim. The policy shall, at a minimum, cover liability due to the Successful Proposer's failure to render professional services, negligence, professional misconduct, and lack of the requisite skill required for the performance of the contract. Coverage must, at a minimum, insure and protect the CLC against cases involving vendor error liability (see, Part V, Paragraph M).

7. Cyber/Privacy Liability insurance in the minimum amount of \$10,000,000 and sufficiently broad to respond to the duties and obligations as are undertaken by the Successful Proposer in the contract, including, without limitation, claims involving intellectual property infringement, invasion of privacy violations, data privacy and network security liability, PCI/data security standards, Internet and electronic media liability, cyber extortion, and breach response costs, which may include, but are not limited to, regulatory fines and penalties and credit monitoring expenses. For avoidance of doubt, Cyber/Privacy Liability insurance should cover information or identity theft, liability for misuse or disclosure of Data, and liability for loss of Data due to outages, spread of viruses, attacks, and destruction.

8. Fidelity Bond/Crime insurance with a minimum single loss limit of \$5,000,000 per loss, and a single loss retention not to exceed \$10,000, endorsed to include "Third-Party or Client Fidelity Coverage." This insurance shall cover any loss to the CLC due to dishonest acts of the Successful Proposer's directors, officers, employees, agents, or Subcontractors including, but not limited to, larceny, theft, forgery, misappropriation, wrongful abstraction, willful misapplication, or any other fraudulent or dishonest acts resulting in financial loss or damage, whether Successful Proposer's directors, officers, employees, agents, or employees of any of Successful Proposer's Subcontractors acted alone or in collusion with others. Such insurance at a minimum must cover property of the CLC. Coverage shall not require arrest or conviction. Fidelity Bond/Crime insurance must also provide coverage for social engineering losses including, but not limited to, losses involving phishing, spear-phishing, business email compromise, and vendor/supplier impersonation perpetrated by any means (e.g., email, text, telephone, fax). The policy must be endorsed to name the Connecticut Lottery Corporation, its directors, officers, employees, agents, and the State of Connecticut as "Loss Payees."

All required insurance policies (and any umbrella/excess policies) must:

a. Be written by companies licensed to issue insurance policies in the State of Connecticut with an A.M. Best rating of "A-" or better and a financial size of VII or better. The CLC reserves the right to approve all insurance companies;

b. Except for workers' compensation, errors and omission, and fidelity bond/crime insurance, identify the "Connecticut Lottery Corporation, the State of Connecticut, and each of their respective directors, officers, employees, and representatives" as additional insured parties with respect to liabilities and losses related to the contract. This means the additional insureds must be named on the face of each Certificate of Insurance. Fidelity bond/crime insurance must be endorsed to include "Third-Party or Client Fidelity Coverage" and name the

Connecticut Lottery Corporation, its directors, officers, employees, agents, and the State of Connecticut as “Loss Payees.”

c. Contain a waiver of any right to subrogation that any insurer of the Successful Proposer or a Subcontractor may acquire against the additional insured parties by virtue of the payment of any loss under such insurance. The Successful Proposer and Subcontractors will obtain from their insurers any policy endorsement that may be necessary to affect this waiver of subrogation; the Successful Proposer and Subcontractors will honor this waiver obligation regardless of whether or not the CLC receives a waiver of subrogation endorsement from an insurer; and

d. Be primary and non-contributory with any insurance or self-insurance carried or administered by the CLC or that of any other additional insured party.

No later than the date the contract is signed, the Successful Proposer (and, if applicable, its Subcontractors) must deliver to the CLC current Certificate(s) of Insurance evidencing all insurance policies required by the contract. Certificate(s) of Insurance must include all policy endorsements (either by reference to endorsement number and name or by providing a copy of the endorsement page of the policy). Upon each annual insurance policy renewal in multi-year contracts with the CLC, the Successful Proposer must provide new, updated Certificate(s) of Insurance to the CLC at least thirty (30) Calendar Days prior to the end of the then-expiring certificate.

The Successful Proposer and its Subcontractors must provide the CLC with immediate written notice of any termination, default, or cancellation of coverage of, or carrier’s failure to renew, any insurance policy, unless the policy contains a provision that coverage afforded under the policy will not be cancelled without at least thirty (30) Calendar Days’ advance written notice to the CLC by the insurer.

The CLC reserves the right, at any time, to require the Successful Proposer or its Subcontractors to obtain additional types of insurance or to increase the limits of its existing insurance as the CLC, in its sole discretion, deems necessary. The Successful Proposer and its Subcontractors will promptly comply with such requirements.

If any of the required policies provide claims-made coverage, the Successful Proposer and its Subcontractors must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of contract activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the contract activities; and (c) if coverage is canceled or not renewed and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Successful Proposer and/or its Subcontractors must purchase extended reporting coverage for a minimum of three (3) years after completion of work. The discovery period must be active during the extended reporting period.

No insurance required or furnished shall in any way relieve or diminish the Successful Proposer’s responsibilities, obligations, and liabilities to the CLC under the contract.

M. VENDOR ERROR LIABILITY

The Successful Proposer will be liable for any legal, financial, and other obligations of any other kind arising as a result of (or which the CLC alleges are the result of) errors and faults by the Successful Proposer’s staff, Subcontractors, and the iLottery System. These cases include, but are not limited to, errors in entry of winning numbers into the iLottery System; communication errors, or software and hardware failures that create prize payout liabilities; errors or failures by the Successful Proposer that result in payment of a prize for an invalid or non-winning play, including any other instances resulting in prize awards due to (or which the CLC alleges are due to) the Successful Proposer’s errors and faults. The Successful Proposer will pay all prize costs for any errors and faults by the Successful Proposer’s staff, Subcontractors, and the System, and will indemnify, hold harmless, and defend the CLC against all Actions and Losses related to or arising from such situations in accordance with the indemnification provisions in Part V, Paragraph K of this RFP.

N. PERFORMANCE SECURITY

No later than ten (10) Business Days following the effective date of the contract, the Successful Proposer will, at its sole cost and expense, provide the CLC either a surety performance bond or a clean, irrevocable standby letter of credit (at the Successful Proposer's option) payable to the CLC in the amount of \$2,000,000 (Performance Security). The Performance Security shall be renewed in full on an annual basis during the contract, including extension(s) if exercised by the CLC, and be maintained for at least one (1) year following the expiration or a termination of the contract. If the balance of the Performance Security falls below sixty-five percent (65%) of the full value during any year of the contract, then the Successful Proposer shall re-establish the full original balance within thirty (30) Calendar Days. If the Successful Proposer fails to restore the full original balance as and when required, then, without limiting any obligations of the Successful Proposer, including its continued performance of work, the CLC shall not be obligated to make any further payments to the Successful Proposer until it does so, and the CLC may hold the Successful Proposer in breach of the contract.

In addition to any other remedies the CLC may have under the contract, the CLC will have the right to call the Performance Security, in whole or in part, in the event the CLC suffers any liability, loss, damage, or expense as a result of the Successful Proposer's actions or failures, or that of any Subcontractor, to promptly, properly, completely, and faithfully perform its obligations under the contract, including, without limitation, the obligation to indemnify, hold harmless, and defend the CLC (or, if the CLC assumes its own defense, then to reimburse the CLC for all costs and expenses of any kind) and to pay Liquidated Damages to the CLC. The Performance Security must be in a form and contain language requested by and/or satisfactory to the CLC (which language the CLC may request changes to at any time to protect its interests), and be issued by an insurance/surety company acceptable to the CLC. The CLC reserves the right, in its sole discretion, to increase or decrease the amount of the Performance Security at any time. The Performance Security will expressly require the insurance/surety company to provide the CLC Chief Financial Officer at least thirty (30) Calendar Days' advance written notice, by certified mail, return receipt requested, of any change in, termination of, failure to renew, default, or cancellation of coverage.

O. SERVICE LEVELS & LIQUIDATED DAMAGES

By submitting a Proposal, each Proposer agrees that the Successful Proposer and CLC will agree on appropriate and reasonable quantitative performance standards (Service Levels) and related damages (Liquidated Damages) at the time of contracting.

The CLC's assessment of Liquidated Damages shall be in addition to, and not in lieu of, any and all other remedies available to it. The Successful Proposer shall not be required to pay Liquidated Damages for deployment delays due solely to time delays that the CLC caused or specifically and previously approved in writing.

Nothing in this section shall relieve, or be deemed or construed as relieving, the Successful Proposer of any of its performance obligations under the contract, whether or not such obligations are identified below. Indeed, the CLC expressly reserves and does not waive any and all of its rights and remedies, legal or equitable, related to the Successful Proposer's failure to perform the contract.

During the contract term, if additional CLC products are offered through the Program, the CLC and the Successful Proposer may agree to additional Liquidated Damages and/or to increase the Liquidated Damage amounts agreed to at the time of contracting.

Services Level categories will include but are not limited to:

1. System availability, degraded performance, and capacity for volume of transactions;
2. Maintenance of System, games, customer transactions and accounts;
3. Adherence to statutory and regulatory requirements and Security Program;
4. Customer service performance;
5. Timely and accurate reports and files;

6. Failure to report incidents; and
7. Failure to cooperate during conversion to replacement vendor.

P. OWNERSHIP OF INTELLECTUAL PROPERTY

1. CLC Intellectual Property. All current Intellectual Property of the CLC, any future Intellectual Property developed solely by the CLC in association with the iLottery Program (including but not limited to games, products, enhancements), all Data contained in, Processed by, or produced by the iLottery Program, and all Data collected, used, Processed, stored, or generated by the Successful Proposer in connection with the iLottery Program or its contracted activities (e.g., statistical/analytical data and reports derived by the Successful Proposer from the System) is and will remain the sole and exclusive property of the CLC including upon the expiration or a termination of the contract. Future use by the Successful Proposer of CLC Intellectual Property may be permitted upon written permission from the CLC.

2. Successful Proposer & Subcontractor Intellectual Property. All current Intellectual Property of the Successful Proposer and any Subcontractor and any future Intellectual Property developed solely by them for the benefit of their customers, generally, and not developed solely for the benefit of the CLC under the contract or which does not incorporate any CLC Intellectual Property, is and will remain their sole and exclusive property. If the Successful Proposer or a Subcontractor uses or relies on any of its own Intellectual Property during the contract, then they hereby grant the CLC the nonexclusive, non-transferrable, fee- and royalty-free right and license to use such Intellectual Property in connection with the Program or for other purposes as may be mutually agreed in writing. Any and all rights in Data derived in part or in whole by use of the Successful Proposer's or Subcontractor's pre-existing Intellectual Property is hereby assigned and shall be owned by the CLC immediately upon its creation, however, the CLC hereby grants the Successful Proposer or Subcontractor, as appropriate, a nonexclusive, non-transferrable, fee- and royalty-free right and license to use such Data in connection with the Successful Proposer's or Subcontractor's business development initiatives (for example only, using CLC Program sales data to respond to a request for proposals, or to apply for an industry award), or for other purposes as may be mutually agreed in writing.

3. Joint Intellectual Property. While jointly-developed Intellectual Property is not contemplated with respect to the contract, in the event the CLC and the Successful Proposer jointly develop Intellectual Property under the contract, they will enter into a separate written cross-license agreement in advance that, at a minimum, allocates their respective rights to use the jointly developed Intellectual Property.

4. Third-Party Intellectual Property. To the extent the Successful Proposer or any of its Subcontractors utilizes or relies upon the Intellectual Property of a third-party in performing the contract, they will provide the CLC with whatever written assurances, consents, or licenses the CLC, in its reasonable discretion, deems necessary to confirm that the use of such third-party Intellectual Property is permissible. The Successful Proposer must, at its sole cost and expense, ensure the CLC's continued right of use of such third-party Intellectual Property in the event of a termination of the contract or removal of any Subcontractor. The Successful Proposer should expect to provide a list of all known third-party Intellectual Property they are licensed to use and intend to use in connection with the Program.

Q. ESCROW OF SOFTWARE AND DOCUMENTATION

The Successful Proposer, at its sole cost and expense, for the duration of the contract, agrees to place in escrow with the DCP (Escrow Agent): (i) the most current, complete, and functional version of the human-readable source and object code for the System, including any third-party software applications and programs included as a part of the System; (ii) all Documentation, tools, components, and constituent elements of the System, including instructions for generating final executable object code; (iii) all new versions, updates, improvements, and enhancements to (i) and (ii) (collectively, Updates); and (iv) any other documentation, materials, and information ((i) through (iv) collectively, Deposit Materials) necessary for the CLC or a third-party acting on the CLC's behalf to understand, use, install, test, correct, build, operate, support, maintain, copy, and develop modifications, upgrades, updates,

adaptations, enhancements, new versions, and other derivative works and improvements of, and to develop computer programs compatible with, the System independently of the Successful Proposer (Licensed Purposes). If any portion of such Deposit Materials is encrypted, then the Successful Proposer will also deposit the necessary decryption tools and keys to access and read such material.

The Successful Proposer will execute a separate Software Escrow Agreement that will be coterminous with the contract and which allows the Deposit Materials to be held in escrow by the Escrow Agent for the CLC's benefit. If the Deposit Materials are released to the CLC upon the occurrence of a release event identified in the Software Escrow Agreement, then the CLC may use the Deposit Materials for the Licensed Purposes. The Software Escrow Agreement identified in this Part V, Paragraph Q is considered supplementary to the contract in accordance with the terms of 11 U.S.C. § 365(n) of the United States Bankruptcy Code.

R. MAINTENANCE OF CERTAIN RECORDS; AUDIT RIGHTS

The Successful Proposer and its Subcontractors will preserve and maintain all books and records including, but not limited to financial and accounting records relating to their performance under the contract (Records). Financial and other statements based on such books and records must be prepared in accordance with GAAP. Records must be maintained in a manner and form that makes them readily accessible to and easy to understand by the CLC for audit and assessment.

The Successful Proposer and its Subcontractors will, upon request, make their Records available to the CLC, CLC's auditors, and other personnel duly authorized by the State of Connecticut, such as the DCP, for inspection, review, or audit during the term of the contract and for no fewer than five (5) full years from the date of final payment by the CLC or the last transaction occurring under the contract, whichever is later. The Successful Proposer and its Subcontractors will furnish the CLC and its independent and state auditors requested copies of any Records, at no cost.

The CLC, with advance notice, may also perform or have performed on its behalf at any time assessments or audits of the security and integrity of the facilities and information security and privacy practices and controls of the Successful Proposer and its Subcontractors, which could, at the CLC's option, include on-site audits, questionnaires, and/or penetration and security tests of connected systems and their hosting facilities and operating environments.

The Successful Proposer and its Subcontractors will cooperate with the CLC and its independent and state auditors and other personnel duly authorized by the State of Connecticut with respect to any inspection, review, or audit performed under this or any other paragraph of the contract, including giving the CLC access to the personnel and facilities, and will promptly and fully respond to the CLC's requests for information but in no event more than thirty (30) Business Days after receiving a request. In the case of an audit indicating non-compliance with the terms of the contract, the CLC may pursue any and all available remedies, including terminating the contract due to the Successful Proposer's default.

S. RETURN OF DATA AND CLC INTELLECTUAL PROPERTY

It is critical that the CLC has access to Program Data, including CLC Sensitive Information and tangible CLC Intellectual Property, at all times and that the Successful Proposer cooperates in providing it to the CLC in a timely manner. Upon a termination or the expiration of the contract or upon the CLC's written request at any other time (each, a Return Event), the Successful Proposer will promptly provide to the CLC, or to any other entity as may be identified by the CLC in writing to Successful Proposer, or securely dispose of (as instructed by CLC), Program Data, CLC Sensitive Information, and CLC Intellectual Property, including any copies and drafts thereof, in the Successful Proposer's possession or control regardless of the form in which such information exists or is stored, at no cost to the CLC. The Successful Proposer will have thirty (30) Calendar Days from the occurrence of a Return Event to provide the CLC with written certification that all requested information has been returned or disposed of securely. In the event the Successful Proposer notifies the CLC of circumstances that make return or disposal of information infeasible and the CLC agrees such circumstances exist, the Successful Proposer will keep such information confidential and secure in

accordance with Paragraphs E and F of Part V of this RFP for so long as the Successful Proposer maintains possession or control of it.

T. AUTHORITY OF CLC

On all questions concerning the contract or the interpretation of any provision of it, including, without limitation the respective rights and obligations of the CLC and the Successful Proposer, Program specifications and scope, the acceptability and quality of material furnished and/or work performed, the assessment of Liquidated Damages, and the determination of payment due or to become due, the decision of the CLC shall be final and binding. Prior to rendering a decision on a matter, the CLC will grant the Successful Proposer the reasonable opportunity within fifteen (15) Business Days after receiving the CLC's written request to present its position on the matter and documentation supporting its position.

Part VI. MANDATORY STATE CONTRACTING PROVISIONS

The contract between the CLC and the Successful Proposer must include the following provisions, as required by state law:

A. NONDISCRIMINATION AFFIRMATION

Pursuant to the requirements of C.G.S. §§ 4a-60 and 4a-60a, the Successful Proposer agrees not to discriminate against any person on the basis of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, sexual orientation, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such party that such disability prevents performance of the work involved. The Successful Proposer agrees to comply with all applicable federal and state of Connecticut nondiscrimination and affirmative action laws, including, but not limited to, C.G.S. §§ 4a-60 and 4a-60a. The Successful Proposer understands the obligations of C.G.S. §§ 4a-60 and 4a-60a and will maintain a policy for the duration of the contract to assure that the contract will be performed in compliance with the nondiscrimination requirements of C.G.S. §§ 4a-60(a) and 4a-60a(a).

B. GIFTS

As used in this paragraph, the following terms have the meaning set forth below:

(1) "Applicable Public Official or State Employee" means any public official or state employee described in C.G.S. §4-252(c)(1)(i) or (ii);

(2) "Gift" has the same meaning given that term in C.G.S. § 4-250(1);

(3) "Principals or Key Personnel" means and refers to those principals and key personnel of the Contractor, and its or their agents, as described in C.G.S. §§ 4-250(5) and 4-252(c)(1)(B) and (C).

Pursuant to the requirements of C.G.S. § 4-252, the CLC represents that its selection of the Successful Proposer was not the result of collusion, the giving of a Gift or the promise of a Gift, compensation, fraud or inappropriate influence from any person.

Pursuant to the requirements of C.G.S. § 4-252, the Successful Proposer, for itself and on behalf of all of its Principals and Key Personnel, represents that: (1) no Gifts were made by (A) the Successful Proposer, (B) any Principals and Key Personnel of the Successful Proposer who participate substantially in preparing bids, proposals or negotiating state contracts, or (C) any agent of the Successful Proposer or any of the Successful Proposer's Principals or Key Personnel who participate substantially in preparing bids, proposals or negotiating state contracts, to (i) any public official or employee of CLC who participates substantially in the preparation of bid solicitations or requests for proposals for state contracts or the negotiation or award of state contracts, or (ii) any public official or state

employee of any other state agency, who has supervisory or appointing authority over CLC; (2) no Principals or Key Personnel of the Successful Proposer, or its or their agents, know of any action by the Successful Proposer to circumvent such prohibition on Gifts by providing for any other Principals, Key Personnel, officials, or employees of the Successful Proposer to make a Gift to any Applicable Public Official or State Employee; and, (4) the Successful Proposer made the bid or proposal for the contract without fraud or collusion with any person.

C. CAMPAIGN CONTRIBUTIONS

Pursuant to the requirements of C.G.S. § 9-612, the Successful Proposer represents that its chief executive officer or authorized signatory of the contract has received the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions.*

*SEEC Form 11 - Available at <http://www.ct.gov/dpw/lib/dpw/form11seec.pdf> and on the CLC's Procurement website.

D. ETHICS IN PUBLIC CONTRACTING

Pursuant to the requirements of C.G.S. § 1-101qq, the summary of state ethics laws developed by the Office of State Ethics* pursuant to C.G.S. § 1-81b and provided to the Successful Proposer is incorporated by reference into and made a part of the contract as if the summary had been fully set forth in the contract. The Successful Proposer represents that its chief executive officer or authorized signatory of the contract and all key employees have read and understood the summary and agree to comply with the provisions of state ethics laws.

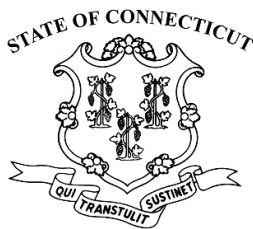
Prior to entering into a contract with any subcontractors or consultants, the Successful Proposer shall provide the summary to all subcontractors and consultants and each such contract entered into with a subcontractor or consultant shall include a representation that each subcontractor or consultant and the key employees of such subcontractor or consultant have read and understood the summary and agree to comply with the provisions of state ethics laws and such summary shall be incorporated by reference into each subcontract or consulting agreement. The Successful Proposer's failure to include such representations in such contracts with subcontractors or consultants shall be cause for termination of this contract.

*State Contractors Guide to the Code of Ethics – Available at <https://portal.ct.gov/-/media/Ethics/Guides/2019/ContractorsGuidetotheCodeofEthicsRevJan2019pdf.pdf> and on the CLC's Procurement website.

E. IRAN INVESTMENT AFFIRMATION

Pursuant to the requirements of C.G.S. § 4-252a, the Successful Proposer certifies that it has not made a direct investment of twenty million dollars or more in the energy sector of Iran on or after October 1, 2013, as described in Section 202 of the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, and has not increased or renewed such investment on or after said date.

APPENDIX A



Substitute House Bill No. 6451

Public Act No. 21-23

AN ACT CONCERNING THE AUTHORIZATION, LICENSING AND REGULATION OF ONLINE CASINO GAMING, RETAIL AND ONLINE SPORTS WAGERING, FANTASY CONTESTS, KENO AND ONLINE SALE OF LOTTERY TICKETS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) For the purposes of this section and sections 2 to 22, inclusive, of this act:

(1) "Business entity" means any partnership, limited liability company, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee or any other legal entity and any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination thereof;

(2) "Commissioner" means the Commissioner of Consumer Protection or the commissioner's designee;

(3) "Connecticut intercollegiate team" means any team associated with an intercollegiate program of a university or college of the state system of public higher education, as described in section 10a-1 of the general statutes, an independent institution of higher education, as defined in section 10a-173 of the general statutes, or a for-profit college or university physically located in the state that offers in-person classes

Substitute House Bill No. 6451

within the state;

(4) "Department" means the Department of Consumer Protection;

(5) "Electronic wagering platform" means the combination of hardware, software and data networks used to manage, administer, offer or control Internet games or retail sports wagering at a facility in this state;

(6) "E-bingo machine" means an electronic device categorized as a class II machine under the federal Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq. used to play bingo that is confined to a game cabinet and is substantially similar in appearance and play to a class III slot machine. "E-bingo machine" does not include any other electronic device, aid, instrument, tool or other technological aid used in the play of any in-person class II bingo game;

(7) "Entry fee" means the amount of cash or cash equivalent that is required to be paid by an individual to a master wagering licensee in order for such individual to participate in a fantasy contest;

(8) "E-sports" means electronic sports and competitive video games played as a game of skill;

(9) "Fantasy contest" means any fantasy or simulated game or contest with an entry fee, conducted over the Internet, including through an Internet web site or a mobile device, in which: (A) The value of all prizes and awards offered to a winning fantasy contest player is established and made known to the players in advance of the game or contest; (B) all winning outcomes reflect the knowledge and skill of the players and are determined predominantly by accumulated statistical results of the performance of participants in events; and (C) no winning outcome is based on the score, point spread or any performance of any single team or combination of teams or solely on any single performance of a contestant or player in any single event. "Fantasy contest" does not

Substitute House Bill No. 6451

include lottery games;

(10) "Internet games" means (A) online casino gaming; (B) online sports wagering; (C) fantasy contests; (D) keno through the Internet, an online service or a mobile application; and (E) the sale of tickets for lottery draw games through the Internet, an online service or a mobile application;

(11) "Keno" has the same meaning as provided in section 12-801 of the general statutes, as amended by this act;

(12) "Key employee" means an individual with the following position or an equivalent title associated with a master wagering licensee or a licensed online gaming service provider, online gaming operator or sports wagering retailer: (A) President or chief officer, who is the top ranking individual of the licensee and is responsible for all staff and the overall direction of business operations; (B) financial manager, who is the individual who reports to the president or chief officer who is generally responsible for oversight of the financial operations of the licensee, including, but not limited to, revenue generation, distributions, tax compliance and budget implementation; or (C) compliance manager, who is the individual that reports to the president or chief officer and who is generally responsible for ensuring the licensee complies with all laws, regulations and requirements related to the operation of the licensee. "Key employee" includes an individual (i) who exercises control over technical systems; (ii) who has an ownership interest, provided the interest held by such individual and such individual's spouse, parent and child, in the aggregate, is five per cent or more of the total ownership or interest rights in the licensee; or (iii) who, in the judgment of the commissioner, exercises sufficient control in, or over, a licensee as to require licensure. Tribal membership in and of itself shall not constitute ownership for purposes of this subdivision;

(13) "Lottery draw game" means any game in which one or more

Substitute House Bill No. 6451

numbers, letters or symbols are randomly drawn at predetermined times, but not more frequently than once every four minutes, from a range of numbers, letters or symbols, and prizes are paid to players possessing winning plays, as set forth in each game's official game rules. "Lottery draw game" does not include keno, any game for which lottery draw tickets are not available through a lottery sales agent or any game that simulates online casino gaming;

(14) "Mashantucket Pequot memorandum of understanding" means the memorandum of understanding entered into by and between the state and the Mashantucket Pequot Tribe on January 13, 1993, as amended from time to time;

(15) "Mashantucket Pequot procedures" means the Final Mashantucket Pequot Gaming Procedures prescribed by the Secretary of the United States Department of the Interior pursuant to 25 USC 2710(d)(7)(B)(vii) and published in 56 Federal Register 24996 (May 31, 1991), as amended from time to time;

(16) "Master wagering licensee" means (A) the Mashantucket Pequot Tribe, or an instrumentality of or an affiliate wholly-owned by said tribe, if licensed to operate online sports wagering, online casino gaming and fantasy contests pursuant to section 3 of this act; (B) the Mohegan Tribe of Indians of Connecticut, or an instrumentality of or an affiliate wholly-owned by said tribe, if licensed to operate online sports wagering, online casino gaming and fantasy contests pursuant to section 3 of this act; or (C) the Connecticut Lottery Corporation, if licensed pursuant to section 4 of this act to operate retail sports wagering, online sports wagering, fantasy contests and keno and to sell tickets for lottery draw games through the Internet, an online service or a mobile application;

(17) "Mohegan compact" means the Tribal-State Compact entered into by and between the state and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as amended from time to time;

Substitute House Bill No. 6451

(18) "Mohegan memorandum of understanding" means the memorandum of understanding entered into by and between the state and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as amended from time to time;

(19) "Occupational employee" means an employee of a master wagering licensee or a licensed online gaming operator, online gaming service provider or sports wagering retailer;

(20) "Off-track betting system licensee" means the person or business organization licensed to operate the off-track betting system pursuant to chapter 226 of the general statutes;

(21) "Online casino gaming" means (A) slots, blackjack, craps, roulette, baccarat, poker and video poker, bingo, live dealer and other peer-to-peer games and any variations of such games, and (B) any games authorized by the department, conducted over the Internet, including through an Internet web site or a mobile device, through an electronic wagering platform that does not require a bettor to be physically present at a facility;

(22) "Online gaming operator" means a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to offer (A) one or more Internet games on behalf of such licensee, or (B) retail sports wagering on behalf of such licensee at a facility in this state;

(23) "Online gaming service provider" means a person or business entity, other than an online gaming operator, that provides goods or services to, or otherwise transacts business related to Internet games or retail sports wagering with, a master wagering licensee or a licensed online gaming operator, online gaming service provider or sports wagering retailer;

(24) "Online sports wagering" means sports wagering conducted over

Substitute House Bill No. 6451

the Internet, including through an Internet web site or a mobile device, through an electronic wagering platform that does not require a sports bettor to be physically present at a facility that conducts retail sports wagering;

(25) "Retail sports wagering" means in-person sports wagering requiring a sports bettor to be physically present at one of the up to fifteen facility locations of the Connecticut Lottery Corporation or a licensed sports wagering retailer in this state;

(26) "Skin" means the branded or cobranded name and logo on the interface of an Internet web site or a mobile application that bettors use to access an electronic wagering platform for Internet games;

(27) "Sporting event" means any (A) sporting or athletic event at which two or more persons participate, individually or on a team, and receive compensation in excess of actual expenses for such participation in such sporting or athletic event; (B) sporting or athletic event sponsored by an intercollegiate athletic program of an institution of higher education or an association of such programs, except for those in which one of the participants is a Connecticut intercollegiate team and the event is not in connection with a permitted intercollegiate tournament; (C) Olympic or international sports competition event; or (D) e-sports event, except for those in which one of the participants is a Connecticut intercollegiate team and the event is not in connection with a permitted intercollegiate tournament. As used in this subdivision, "permitted intercollegiate tournament" means an intercollegiate e-sports, sporting or athletic event involving four or more intercollegiate teams that involves one or more Connecticut intercollegiate teams and the wager on the tournament is based on the outcome of all games within the tournament. "Sporting event" does not include horse racing, jai alai or greyhound racing;

(28) "Sports governing body" means the organization that prescribes

Substitute House Bill No. 6451

final rules and enforces codes of conduct with respect to a sporting event and participants in the sporting event;

(29) "Sports wagering" means risking or accepting any money, credit, deposit or other thing of value for gain contingent in whole or in part, (A) by any system or method of wagering, including, but not limited to, in person or through an electronic wagering platform, and (B) based on (i) a live sporting event or a portion or portions of a live sporting event, including future or propositional events during such an event, or (ii) the individual performance statistics of an athlete or athletes in a sporting event or a combination of sporting events. "Sports wagering" does not include the payment of an entry fee to play a fantasy contest or a fee to participate in e-sports; and

(30) "Sports wagering retailer" means a person or business entity that contracts with the Connecticut Lottery Corporation to facilitate retail sports wagering operated by said corporation through an electronic wagering platform at up to fifteen facilities in this state.

Sec. 2. (NEW) (*Effective from passage*) (a) The Governor may enter into amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe, or a new compact with the Mashantucket Pequot Tribe, and may enter into amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or a new compact with the Mohegan Tribe of Indians of Connecticut, to:

(1) Permit the Mashantucket Pequot Tribe and Mohegan Tribe of Indians of Connecticut to each conduct (A) in-person sports wagering on the reservation of the tribe, (B) online sports wagering, provided an individual may only place a sports wager through such online sports wagering if the individual is physically present on the reservation of the tribe conducting the online sports wagering when placing the wager,

Substitute House Bill No. 6451

and (C) fantasy contests, provided an individual may only participate in such a contest if the individual is physically present on the reservation of the tribe conducting the fantasy contest when paying the entry fee for such contest;

(2) Provide that any in-person sports wagering, online sports wagering, retail sports wagering or fantasy contests expressly authorized under subdivision (1) of this subsection and sections 3 to 5, inclusive, of this act during the ten-year initial term or the renewal term as provided in subdivision (3) of this subsection, shall not terminate the moratorium against the operation of video facsimile games by the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut on each tribe's reservation, and provide that any new compact or amendment to each tribe's memorandum of understanding does not relieve each tribe from each tribe's obligation to contribute a percentage of the gross operating revenues of video facsimile games to the state as provided in each tribe's memorandum of understanding;

(3) Provide that any amendment or new compact entered into pursuant to this section shall be valid for an initial term of ten years and an optional five-year renewal term, provided any such renewal term shall only be effective if mutually consented to and exercised by the Governor and both the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut;

(4) Provide that the cessation of authority for either tribe to conduct online sports wagering, online casino gaming and fantasy contests outside its reservation as a result of a violation of the conditions of such authority, as provided for in sections 1 to 22, inclusive, of this act, and the continued authorization of the other tribe, the Connecticut Lottery Corporation or both to conduct activities authorized pursuant to sections 1 to 22, inclusive, of this act, shall not itself terminate the moratorium against the operation of video facsimiles machines or relieve such tribe from any existing obligation to make the contribution

Substitute House Bill No. 6451

to the state under its memorandum of understanding; and

(5) Provide that:

(A) The amendments or new compacts entered into pursuant to this section shall cease to be effective if:

(i) Any provision of an amendment or new compact entered into pursuant to this section is held invalid by a court of competent jurisdiction in a final judgment which is not appealable;

(ii) Any provision of sections 1 to 22, inclusive, of this act is held invalid by a court of competent jurisdiction in a final judgment which is not appealable; or

(iii) Any amendment made to the provisions of the general statutes pursuant to this act is held invalid by a court of competent jurisdiction in a final judgment which is not appealable; and

(B) If such amendments or new compacts cease to be effective pursuant to subparagraph (A) of this subdivision, keno may be operated under the agreements that were entered into pursuant to section 12-806c of the general statutes, as amended by this act, and in effect on the effective date of this section.

(b) Notwithstanding the provisions of section 3-6c of the general statutes, each amendment or new compact, or renewal thereof, entered into by the Governor with the Mashantucket Pequot Tribe and with the Mohegan Tribe of Indians of Connecticut pursuant to subsection (a) of this section shall be considered approved by the General Assembly under section 3-6c of the general statutes upon the Governor entering into such an agreement or new compact, or renewal thereof, without any further action required by the General Assembly.

(c) Any amendment or new compact entered into pursuant to this

Substitute House Bill No. 6451

section shall be effective and final upon approval by the Secretary of the United States Department of Interior and publication in the Federal Register in accordance with federal law. If such approval is overturned by a court of competent jurisdiction in a final judgment, which is not appealable, (1) the provisions of sections 1 to 22, inclusive, of this act, and the amendments made to provisions of the general statutes pursuant to this act shall cease to be effective, and (2) keno may be operated under the agreements that were entered into pursuant to section 12-806c of the general statutes, as amended by this act, and in effect on the effective date of this section.

Sec. 3. (NEW) (*Effective July 1, 2021*) (a) The commissioner may issue a master wagering license to the Mashantucket Pequot Tribe, or an instrumentality or an affiliate wholly-owned by said tribe, and a master wagering license to the Mohegan Tribe of Indians of Connecticut, or an instrumentality or an affiliate wholly-owned by said tribe, and each master wagering license shall permit the licensee to operate one skin for online sports wagering within the state, operate one skin for online casino gaming within the state and operate fantasy contests within the state, pursuant to the provisions of sections 6 to 22, inclusive, of this act, as applicable, provided:

(1) Pursuant to section 2 of this act, (A) amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe, or a new compact with the Mashantucket Pequot Tribe, and (B) amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or a new compact with, the Mohegan Tribe of Indians of Connecticut, are effective;

(2) The governing bodies of the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut each enact a resolution providing that (A) such tribe waives the defense of sovereign immunity

Substitute House Bill No. 6451

with respect to any action against such tribe as a master wagering licensee, and against an instrumentality of or affiliate wholly-owned by such tribe that is acting on behalf of such tribe as a master wagering licensee, to compel compliance with the provisions of sections 1 to 22, inclusive, of this act, and, as applicable, section 12-586f of the general statutes, as amended by this act, section 12-586g of the general statutes, as amended by this act, section 12-578f of the general statutes, as amended by this act, section 12-806c of the general statutes, as amended by this act, section 52-553 of the general statutes, as amended by this act, section 52-554 of the general statutes, as amended by this act, section 53-278a of the general statutes, as amended by this act, and section 53-278g of the general statutes, as amended by this act, and the regulations promulgated by the state pursuant to said sections, applicable to the operation of online casino gaming, online sports wagering and fantasy contests outside of the reservation lands of the tribe; (B) if such tribe as master wagering licensee, or such tribe's instrumentality or wholly-owned affiliate that is acting on behalf of such tribe as master wagering licensee, fails to pay any fees or taxes due to the state under sections 1 to 22, inclusive, of this act, or, as applicable, section 12-586f of the general statutes, as amended by this act, section 12-586g of the general statutes, as amended by this act, section 12-578f of the general statutes, as amended by this act, section 12-806c of the general statutes, as amended by this act, section 17a-713 of the general statutes, as amended by this act, section 52-553 of the general statutes, as amended by this act, section 52-554 of the general statutes, as amended by this act, section 53-278a of the general statutes, as amended by this act, or section 53-278g of the general statutes, as amended by this act, the tribe waives the defense of sovereign immunity with respect to any action by the state against such tribe as master wagering licensee, or against an instrumentality of or affiliate wholly-owned by such tribe acting on behalf of such tribe as master wagering licensee, to permit the collection of such fees or taxes against such master wagering licensee from the operation of online casino gaming, online sports wagering and fantasy

Substitute House Bill No. 6451

contests, as applicable, outside the reservation lands of the tribe; and (C) the venue for such action or claim shall be in the judicial district of Hartford; and

(3) The commissioner has determined that the requirements to issue a master wagering license to the Connecticut Lottery Corporation under section 4 of this act have been met.

(b) The holder of a master wagering license issued under subsection (a) of this section may not operate online sports wagering, online casino gaming or fantasy contests until the regulations, including, but not limited to, emergency regulations, adopted by the commissioner pursuant to section 16 of this act are effective.

(c) (1) A master wagering license issued pursuant to subsection (a) of this section shall expire (A) upon the expiration of any new compact or amendment, or renewal thereof, entered into pursuant to section 2 of this act, (B) if the tribe holding such license operates E-bingo machines at a casino on the tribe's reservation in this state at any time during the ten-year initial term of any amendment or new compact, as described in subdivision (3) of subsection (a) of section 2 of this act, or (C) if the holder of such master wagering license ceases to be a tribe, or an instrumentality of or an affiliate wholly-owned by a tribe.

(2) Upon the expiration of a master wagering license pursuant to subdivision (1) of this subsection, all other licenses associated with the expired master wagering license, including licenses for an online gaming operator or online service provider, and all corresponding key employee or occupational employee licenses, shall expire without the need for any further action by the department.

(d) The holder of a master wagering license issued under subsection (a) of this section may enter into an agreement with an online gaming operator for the provision of services for a skin authorized pursuant to

Substitute House Bill No. 6451

this section or for fantasy contests, provided such online gaming operator is licensed by the department under section 8 of this act.

Sec. 4. (NEW) (*Effective July 1, 2021*) (a) If amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe, or a new compact with the Mashantucket Pequot Tribe, and amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or a new compact with the Mohegan Tribe of Indians of Connecticut, are effective pursuant to section 2 of this act, amendments to the agreements entered into pursuant to section 12-806c of the general statutes, as amended by this act, are effective, and the commissioner has determined that the requirements to issue a master wagering license to the Mashantucket Pequot Tribe, or an instrumentality or an affiliate wholly-owned by said tribe, and a master wagering license to the Mohegan Tribe of Indians of Connecticut, or an instrumentality or an affiliate wholly-owned by said tribe, under section 3 of this act have been met, the commissioner may issue a master wagering license to the Connecticut Lottery Corporation to permit the corporation to:

(1) Operate retail sports wagering, pursuant to the provisions of sections 5 to 16, inclusive, and section 18 of this act, as applicable, at not more than fifteen facilities located throughout the state, provided no such facility shall be located within twenty-five miles of either tribe's reservation;

(2) Operate one skin for online sports wagering outside the reservation of either tribe, pursuant to the provisions of sections 6 to 16, inclusive, and section 18 of this act, as applicable, and the corporation may enter into an agreement with an online gaming operator for the provision of services for such skin provided:

(A) Such online gaming operator is licensed by the commissioner;

Substitute House Bill No. 6451

(B) Such skin is not branded along with an entity or brand that operates a physical casino in any jurisdiction;

(C) Such skin does not directly market or promote a physical casino that operates in any jurisdiction, including through awarding of players' points or free play, promotions or other marketing activities;

(D) The corporation may contract with an entity that operates in a physical casino in any jurisdiction; and

(E) If the corporation contracts with an entity that is owned by an operator of a physical casino in any jurisdiction, the entity may not utilize any patron information collected as a result of such contractual agreement with such operator for purposes of marketing or any other purposes related to acquiring patrons;

(3) Operate fantasy contests, pursuant to the provisions of sections 6 to 16, inclusive, and section 19 of this act, as applicable;

(4) Operate keno (A) at retail through retail lottery sales agents of such corporation; and (B) through the corporation's Internet web site, online service or mobile application, provided:

(i) Drawings may occur not more frequently than once every three minutes; and

(ii) The state makes payments to the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut each in the amount of twelve and one-half per cent of the gross gaming revenue from keno; and

(5) Sell lottery tickets for lottery draw games through the corporation's Internet web site, online service or mobile application, provided:

(A) Lottery draw games for which tickets are sold through the

Substitute House Bill No. 6451

program occur regularly and not more frequently than once every four minutes;

(B) The corporation submits to the commissioner official game rules for each lottery draw game for which the corporation seeks to sell tickets through the corporation's Internet web site, online service or mobile application, and the commissioner, or an independent third-party selected by the commissioner, approves, in writing, the official rules for such game prior to the sale of any tickets through the corporation's Internet web site, online service or mobile application for such game, provided all costs associated with obtaining approval by an independent third-party shall be paid by the corporation; and

(C) The results of lottery draw game drawings are displayed on the corporation's Internet web site, online service or mobile application, provided the lottery draw game drawings may not take place on the corporation's Internet web site, online service or mobile application.

(b) Upon issuance of the master wagering licenses under section 3 of this act, the commissioner may, as soon as practicable, issue a license under subsection (a) of this section to the Connecticut Lottery Corporation.

(c) The Connecticut Lottery Corporation shall not conduct any of the activities authorized by subsection (a) of this section until regulations, including, but not limited to, emergency regulations, adopted by the commissioner pursuant to section 16 of this act are effective.

(d) After the corporation commences the sale of lottery tickets for lottery draw games through the corporation's Internet web site, online service or mobile application pursuant to subsection (a) of this section, the corporation: (1) May implement initiatives to promote the purchase of lottery tickets through lottery sales agents; (2) may implement initiatives to promote both the purchase of tickets for lottery draw

Substitute House Bill No. 6451

games through the corporation's Internet web site, online service or mobile application and the purchase of lottery tickets through lottery sales agents; and (3) shall conduct a public awareness campaign to educate the public regarding responsible gambling and to inform the public of the programs available for the prevention, treatment and rehabilitation of compulsive gamblers in the state.

(e) (1) The authority of the Connecticut Lottery Corporation to conduct activities pursuant to a master wagering license issued under subsection (a) of this section shall expire upon the expiration of any new compact or amendment, or renewal thereof, entered into pursuant to section 2 of this act.

(2) Upon the expiration of a master wagering license pursuant to subdivision (1) of this subsection, all other licenses associated with the expired master wagering license, including licenses for an online gaming operator, online service provider or sports wagering retailer and all corresponding key and occupational employee licenses, shall expire without the need for any further action by the department.

(f) For purposes of this section, "gross gaming revenue from keno" means the total of all sums actually received by the Connecticut Lottery Corporation from operating keno both through lottery sales agents and through the corporation's Internet web site, online service or mobile application less the total of all sums paid as winnings to patrons and any federal excise tax applicable to such sums received, provided the total of all sums paid as winnings to such patrons shall not include the cash equivalent value of any merchandise or thing of value included in a jackpot or payout.

Sec. 5. (NEW) (*Effective July 1, 2021*) (a) Pursuant to a license issued under section 4 of this act, the Connecticut Lottery Corporation may operate not more than fifteen retail sports wagering facilities in the state. The corporation (1) shall develop new facilities, or enter into an

Substitute House Bill No. 6451

agreement with a state entity or a business entity to act as a sports wagering retailer at facilities in the cities of Bridgeport and Hartford, and (2) may enter into one or more other agreements, which may include an agreement or agreements with the off-track betting system licensee to act as a sports wagering retailer.

(b) Prior to the corporation contracting with any person or entity to act as a sports wagering retailer, the person or entity shall obtain a sports wagering retailer license pursuant to section 7 of this act.

(c) Any retail sports wagering conducted under an agreement under subsection (a) of this section, shall be conducted pursuant to sections 6 to 16, inclusive, of this act.

(d) Any agreement to conduct retail sports wagering pursuant to subsection (a) of this section shall expire upon the expiration of any new compact or amendment, or renewal thereof, entered into pursuant to section 2 of this act.

Sec. 6. (NEW) (*Effective July 1, 2021*) (a) No online gaming service provider shall provide goods or services to, or otherwise transact business related to Internet games or retail sports wagering with, a master wagering licensee or a licensed online gaming operator, sports wagering retailer or online gaming service provider in the state without a license from the department, if such a license is required under the provisions of subsection (b) of this section. An online gaming service provider shall apply for a license on a form and in a manner prescribed by the commissioner. Such license shall be renewed annually. The initial application fee for an online gaming service provider license shall be two thousand dollars and the annual renewal fee shall be two thousand dollars.

(b) The commissioner shall establish through regulations adopted pursuant to section 16 of this act, the criteria for determining when

Substitute House Bill No. 6451

licensure as an online gaming service provider is required, based, in part, on whether the online gaming service provider (1) provides goods or services related to accepting wagers for Internet games or retail sports wagering, including, but not limited to, services to determine the location and identity of customers such as geolocation and "know your customer" services, payment processing and data provision, or (2) provides other goods or services that the department determines are used in, or are incidental to, Internet games or retail sports wagering, in a manner requiring licensing in order to contribute to the public confidence and trust in the credibility and integrity of the gaming industry in this state.

(c) The department shall transfer any licensing fee collected pursuant to subsection (a) of this section for an online gaming service provider that is affiliated with the holder of a master wagering license issued under section 3 of this act to the State Sports Wagering and Online Gaming Regulatory Fund established under section 20 of this act.

Sec. 7. (NEW) (*Effective July 1, 2021*) (a) No sports wagering retailer shall provide services to the Connecticut Lottery Corporation under section 5 of this act without a license from the department. A sports wagering retailer shall apply for a license on a form and in a manner prescribed by the commissioner. Such license shall be renewed annually. The initial application fee for a sports wagering retailer license shall be twenty thousand dollars and the annual renewal fee shall be twenty thousand dollars.

(b) The Connecticut Lottery Corporation, if licensed to operate retail sports wagering under section 4 of this act, shall not be required to obtain a sports wagering retailer license.

Sec. 8. (NEW) (*Effective July 1, 2021*) (a) No online gaming operator shall provide services to a master wagering licensee or a licensed sports wagering retailer in the state without a license from the department. An

Substitute House Bill No. 6451

online gaming operator shall apply for a license on a form and in a manner prescribed by the commissioner. Such license shall be renewed annually. The initial license application fee shall be two hundred fifty thousand dollars and the annual renewal fee shall be one hundred thousand dollars.

(b) The department shall transfer any licensing fee collected pursuant to subsection (a) of this section for an online gaming operator that is affiliated with the holder of a master wagering license issued under section 3 of this act to the State Sports Wagering and Online Gaming Regulatory Fund established under section 20 of this act.

Sec. 9. (NEW) (*Effective July 1, 2021*) (a) An occupational employee, other than a key employee, of a master wagering licensee or a licensed online gaming operator, online gaming service provider or sports wagering retailer who will be directly or substantially involved in the operation of Internet games or retail sports wagering in a manner impacting the integrity of such gaming or wagering, data security, patron interaction, game or equipment testing or any other aspect of the gaming activity of a licensee that impacts the integrity of gaming, shall obtain an occupational employee license prior to commencing such employment. An occupational employee shall be deemed to be directly or substantially involved in the operation of Internet games or retail sports wagering in a manner impacting the integrity of such gaming or wagering if such employee: (1) Has the capability of affecting the outcome of a wager through deployment of code to production for any critical component of an electronic wagering platform; (2) (A) can deploy code to production, and (B) directly supervises individuals who have the capability of affecting the outcome of Internet games through deployment of code to production for other than read-only access or the equivalent access to any critical component of an electronic wagering platform; or (3) directly manages gaming operations or directly supervises an individual who directly manages gaming operations. For

Substitute House Bill No. 6451

purposes of this subsection, a "critical component" means a component of an electronic wagering platform that records, stores, processes, shares, transmits or receives sensitive information, such as validation numbers and personal identification numbers, or which stores the results or the current state of a participant's wager for an Internet game.

(b) An occupational employee shall apply for an occupational employee license on a form and in a manner prescribed by the commissioner. Such license shall be renewed annually. The initial license application fee for an occupational employee licensee shall be fifty dollars and the annual renewal fee shall be fifty dollars. The initial license application fee shall be waived for any occupational employee who holds an active occupational gaming license issued by the department.

(c) The department shall transfer any licensing fee collected pursuant to subsection (a) of this section for an occupational employee of the holder of a master wagering license under section 3 of this act, or of an online gaming operator or an online gaming service provider that is affiliated with such a holder of a master wagering license, to the State Sports Wagering and Online Gaming Regulatory Fund established under section 20 of this act.

Sec. 10. (NEW) (*Effective July 1, 2021*) (a) Each master wagering licensee or licensed online gaming operator, online gaming service provider or sports wagering retailer shall, on or before July 1, 2022, and annually thereafter, provide in writing, to the department a list of the key employees representing the licensee.

(b) A key employee of a master wagering licensee or licensed online gaming operator, online gaming service provider or sports wagering retailer shall obtain a key employee license from the department pursuant to this section. The commissioner may establish, through regulations adopted pursuant to section 16 of this act, criteria to exercise

Substitute House Bill No. 6451

discretion to determine that an individual who is a key employee is not required to be licensed as a key employee in order to protect the integrity of gaming.

(c) (1) A key employee shall apply for a license on a form and in a manner prescribed by the commissioner. Such form may require the applicant to: (A) Submit to a state and national criminal history records check conducted in accordance with section 29-17a of the general statutes, which may include a financial history check if requested by the commissioner, to determine the character and fitness of the applicant for the license, (B) provide information related to other business affiliations, and (C) provide or allow the department to obtain such other information as the department determines is consistent with the requirements of this section in order to determine the fitness of the applicant to hold a license.

(2) In place of the criminal history records check described in subparagraph (A) of subdivision (1) of this subsection, the commissioner may accept from an applicant for an initial key employee license the submission of a third-party local and national criminal background check that includes a multistate and multijurisdictional criminal record locator or other similar commercial nation-wide database with validation, and other such background screening as the commissioner may require. Any such third-party criminal background check shall be conducted by a third-party consumer reporting agency or background screening company that is in compliance with the federal Fair Credit Reporting Act and accredited by the Professional Background Screening Association.

(d) A key employee license shall be renewed annually. The initial license application fee for a key employee licensee shall be two hundred dollars and the annual renewal fee shall be two hundred dollars. The initial application fee shall be waived for a key employee who holds an active occupational gaming license issued by the department.

Substitute House Bill No. 6451

(e) The department shall transfer any licensing fee collected pursuant to subsection (a) of this section for a key employee of the holder of a master wagering license under section 3 of this act, or of an online gaming operator or an online gaming service provider that is affiliated with such a holder of a master wagering license, to the State Sports Wagering and Online Gaming Regulatory Fund established under section 20 of this act.

Sec. 11. (NEW) (*Effective July 1, 2021*) Any individual who is a key employee or an occupational employee of a master wagering licensee described in section 3 of this act or of an online gaming operator or online gaming service provider that is an Indian tribe or an instrumentality of or affiliate wholly-owned by an Indian tribe shall not be permitted to raise sovereign immunity as a defense to any action to enforce applicable provisions of sections 1 to 22, inclusive, of this act or, as applicable, section 12-586f of the general statutes, as amended by this act, section 12-586g of the general statutes, as amended by this act, section 12-578f of the general statutes, as amended by this act, section 12-806c of the general statutes, as amended by this act, section 52-553 of the general statutes, as amended by this act, section 52-554 of the general statutes, as amended by this act, section 53-278a of the general statutes, as amended by this act, or section 53-278g of the general statutes, as amended by this act, and regulations adopted under said sections against such individual in his or her capacity as a key or occupational employee to the extent that such action may be brought against a key or occupational employee under any provision of the general statutes or the regulations of Connecticut state agencies.

Sec. 12. (NEW) (*Effective July 1, 2021*) (a) The commissioner may conduct investigations and hold hearings on any matter under the provisions of sections 3 to 22, inclusive, of this act. Each person or business entity issued a license pursuant to section 3 or 4, or sections 6 to 10, inclusive, of this act and each person in charge, or having custody,

Substitute House Bill No. 6451

of documents on behalf of a licensee, shall maintain such documents that are related to any operations under the provisions of sections 3 to 22, inclusive, of this act, in an auditable format for the current taxable year and the five preceding taxable years. Upon request, such person or business entity shall make such documents immediately available for inspection and copying by the commissioner and shall produce copies of such documents to the commissioner or the commissioner's authorized representative within two business days. Such documents shall be provided to the commissioner in electronic format, unless not commercially practical. In complying with the provisions of this subsection, no person shall use a foreign language, codes or symbols in the keeping of any required document.

(b) The commissioner may issue subpoenas, administer oaths, compel testimony and order the production of books, records and documents. If any person refuses to appear, to testify or to produce any book, record or document when so ordered, upon application of the commissioner, a judge of the Superior Court may make such order as may be appropriate to aid in the enforcement of this section.

(c) The Attorney General, at the request of the commissioner, is authorized to apply in the name of the state to the Superior Court for an order temporarily or permanently restraining and enjoining any person from violating any provision of sections 3 to 22, inclusive, of this act.

(d) The provisions of this section shall not apply to any gaming conducted on any reservation of the Mashantucket Pequot Tribe or the Mohegan Tribe of Indians of Connecticut under the federal Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq.

Sec. 13. (NEW) (*Effective July 1, 2021*) (a) For sufficient cause found pursuant to subsection (b) of this section, the commissioner may suspend or revoke a license issued pursuant to section 3 or 4 or sections 6 to 10, inclusive, of this act, issue fines of not more than twenty-five

Substitute House Bill No. 6451

thousand dollars per violation, accept an offer in compromise or refuse to grant or renew a license issued pursuant to section 3 or 4 or sections 6 to 10, inclusive, of this act, place the holder of a license issued pursuant to section 3 or 4 or sections 6 to 10, inclusive, of this act on probation, place conditions on such license or take other actions permitted by the general statutes or the regulations of Connecticut state agencies.

(b) Any of the following may constitute sufficient cause for such action by the commissioner, including, but not limited to:

(1) Furnishing of false or fraudulent information in any license application or failure to comply with representations made in any application;

(2) A civil judgment against, or criminal conviction of, a licensee or key employee of an applicant or licensee;

(3) Discipline by, or a pending disciplinary action or an unresolved complaint against, an owner, key employee or applicant regarding any professional license or registration of any federal, state or local government;

(4) Denial, suspension or revocation of a license or registration, or the denial of a renewal of a license or registration, by any federal, state or local government or a foreign jurisdiction;

(5) False, misleading or deceptive representations to the public or the department;

(6) Involvement in a fraudulent or deceitful practice or transaction;

(7) Performance of negligent work that involves a substantial monetary loss or a significant lack of sound judgment;

(8) Permitting another person to use the licensee's license;

Substitute House Bill No. 6451

(9) Failure to properly license occupational employees, or failure to notify the department of a change in key employees or owners;

(10) An adverse administrative decision or delinquency assessment against the licensee from the Department of Revenue Services;

(11) Failure to cooperate or give information to the department, local law enforcement authorities or any other enforcement agency upon any matter related to the licensee's credential or gaming operations; or

(12) Failure to comply with any provision of sections 1 to 22, inclusive, of this act, corresponding regulations or any other provision of the general statutes that has an impact on the integrity of gaming in this state, including, but not limited to, failure of an online gaming operator who contracts with the Connecticut Lottery Corporation to abide by the conditions for operation set forth in subparagraph (B), (C) or (E) of subdivision (2) of subsection (a) of section 4 of this act.

(c) Upon refusal to issue or renew a license, the commissioner shall notify the applicant of the denial and of the applicant's right to request a hearing not later than ten days after the date of receipt of the notice of denial. If the applicant requests a hearing within such ten-day period, the commissioner shall give notice of the grounds for the commissioner's refusal and shall conduct a hearing concerning such refusal in accordance with the provisions of chapter 54 of the general statutes concerning contested cases. If the commissioner's denial of a license is sustained after such hearing, an applicant shall not apply for a new license issued pursuant to section 3 or 4 or sections 6 to 10, inclusive, of this act, for a period of at least one year after the date on which such denial was sustained.

(d) No person whose license has been revoked under this section may apply for another license issued pursuant to section 3 or 4 or sections 6 to 10, inclusive, of this act, for a period of at least one year after the date

Substitute House Bill No. 6451

of such revocation.

(e) The voluntary surrender or failure to renew a license or registration shall not prevent the commissioner from suspending or revoking such license or registration or imposing other penalties permitted by this section.

Sec. 14. (NEW) (*Effective July 1, 2021*) (a) (1) An individual may only place a sports wager through retail sports wagering or online sports wagering outside of the reservations of the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut or place a wager through online casino gaming conducted outside of such reservations, if the wagering is authorized pursuant to sections 3 to 5, inclusive, of this act, and the individual (A) has attained the age of twenty-one, and (B) is physically present in the state when placing the wager, and, in the case of retail sports wagering, is physically present at a retail sports wagering facility in this state.

(2) An individual may only participate in a fantasy contest outside of the reservations of the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut if the contest is authorized pursuant to section 3 or 4 of this act, and the individual has attained the age of eighteen.

(b) Any electronic wagering platform used to (1) conduct online sports wagering or online casino gaming, (2) conduct keno through the Internet web site, an online service or a mobile application of the Connecticut Lottery Corporation, (3) conduct retail sports wagering, (4) sell lottery draw game tickets through the Internet web site, online service or mobile application of the Connecticut Lottery Corporation, or (5) conduct fantasy contests, shall be developed to:

(A) Verify that an individual (i) with an account for online sports wagering, online casino gaming or retail sports wagering is twenty-one

Substitute House Bill No. 6451

years of age or older and is physically present in the state when placing a wager or, in the case of retail sports wagering, is physically present at a retail sports wagering facility, (ii) with an account to participate in keno or to purchase lottery draw game tickets is eighteen years of age or older and is physically present in the state when participating or purchasing such tickets, or (iii) with an account for fantasy contests is eighteen years of age or older;

(B) Provide a mechanism to prevent the unauthorized use of a wagering account; and

(C) Maintain the security of wagering, participation or purchasing data and other confidential information.

(c) A master wagering licensee and a licensed online gaming operator, online gaming service provider and sports wagering retailer shall each, where applicable based on the services provided:

(1) Prohibit an individual from establishing more than one account on each electronic wagering platform operated by the licensee;

(2) Limit a person to the use of only one debit card or only one credit card for an account, and place a monetary limit on the use of a credit card over a period of time;

(3) Allow a person to limit the amount of money that may be deposited into an account, and spent per day through an account;

(4) Provide that any money in an online account belongs solely to the owner of the account and may be withdrawn by the owner;

(5) Establish a voluntary self-exclusion process to allow a person to (A) exclude himself or herself from establishing an account, (B) exclude himself or herself from placing wagers through an account, or (C) limit the amount such person may spend using such an account;

Substitute House Bill No. 6451

(6) Provide responsible gambling and problem gambling information to participants; and

(7) Conspicuously display on each applicable Internet web site or mobile application:

(A) A link to a description of the provisions of this subsection;

(B) A link to responsible gambling information;

(C) A toll-free telephone number an individual may use to obtain information about problem gambling;

(D) A link to information about the voluntary self-exclusion process described in subdivision (5) of this subsection;

(E) A clear display or periodic pop-up message of the amount of time an individual has spent on the operator's Internet web site or mobile application;

(F) A means to initiate a break in play to discourage excessive play; and

(G) A clear display of the amount of money available to the individual in his or her account.

(d) At least every five years, each master wagering licensee shall be subject to an independent review of operations conducted pursuant to such license for responsible play, as assessed by industry standards and performed by a third party approved by the department, which review shall be paid for by the licensee.

(e) No advertisement of online casino gaming, online sports wagering or retail sports wagering may: (1) Depict an individual under twenty-one years of age, unless such individual is a professional athlete or a collegiate athlete who, if permitted by applicable law, is able to profit

Substitute House Bill No. 6451

from the use of his or her name and likeness; or (2) be aimed exclusively or primarily at individuals under twenty-one years of age.

Sec. 15. (NEW) (*Effective July 1, 2021*) (a) (1) No athlete, coach or referee who takes part in a sporting event and no individual participating in e-sports shall place any sports wager on any sporting event in which such athlete, coach, referee or individual is participating.

(2) No athlete, coach or referee who takes part in a sporting event of a sports governing body; employee of a sports governing body holding a position of authority or influence sufficient to exert influence over participants in a sporting event; employee of a member team of a sports governing body holding a position of authority or influence sufficient to exert influence over participants in a sporting event; or personnel of any bargaining unit of a sports governing body's athletes or referees, shall place any wager on any sporting event overseen by such governing body.

(3) No owner with a direct or indirect legal or beneficial ownership interest of five per cent or more of a member team of a sports governing body shall place any wager on a sporting event in which such member team participates. Tribal membership in and of itself shall not constitute ownership for purposes of this section.

(b) In determining which individuals are prohibited from placing a wager under subsection (a) of this section, a master wagering licensee or a licensed online gaming operator, sports wagering retailer or online gaming service provider shall use reasonably available public information and exercise reasonable efforts to obtain information from the department or the relevant sports governing body regarding (1) owners with a direct or indirect legal or beneficial ownership interest of five per cent or more of a member team of a sports governing body; and (2) employees holding a position of authority or influence sufficient to exert influence over participants in sporting events.

Substitute House Bill No. 6451

(c) An individual shall only place a sports wager on such individual's behalf and shall not wager on the account of, or for, any other person. No master wagering licensee or a licensed online gaming operator, sports wagering retailer or online gaming service provider shall accept a wager from a person on the account of, or for, any other person.

(d) An officer, director, owner, key employee or occupational employee of a master wagering licensee or a licensed online gaming operator, sports wagering retailer or online gaming service provider or a family member who resides in the same household as such officer, director, owner, key employee or occupational employee, shall not place any wager on a sporting event with such master wagering licensee or its licensed sports wagering retailer or online gaming operator. Tribal membership in and of itself shall not constitute ownership for purposes of this section.

(e) A master wagering licensee or a licensed online gaming operator, sports wagering retailer or online gaming service provider shall not knowingly pay any winnings to a person who places a wager in violation of this section.

(f) A sports governing body may request that the commissioner restrict, limit or exclude wagering on a sporting event or events by providing notice in such form and manner as the commissioner prescribes. The commissioner may take such action as the commissioner deems necessary to ensure the integrity of wagering on such sporting event or events.

Sec. 16. (NEW) (*Effective July 1, 2021*) The commissioner shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to the extent not prohibited by federal law or any gaming agreement or procedure entered into pursuant to the Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq., to implement the provisions of sections 3 to 15, inclusive, of this act. Notwithstanding

Substitute House Bill No. 6451

the requirements of subdivision (1) of subsection (g) of section 4-168 of the general statutes, the commissioner may adopt such regulations as emergency regulations without making the finding required under subparagraph (A) of subdivision (1) of subsection (g) of section 4-168 of the general statutes, provided the Governor approves the need for such emergency regulations, and the other requirements of subsection (g) of section 4-168 of the general statutes shall apply. Such regulations shall address:

(1) The operation of, and participation in, Internet games and retail sports wagering;

(2) Licensing requirements, including criteria for determining when licensure as (A) an online gaming service provider is required; and (B) a key employee is not necessary in order to protect the integrity of gaming;

(3) Designation of additional games that may be permitted as online casino gaming;

(4) Voluntary self-exclusion programs for Internet games and retail sports wagering;

(5) Technical standards, security features and testing applicable to gaming operations and systems, including electronic wagering platforms;

(6) Game procedure approval;

(7) Complaint resolution processes;

(8) Enforcement actions;

(9) Standards for age and location verification programs;

(10) Revenue auditing and reporting standards, which shall include

Substitute House Bill No. 6451

a requirement that all payments be accompanied by a detailed supporting report on a form approved by the commissioner;

(11) Compliance reporting and disclosure requirements;

(12) Marketing and advertising standards; and

(13) Any other provisions deemed necessary by the commissioner to protect the public interest and the integrity of gaming.

Sec. 17. (NEW) (*Effective July 1, 2021*) (a) A master wagering licensee, if licensed to operate online casino gaming pursuant to section 3 of this act, shall pay to the state for deposit in the General Fund: (1) Eighteen per cent of the gross gaming revenue from online casino gaming authorized under section 3 of this act during the five-year period after the first issuance of a license for such gaming under section 3 of this act, or (2) twenty per cent of the gross gaming revenue from online casino gaming authorized under section 3 of this act during the sixth and any succeeding year after the first issuance of a license for such gaming under section 3 of this act. Each such licensee shall commence payments under this subsection not later than the fifteenth day of the month following the month such licensee began the operation of online casino gaming under section 3 of this act, and shall make payments not later than the fifteenth day of each succeeding month, while such online casino gaming is conducted.

(b) For purposes of this section, "gross gaming revenue" means the total of all sums actually received by each such licensee from online casino gaming less the total of all sums paid as winnings to online casino gaming patrons and any federal excise tax applicable to such sums received, provided:

(1) The total of all sums paid as winnings to such patrons shall not include the cash equivalent value of any merchandise or thing of value included in a jackpot or payout; and

Substitute House Bill No. 6451

(2) Coupons or credits that are issued to patrons for the sole purpose of playing online casino games and are linked to online casino gaming in a documented way as part of a promotional program and actually played by the patrons shall not be included in the calculation of gross gaming revenue from online casino gaming, provided if the aggregate amount of such coupons and credits played during a calendar month (A) exceeds twenty-five per cent of the total amount of gross gaming revenue for that month, for any month during the first year that the operation of online casino gaming is permitted, (B) exceeds twenty per cent of the total amount of gross gaming revenue for that month, for any month during the second year that the operation of online casino gaming is permitted, or (C) exceeds fifteen per cent of the total amount of gross gaming revenue for that month, for any month during the third or succeeding year that the operation of online casino gaming is permitted, then the applicable excess amount of coupons or credits used in such calendar month shall be included in the calculation of gross gaming revenue. For the purpose of this subdivision, the year of operation of online casino gaming shall be measured from the date that the first master wagering license is issued pursuant to section 3 of this act or the date that regulations, including, but not limited to, emergency regulations, are adopted and effective pursuant to section 16 of this act, whichever is later.

Sec. 18. (NEW) (*Effective July 1, 2021*) (a) A master wagering licensee, if licensed to operate online sports wagering or retail sports wagering pursuant to section 3 or 4 of this act, shall pay to the state for deposit in the General Fund: Thirteen and three-quarters per cent of the gross gaming revenue from online or retail sports wagering authorized under section 3 or 4 of this act, as applicable. Each such licensee shall commence payments under this subsection not later than the fifteenth day of the month following the month that the operation of online or retail sports wagering commences under section 3 or 4 of this act, as applicable, and shall make payments not later than the fifteenth day of

Substitute House Bill No. 6451

each succeeding month, while such retail or online sports wagering is conducted.

(b) For purposes of this section, "gross gaming revenue" means the total of all sums actually received by each such licensee from online sports wagering or retail sports wagering, as applicable, less the total of all sums paid as winnings to sports wagering patrons and any federal excise tax applicable to such sums received, provided:

(1) The total of all sums paid as winnings to such patrons shall not include the cash equivalent value of any merchandise or thing of value included in a jackpot or payout.

(2) Coupons or credits that are issued to patrons for the sole purpose of sports wagering and are linked to sports wagering in a documented way as part of a promotional program and actually played by the patrons shall not be included in the calculation of gross gaming revenue from sports wagering, provided if the aggregate amount of such coupons and credits played during a calendar month (A) exceeds twenty-five per cent of the total amount of gross gaming revenue for that month, for any month during the first year that the operation of sports wagering is permitted, (B) exceeds twenty per cent of the total amount of gross gaming revenue for that month, for any month during the second year that the operation of sports wagering is permitted, or (C) exceeds fifteen per cent of the total amount of gross gaming revenue for that month, for any month during the third or succeeding year that the operation of sports wagering is permitted, then the applicable excess amount of coupons or credits used in such calendar month shall be included in the calculation of gross gaming revenue. For the purpose of this subdivision, the year of operation of sports wagering shall be measured from the date that the first master wagering license is issued pursuant to section 3 or 4 of this act or the date that regulations, including, but not limited to, emergency regulations, are adopted and effective pursuant to section 16 of this act, whichever is later.

Substitute House Bill No. 6451

Sec. 19. (NEW) (*Effective July 1, 2021*) (a) A master wagering licensee, if licensed to operate fantasy contests pursuant to section 3 or 4 of this act, shall pay to the state for deposit in the General Fund: Thirteen and three-quarters per cent of the gross receipts from fantasy contests. Each such licensee shall commence payments under this subsection not later than the fifteenth day of the month following the month that such licensee commences operation of fantasy contests, and shall make payments not later than the fifteenth day of each succeeding month, while such fantasy contests are conducted.

(b) For purposes of this section, (1) "gross receipts" means the amount equal to the total of all entry fees that a master wagering licensee collects from individuals who participate in a fantasy contest, less the total of all sums paid out as prizes to all fantasy contest participants, multiplied by the location percentage; and (2) "location percentage" means the percentage rounded to the nearest tenth of a per cent of the total of entry fees collected from fantasy contest participants located in the state, divided by the total of entry fees collected from all fantasy contest participants.

Sec. 20. (NEW) (*Effective July 1, 2021*) (a) (1) At the commencement of operating online sports wagering or online casino gaming pursuant to section 3 of this act in any fiscal year, and on or before September thirtieth in each fiscal year thereafter that such wagering and gaming is conducted, the commissioner shall estimate and assess, after consultation with each holder of a master wagering license under section 3 of this act, the reasonable and necessary costs that will be incurred by the department to regulate the operation of such wagering or gaming under section 3 and sections 6 to 16, inclusive, of this act by each such licensee, (A) in the next fiscal year; and (B) in the case of the initial fiscal year of operating such wagering and gaming, in the current fiscal year.

(2) The estimated costs under subdivision (1) of this subsection shall

Substitute House Bill No. 6451

not exceed the estimate of expenditure requirements transmitted by the commissioner pursuant to section 4-77 of the general statutes. The assessment for any fiscal year shall be: (A) Reduced pro rata by the amount of any surplus from the assessment of the prior fiscal year, which shall be maintained in accordance with subsection (d) of this section, or (B) increased pro rata by the amount of any deficit from the assessment of the prior fiscal year.

(3) The assessment under subdivision (1) of this subsection for the holder of a master wagering license issued under section 3 of this act shall be reduced by the amount of any licensing fees paid to the department for a license for an online gaming operator, an online gaming service provider and any corresponding key employee and occupational employee affiliated with such holder of a master wagering license during the prior fiscal year.

(b) Each holder of a master wagering license under section 3 of this act shall pay to the commissioner the amount assessed to such licensee pursuant to subsection (a) of this section not later than the date specified by the commissioner for payment, provided such date is not less than thirty days from the date of such assessment and no payment shall be due prior to the commencement of wagering and gaming operations by such licensee. The commissioner shall remit to the State Treasurer all funds received pursuant to this section.

(c) (1) There is established a fund to be known as the "State Sports Wagering and Online Gaming Regulatory Fund". The fund shall contain any moneys required or permitted to be deposited in the fund, including licensing fees transferred by the department under the provisions of sections 6 and 8 to 10, inclusive, of this act, and shall be held by the Treasurer separate and apart from all other moneys, funds and accounts. Any balance remaining in said fund at the end of any fiscal year shall be carried forward in said fund for the fiscal year next succeeding. Moneys in the fund shall be expended by the Treasurer for

Substitute House Bill No. 6451

the purposes of paying the costs incurred by the department to regulate online sports wagering and online casino gaming authorized under section 3 of this act.

(2) The Treasurer shall deposit all funds received pursuant to subsection (b) of this section in the State Sports Wagering and Online Gaming Regulatory Fund.

(d) On or before September thirtieth, annually, the Comptroller shall calculate the actual reasonable and necessary costs incurred by the department to regulate such online sports wagering and online casino gaming authorized under section 3 of this act during the prior fiscal year. The Treasurer shall set aside amounts received pursuant to subsection (b) of this section in excess of such actual costs. Such excess amounts shall be considered a surplus for the purposes of subsection (a) of this section.

(e) If the holder of a master wagering license under section 3 of this act is aggrieved by an assessment under the provisions of this section, the licensee may request a hearing before the commissioner not later than thirty days after such assessment. The commissioner shall hold such hearing in accordance with the provisions of chapter 54 of the general statutes not later than thirty days after receiving such request, and the decision of the commissioner may be appealed in accordance with the provisions of section 4-183 of the general statutes.

Sec. 21. (NEW) (*Effective July 1, 2021*) (a) During the five-year period commencing on the date the first license is issued pursuant to section 3 of this act, (1) any payment to the state made by the Mashantucket Pequot Tribe, or a master wagering licensee on behalf of said tribe, under section 17 or 18 of this act shall count toward the calculation of the minimum contribution for said tribe pursuant to the Mashantucket Pequot memorandum of understanding, and (2) any payment to the state made by the Mohegan Tribe of Indians of Connecticut, or a master

Substitute House Bill No. 6451

wagering licensee on behalf of said tribe, under section 17 or 18 of this act shall count toward the calculation of the minimum contribution for said tribe pursuant to the Mohegan memorandum of understanding.

(b) After the completion of the five-year period described in subsection (a) of this section, (1) the obligation of the Mashantucket Pequot Tribe to meet the minimum contribution shall continue as provided for in the Mashantucket Pequot memorandum of understanding, and the obligation of the Mohegan Tribe of Indians of Connecticut to meet the minimum contribution shall continue as provided for in the Mohegan memorandum of understanding, subject to any agreements entered into between the state and a tribe regarding the sources of payments that may be used to satisfy such minimum contribution, and (2) the state shall meet and confer in good faith with each tribe concerning which payments made to the state by each tribe should count toward each tribe's obligation.

Sec. 22. (NEW) (*Effective July 1, 2021*) Each holder of a master wagering license under section 3 of this act shall contribute, in each fiscal year that such holder has such license, five hundred thousand dollars to support problem gambling programs in this state, any portion of which may be made to the state for deposit in the chronic gamblers treatment rehabilitation account created pursuant to section 17a-713 of the general statutes, as amended by this act, or to a nonprofit entity or nonprofit entities with programs to support problem gambling. Such contribution shall be reduced pro rata in any fiscal year that the licensee did not hold such license for the entirety of the fiscal year. Each licensee shall submit to the department, on an annual basis and as a condition of continued licensure, information regarding the recipients of the contribution required by this section.

Sec. 23. Subsection (a) of section 12-586f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Substitute House Bill No. 6451

(a) For the purposes of this section, "tribe" means the Mashantucket Pequot Tribe and "compact" means the Tribal-State Compact between the tribe and the state of Connecticut, as incorporated and amended in the Final Mashantucket Pequot Gaming Procedures prescribed by the Secretary of the United States Department of the Interior pursuant to Section 2710(d)(7)(B)(vii) of Title 25 of the United States Code and published in 56 Federal Register 24996 (May 31, 1991), as amended from time to time, and includes any new compact entered into between the state and the tribe pursuant to section 2 of this act.

Sec. 24. Subsection (a) of section 12-586g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) For the purposes of this section, "tribe" means the Mohegan Tribe of Indians of Connecticut and "compact" means the Tribal-State Compact between the tribe and the state of Connecticut, dated May 17, 1994, as amended from time to time, and includes any new compact entered into between the state and the tribe pursuant to section 2 of this act.

Sec. 25. Section 12-578f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) For the purposes of this section and section 12-578g:

(1) "Authorized games" means any game of chance, including, but not limited to, blackjack, poker, dice, money-wheels, roulette, baccarat, chuck-a-luck, pan game, over and under, horse race game, acey-deucey, beat the dealer, bouncing ball, video facsimile game and any other game of chance authorized by the Commissioner of Consumer Protection;

(2) "Mashantucket Pequot memorandum of understanding" means the memorandum of understanding entered into by and between the state and the Mashantucket Pequot Tribe on January 13, 1993, as

Substitute House Bill No. 6451

amended on April 30, 1993;

(3) "Mashantucket Pequot procedures" means the Final Mashantucket Pequot Gaming Procedures prescribed by the Secretary of the United States Department of the Interior pursuant to Section 2710(d)(7)(B)(vii) of Title 25 of the United States Code and published in 56 Federal Register 24996 (May 31, 1991);

(4) "MMCT Venture, LLC" means a limited liability company described in subsection (d) of this section;

(5) "Mohegan compact" means the Tribal-State Compact entered into by and between the state and the Mohegan Tribe of Indians of Connecticut on May 17, 1994; and

(6) "Mohegan memorandum of understanding" means the memorandum of understanding entered into by and between the state and the Mohegan Tribe of Indians of Connecticut on May 17, 1994.

(b) MMCT Venture, LLC, is authorized to conduct authorized games at a casino gaming facility at 171 Bridge Street, East Windsor, Connecticut.

(c) Such authorization shall not be effective unless the following conditions have been met:

(1) (A) The Governor enters into amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe and amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut concerning the operation of a casino gaming facility in the state.

(B) The amendments to the Mashantucket Pequot procedures and the Mohegan compact shall include a provision that the authorization of

Substitute House Bill No. 6451

MMCT Venture, LLC, to conduct authorized games in the state does not terminate the moratorium against the operation of video facsimile games by the Mashantucket Pequot Tribe and Mohegan Tribe of Indians of Connecticut on each tribe's reservation.

(C) The amendments to each tribe's memorandum of understanding shall include a provision that the authorization of MMCT Venture, LLC, to conduct authorized games in the state does not relieve each tribe from each tribe's obligation to contribute a percentage of the gross operating revenues of video facsimile games to the state as provided in each tribe's memorandum of understanding.

(2) The amendments to the Mashantucket Pequot procedures, the Mashantucket Pequot memorandum of understanding, the Mohegan compact and the Mohegan memorandum of understanding are approved or deemed approved by the Secretary of the United States Department of the Interior pursuant to the federal Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq., and its implementing regulations. If such approval is overturned by a court in a final judgment, which is not appealable, the authorization provided under this section shall cease to be effective.

(3) The amendments to the Mashantucket Pequot procedures and to the Mohegan compact are approved by the General Assembly pursuant to section 3-6c.

(4) The amendments to the Mashantucket Pequot memorandum of understanding and to the Mohegan memorandum of understanding are approved by the General Assembly pursuant to the process described in section 3-6c.

(5) The governing bodies of the Mashantucket Pequot Tribe and Mohegan Tribe of Indians of Connecticut enact resolutions providing:
(A) That if MMCT Venture, LLC, fails to pay any fees or taxes due the

Substitute House Bill No. 6451

state, the tribes, as the members of MMCT Venture, LLC, waive the possible defense of sovereign immunity with respect to any action or claim by the state against the tribes as the members of MMCT Venture, LLC, to the extent such action or claim is permitted to be brought against a member of a limited liability company under state law to collect any fees or taxes, while preserving any other defenses available to the tribes, and (B) that the venue for such action or claim shall be in the judicial district of Hartford.

(d) Such authorization shall apply to MMCT Venture, LLC, provided: (1) MMCT Venture, LLC, is a limited liability company jointly and exclusively owned by the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut; (2) no other person or business organization holds an equity interest in MMCT Venture, LLC; and (3) each tribe holds at least a twenty-five per cent equity interest in MMCT Venture, LLC. If MMCT Venture, LLC, ceases to be a limited liability company jointly and exclusively owned by the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut in which each tribe holds at least a twenty-five per cent equity interest, such authorization shall be void.

(e) Notwithstanding the provisions of subsections (b) and (c) of this section, the authorization to conduct authorized games at a casino gaming facility pursuant to said subsections shall not be effective during the ten-year initial term that amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe, or a new compact with the Mashantucket Pequot Tribe, and amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or a new compact with the Mohegan Tribe of Indians of Connecticut, entered into pursuant to section 2 of this act are effective, as described in subdivision (3) of subsection (b) of section 2 of this act.

Substitute House Bill No. 6451

Sec. 26. Section 12-578j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Not later than June 30, 2019, MMCT Venture, LLC, as defined in subsection (a) of section 12-578f, as amended by this act, shall pay to the state thirty million dollars for deposit in the General Fund. Such money shall be credited against any unpaid required payments pursuant to subsection (c) of section 12-578g for each month in which the casino gaming facility is conducting authorized games in such amount and manner as determined pursuant to an agreement between the Secretary of the Office of Policy and Management and MMCT Venture, LLC. No interest shall be charged.

(b) Notwithstanding the provisions of subsection (a) of this section, the requirement to make a payment to the state pursuant to subsection (a) of this section shall not be effective during the ten-year initial term that amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe, or a new compact with the Mashantucket Pequot Tribe, and amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or a new compact with the Mohegan Tribe of Indians of Connecticut, entered into pursuant to section 2 of this act are effective, as described in subdivision (3) of subsection (b) of section 2 of this act.

Sec. 27. Section 12-806c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Notwithstanding the provisions of section 3-6c, the Secretary of the Office of Policy and Management, on behalf of the state of Connecticut, may enter into separate agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut concerning the operation of keno by the Connecticut

Substitute House Bill No. 6451

Lottery Corporation in the state of Connecticut. Any such agreement shall provide that the state of Connecticut shall distribute to each tribe a sum not to exceed a twelve and one-half per cent share of the gross operating revenue received by the state from the operation of keno. The corporation may not operate keno until such separate agreements are effective. For the purposes of this section, "gross operating revenues" means the total amounts wagered, less amounts paid out as prizes.

(b) Notwithstanding the provisions of section 3-6c, the Secretary of the Office of Policy and Management, on behalf of the state of Connecticut, and the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut, may amend the agreements entered into pursuant to subsection (a) of this section to provide that such agreements shall not be effective during the period of time that the Connecticut Lottery Corporation is operating keno pursuant to a master wagering license issued under section 4 of this act.

(c) For purposes of this section, "keno" means a lottery game in which a subset of numbers are drawn from a larger field of numbers by a central computer system using an approved random number generator, wheel system device or other drawing device. "Keno" does not include a game operated on a video facsimile machine.

Sec. 28. Section 12-801 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

As used in section 12-563a, as amended by this act, and sections 12-800 to 12-818, inclusive, as amended by this act, the following terms [shall] have the following meanings unless the context clearly indicates another meaning:

(1) "Board" or "board of directors" means the board of directors of the corporation;

(2) "Corporation" means the Connecticut Lottery Corporation as

Substitute House Bill No. 6451

created under section 12-802;

(3) "Department" means the Department of Consumer Protection;

[(3)] (4) "Division" means the former Division of Special Revenue in the Department of Revenue Services;

(5) "Fantasy contest" has the same meaning as provided in section 1 of this act;

[(4)] (6) "Lottery" means (A) the Connecticut state lottery conducted prior to the transfer authorized under section 12-808 by the Division of Special Revenue, (B) after such transfer, the Connecticut state lottery conducted by the corporation pursuant to sections 12-563a, as amended by this act, and 12-800 to 12-818, inclusive, as amended by this act, and section 4 of this act, (C) the state lottery referred to in subsection (a) of section 53-278g, as amended by this act, and (D) keno conducted by the corporation pursuant to section 12-806c, as amended by this act, or sections 2 and 4 of this act;

[(5)] (7) "Keno" means a lottery game in which a subset of numbers are drawn from a larger field of numbers by a central computer system using an approved random number generator, wheel system device or other drawing device; [. "Keno" does not include a game operated on a video facsimile machine;]

[(6) "Lottery fund"] (8) "Lottery and gaming fund" means a fund or funds established by, and under the management and control of, the corporation, into which all lottery, sports wagering and fantasy contest revenues of the corporation are deposited, from which all payments and expenses of the corporation are paid and from which transfers to the General Fund or the Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund, established in section 10-183vv, are made pursuant to section 12-812, as amended by this act; [and]

Substitute House Bill No. 6451

(9) "Online sports wagering" has the same meaning as provided in section 1 of this act;

~~[(7)]~~ (10) "Operating revenue" means total revenue received from lottery sales and sports wagering less all cancelled sales and amounts paid as prizes but before payment or provision for payment of any other expenses; [.]

(11) "Retail sports wagering" has the same meaning as provided in section 1 of this act; and

(12) "Skin" has the same meaning as provided in section 1 of this act.

Sec. 29. Section 12-806 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The purposes of the corporation shall be to: (1) Operate and manage the lottery, and retail sports wagering, online sports wagering and fantasy contests if licensed pursuant to section 4 of this act, in an entrepreneurial and business-like manner free from the budgetary and other constraints that affect state agencies; (2) provide continuing and increased revenue to the people of the state through the lottery, and retail sports wagering, online sports wagering and fantasy contests if licensed pursuant to section 4 of this act, by being responsive to market forces and acting generally as a corporation engaged in entrepreneurial pursuits; (3) pay to the trustee of the Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund, established in section 10-183vv, the amounts, if any, required pursuant to subsection (c) of section 12-812, as amended by this act; and (4) ensure that the lottery, [continues] and retail sports wagering, online sports wagering and fantasy contests, if licensed pursuant to section 4 of this act, continue to be operated with integrity and for the public good.

(b) The corporation shall have the following powers:

Substitute House Bill No. 6451

(1) To receive as transferee from the state of Connecticut all of the tangible and intangible assets constituting the lottery including the exclusive right to operate the lottery as the exclusive lottery of the state and, subject to subsection (b) of section 12-808, to assume and discharge all of the agreements, covenants and obligations of the Department of Consumer Protection entered into which constitute a part of the operation and management of the lottery;

(2) To operate and manage the lottery consistent with the provisions of sections 1-120, 1-121, 1-125, 12-563, 12-563a, as amended by this act, 12-564, 12-566, 12-568a and 12-569, subsection (c) of section 12-574, [and] sections 12-800 to 12-818, inclusive, as amended by this act, and section 4 of this act, and as specifically provided in section 12-812, as amended by this act;

(3) To have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the operation of its affairs and conduct of its businesses;

(4) (A) To introduce new lottery games, modify existing lottery games, utilize existing and new technologies, determine distribution channels for the sale of lottery tickets, introduce keno pursuant to signed agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut, in accordance with section 12-806c, as amended by this act, or pursuant to section 4 of this act, and, to the extent specifically authorized by regulations adopted by the Department of Consumer Protection pursuant to chapter 54, introduce instant ticket vending machines, kiosks and automated wagering systems or machines, with all such rights being subject to regulatory oversight by the Department of Consumer Protection; [, except that the corporation shall not offer any interactive on-line lottery games, including on-line video lottery games for promotional purposes;] and

(B) To sell tickets for lottery draw games through the corporation's

Substitute House Bill No. 6451

Internet web site, online service or mobile application in accordance with section 4 of this act and to advertise lottery games on the corporation's Internet web site, online service or mobile application, except the corporation shall not offer any interactive lottery game, including for promotional purposes;

(5) To establish an annual budget of revenues and expenditures, along with reasonable reserves for working capital, capital expenditures, debt retirement and other anticipated expenditures, in a manner and at levels considered by the board of directors as appropriate and prudent;

(6) To adopt such administrative and operating procedures which the board of directors deems appropriate;

(7) To enter into agreements with one or more states or territories of the United States for the promotion and operation of joint lottery games and to continue to participate in any joint lottery game in which the corporation participates on July 1, 2003, regardless of whether any government-authorized lottery operated outside of the United States participates in such game;

(8) Subject to the provisions of section 12-815, to enter into agreements with vendors with respect to the operation and management of the lottery, and retail sports wagering, online sports wagering and fantasy contests if licensed pursuant to section 4 of this act, including operation of lottery terminals, management services, printing of lottery tickets, management expertise, marketing expertise, advertising or such other goods or services as the board of directors deems necessary and appropriate;

(9) To purchase or lease operating equipment, including, but not limited to, computer gaming and automated wagering systems and to employ agents or employees to operate such systems;

Substitute House Bill No. 6451

(10) To retain unclaimed prize funds as additional revenue for the state, or to use unclaimed prize funds to increase sales, or to return to participants unclaimed prize funds in a manner designed to increase sales;

(11) To establish prize reserve accounts as the board of directors deems appropriate;

(12) To pay lottery prizes as awarded under section 12-812, as amended by this act, to purchase annuities to fund such prizes, and to assure that all annuities from which payments to winners of lottery prizes are made are invested in instruments issued by agencies of the United States government and backed by the full faith and credit of the United States, or are issued by insurance companies licensed to do business in the state, provided the issuer has been determined by the Department of Consumer Protection to be financially stable and meets the minimum investment rating as determined by the department;

(13) To pay the Office of Policy and Management to reimburse the Department of Consumer Protection for the reasonable and necessary costs arising from the department's regulatory oversight of the operation of the lottery, retail sports wagering, online sports wagering and fantasy contests by the corporation, in accordance with the assessment made pursuant to section 12-806b, including costs arising directly or indirectly from the licensing of lottery agents, performance of state police background investigations, and the implementation of subsection (b) of section 12-562 and sections 12-563a, as amended by this act, 12-568a, 12-569, 12-570, 12-570a and 12-800 to 12-818, inclusive, as amended by this act, and sections 4, 5, 14 to 16, inclusive, 18 and 19 of this act;

(14) In the event that the operation or management of the corporation becomes subject to the federal gaming occupation tax, to pay such tax on behalf of lottery sales agents and to assist agents subject thereto;

Substitute House Bill No. 6451

(15) To determine the commissions payable to lottery sales agents, provided any agent's commission shall not average less than four per cent of such agent's lottery sales;

(16) To invest in, acquire, lease, purchase, own, manage, hold and dispose of real property and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or incidental to carrying out the purposes of sections 12-563a, as amended by this act, and 12-800 to 12-818, inclusive, as amended by this act, and sections 4 and 5 of this act, provided such transactions shall not be subject to approval, review or regulation pursuant to title 4b or any other statute by any state agency, except that real property transactions shall be subject to review by the State Properties Review Board;

(17) To borrow money for the purpose of obtaining working capital;

(18) To hold patents, copyrights, trademarks, marketing rights, licenses or any other evidence of protection or exclusivity issued under the laws of the United States or any state;

(19) To employ such assistants, agents and other employees as may be necessary or desirable to carry out its purposes in accordance with sections 12-563a, as amended by this act, [and] 12-800 to 12-818, inclusive, as amended by this act, and sections 4, 5, sections 14 to 16, inclusive, 18 and 19 of this act, to fix their compensation and, subject to the provisions of subsections (e) and (f) of section 12-802, establish all necessary and appropriate personnel practices and policies; to engage consultants, accountants, attorneys and financial and other independent professionals as may be necessary or desirable to assist the corporation in performing its purposes in accordance with sections 12-563a, as amended by this act, [and] 12-800 to 12-818, inclusive, as amended by this act, and sections 4, 5, 14 to 16, inclusive, 18 and 19 of this act;

(20) To make and enter into all contracts and agreements necessary

Substitute House Bill No. 6451

or incidental to the performance of its duties and the execution of its powers under sections 12-563a, as amended by this act, [and] 12-800 to 12-818, inclusive, as amended by this act, and sections 4, 5, 14 to 16, inclusive, 18 and 19 of this act;

(21) In its own name, to sue and be sued, plead and be impleaded, adopt a seal and alter the same at pleasure;

(22) Subject to the approval of the board and to the requirement to remit excess lottery funds to the General Fund as set forth in section 12-812, as amended by this act, to invest any funds not needed for immediate use or disbursement, including any funds held in approved reserve accounts, in investments permitted by sections 3-20 and 3-27a for the proceeds of state bonds;

(23) To procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;

(24) To the extent permitted under any contract with other persons to which the corporation is a party, to consent to any termination, modification, forgiveness or other change of any term of any contractual right, payment, royalty, contract or agreement of any kind;

(25) To acquire, lease, purchase, own, manage, hold and dispose of personal property, and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or incidental to the carrying out of these purposes;

(26) To account for and audit funds of the corporation;

(27) To pay or provide for payment from operating revenues all expenses, costs and obligations incurred by the corporation in the exercise of the powers of the corporation under sections 12-563a, as amended by this act, [and] 12-800 to 12-818, inclusive, [; and] as

Substitute House Bill No. 6451

amended by this act, and sections 4, 5, 14 to 16, inclusive, 18 and 19 of this act;

(28) To operate retail sports wagering at up to fifteen facilities located throughout the state and one skin for online sports wagering, if licensed pursuant to section 4 of this act;

(29) To operate fantasy contests, if licensed pursuant to section 4 of this act; and

[(28)] (30) To exercise any powers necessary to carry out the purposes of sections 12-563a, as amended by this act, [and] 12-800 to 12-818, inclusive, as amended by this act, and sections 4, 5, 14 to 16, inclusive, 18 and 19 of this act.

Sec. 30. Section 12-806a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

As used in this section, "procedure" has the same meaning as "procedure", as defined in subdivision (2) of section 1-120. The Department of Consumer Protection shall, for the purposes of section 12-568a, subsection (c) of section 12-574, sections 12-802a, [and] 12-815a, and sections 4, 5, 14 to 16, inclusive, 18 and 19 of this act and this section, regulate the activities of the Connecticut Lottery Corporation to assure the integrity of the state lottery, retail sports wagering, online sports wagering and fantasy contests. In addition to the requirements of the provisions of chapter 12 and notwithstanding the provisions of section 12-806, as amended by this act, the Connecticut Lottery Corporation shall, prior to implementing any procedure designed to assure the integrity of the state lottery, retail sports wagering, online sports wagering and fantasy contests, obtain the written approval of the Commissioner of Consumer Protection in accordance with regulations adopted under section 12-568a.

Sec. 31. Section 12-810 of the general statutes is repealed and the

Substitute House Bill No. 6451

following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The Freedom of Information Act, as defined in section 1-200, shall apply to all actions, meetings and records of the corporation, except (1) where otherwise limited by subsection (c) of this section as to new lottery games and serial numbers of unclaimed lottery tickets, [and] (2) with respect to financial, credit and proprietary information submitted by any person to the corporation in connection with any proposal to provide goods, services or professional advice to the corporation as provided in section 12-815, (3) with respect to any personally identifying, financial, credit or wagering information associated with any person's account for Internet games, as defined in section 1 of this act, and (4) where otherwise limited by subsection (d) of this section as to information submitted by any person to the corporation regarding such person's participation in the voluntary self-exclusion process established pursuant to subdivision (5) of subsection (c) of section 13 of this act.

(b) The records of proceedings as provided in subsection (a) of section 12-805 shall be subject to disclosure pursuant to the provisions of subsection (a) of section 1-210.

(c) Any new lottery game and the procedures for such game, until the game is publicly announced by the corporation, and any serial number of an unclaimed lottery ticket shall not be deemed public records, as defined in section 1-200, and shall not be available to the public under the provisions of section 1-210. The president shall submit a fiscal note prepared by the corporation with respect to the procedures for a new lottery game to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue, bonding and public safety after approval of such game by the board.

(d) The name and any personally identifying information of a person who is participating or who has participated in the corporation's

Substitute House Bill No. 6451

voluntary self-exclusion process shall not be deemed public records, as defined in section 1-200, and shall not be available to the public under the provisions of the Freedom of Information Act, as defined in section 1-200, except that the president may disclose the name and any relevant records of such person, other than records regarding such person's participation in the voluntary self-exclusion process, if such person claims a winning lottery ticket from the purchase of a ticket for a lottery draw game through the corporation's Internet web site, online service or mobile application or if such person claims or is paid a winning wager from online sports wagering or retail sports wagering or is paid a prize from a fantasy contest.

Sec. 32. Section 12-811 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The president and all directors, officers and employees of the corporation shall be state employees for purposes of sections 1-79 to 1-89, inclusive.

(b) No director, officer or employee of the corporation shall, directly or indirectly, participate in, or share in the winnings from, a game conducted pursuant to sections 12-563a, as amended by this act, [and] 12-800 to 12-818, inclusive, as amended by this act, section 4 or 5 of this act or sections 14 to 16, inclusive, of this act.

Sec. 33. Section 12-812 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) (1) The president of the corporation, subject to the direction of the board, shall conduct daily, weekly, multistate, special instant or other lottery games and shall determine the number of times a lottery shall be held each year, the form and price of the tickets and the aggregate amount of prizes, which shall not be less than forty-five per cent of the sales unless required by the terms of any agreement entered into for the

Substitute House Bill No. 6451

conduct of multistate lottery games. The proceeds of the sale of tickets shall be deposited in the lottery and gaming fund of the corporation from which prizes shall be paid, upon vouchers signed by the president, or by either of two persons designated and authorized by him, in such numbers and amounts as the president determines. The corporation may limit its liability in games with fixed payouts and may cause a cessation of sales of tickets of certain designation when such liability limit has been reached.

(2) The president of the corporation, subject to the direction of the board, shall conduct retail sports wagering, online sports wagering and fantasy contests, if licensed to do so pursuant to section 4 of this act. The proceeds of such wagering and contest activities shall be deposited in the lottery and gaming fund of the corporation from which winnings shall be paid and from which the payments required by sections 18 and 19 of this act shall be made.

(b) The president, subject to the direction of the board, may enter into agreements for the sale of product advertising on lottery tickets, play slips and other lottery media.

(c) On a weekly basis, the president shall estimate, and certify to the State Treasurer, that portion of the balance in the lottery and gaming fund which exceeds the current needs of the corporation for the payment of prizes and winnings, the payments required by sections 18 and 19 of this act, the payment of current operating expenses and funding of approved reserves of the corporation. The corporation shall transfer the amount so certified from the lottery and gaming fund of the corporation to the General Fund upon notification of receipt of such certification by the Treasurer, except that if the amount on deposit in the Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund, established in section 10-183vv, is less than the required minimum capital reserve, as defined in subsection (b) of said section, the corporation shall pay such amount so certified to the trustee of the

Substitute House Bill No. 6451

fund for deposit in the fund. If the corporation transfers any moneys to the General Fund at any time when the amount on deposit in said capital reserve fund is less than the required minimum capital reserve, the amount of such transfer shall be deemed appropriated from the General Fund to the Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund.

Sec. 34. Section 12-816 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The exercise of the powers granted by sections 1-120, 1-121, 1-125, 12-563, 12-563a, as amended by this act, 12-564, 12-566, 12-568a and 12-569, subsection (c) of section 12-574, [and] sections 12-800 to 12-818, inclusive, as amended by this act, and sections 4, 5, 14 to 16, inclusive, and 18 and 19 of this act constitute the performance of an essential governmental function and all operations of the corporation shall be free from any form of federal or state taxation. In addition, except pursuant to any federal requirements, the corporation shall not be required to pay any taxes or assessments upon or in respect to sales of lottery tickets, or any property or moneys of the corporation, levied by the state or any political subdivision or municipal taxing authority. The corporation and its assets, property and revenues shall at all times be free from taxation of every kind by the state and by the municipalities and all other political subdivisions or special districts having taxing powers in the state.

Sec. 35. Section 12-818 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

[For each of the fiscal years ending June 30, 2010, and June 30, 2011, the Connecticut Lottery Corporation shall transfer one million nine hundred thousand dollars of the revenue received from the sale of lottery tickets to the chronic gamblers treatment rehabilitation account created pursuant to section 17a-713. For the fiscal years ending June 30,

Substitute House Bill No. 6451

2012, to June 30, 2013, inclusive, the Connecticut Lottery Corporation shall transfer one million nine hundred thousand dollars of the revenue received from the sale of lottery tickets to the chronic gamblers treatment rehabilitation account created pursuant to section 17a-713.]

(a) For the fiscal year ending June 30, 2014, and each fiscal year thereafter, the Connecticut Lottery Corporation shall transfer two million three hundred thousand dollars of the revenue received from the sale of lottery tickets to the chronic gamblers treatment rehabilitation account created pursuant to section 17a-713, as amended by this act.

(b) In addition to the amount transferred pursuant to subsection (a) of this section, the Connecticut Lottery Corporation shall transfer one million dollars of the revenue received from retail sports wagering, online sports wagering and fantasy contests to the chronic gamblers treatment rehabilitation account created pursuant to section 17a-713, as amended by this act, in each fiscal year that the corporation is licensed to operate retail sports wagering, online sports wagering or fantasy contests pursuant to section 4 of this act. The corporation may reduce the amount pro rata in any fiscal year that the corporation did not operate such wagering or contests for the entirety of the fiscal year.

Sec. 36. Section 12-561 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

No commissioner or unit head or employee of the department shall directly or indirectly, individually or as a member of a partnership or as a shareholder of a corporation, have any interest whatsoever in dealing in any lottery, racing, fronton, or betting enterprise or casino gaming facility or in the ownership or leasing of any property or premises used by or for any lottery, racing, fronton, or betting enterprise or casino gaming facility. For purposes of this section, an interest does not include ownership of investment securities in a publicly held corporation that is traded on a national exchange or over-the-counter market, provided the

Substitute House Bill No. 6451

investment securities held by such person and such person's spouse, parent and child, in the aggregate, do not exceed one-half of one per cent of the total number of shares issued by such corporation. No commissioner or unit head shall, directly or indirectly, (1) wager at any off-track betting facility, race track or fronton authorized under this chapter, (2) purchase lottery tickets issued under this chapter, [or] (3) play [, directly or indirectly,] any authorized game conducted at a casino gaming facility, (4) place a sports wager, as defined in section 1 of this act, or (5) participate in online casino gaming, as defined in section 1 of this act. The commissioner may adopt regulations in accordance with the provisions of chapter 54 to prohibit any employee of the department from engaging, directly or indirectly, in any form of legalized gambling activity in which such employee is involved because of his or her employment with the department. For purposes of this section, "unit head" means a managerial employee with direct oversight of a legalized gambling activity.

Sec. 37. Section 12-563a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

The Commissioner of Consumer Protection shall, within available resources, prepare and distribute informational materials designed to inform the public of the programs available for the prevention, treatment and rehabilitation of compulsive gamblers in this state. The commissioner shall require any casino gaming facility and any person or business organization which is licensed to sell lottery tickets, operate an off-track betting system or conduct wagering on racing events or jai alai games or conduct retail sports wagering, to display such informational materials at the casino gaming facility and each licensed premise or retail sports wagering facility, respectively.

Sec. 38. Section 52-553 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Substitute House Bill No. 6451

All wagers, and all contracts and securities of which the whole or any part of the consideration is money or other valuable thing won, laid or bet, at any game, horse race, sport or pastime, and all contracts to repay any money knowingly lent at the time and place of such game, race, sport or pastime, to any person so gaming, betting or wagering, or to repay any money lent to any person who, at such time and place, so pays, bets or wagers, shall be void, provided nothing in this section shall (1) affect the validity of any negotiable instrument held by any person who acquired the same for value and in good faith without notice of illegality in the consideration, (2) apply to the sale of a raffle ticket pursuant to section 7-172, (3) apply to online casino gaming, online sports wagering, retail sports wagering and fantasy contests, as such terms are defined in section 1 of this act, and conducted pursuant to sections 3 to 16, inclusive, of this act, as applicable, (4) apply to the operation of keno through or the purchase of tickets for lottery draw games through the Internet web site, online service or mobile application of the Connecticut Lottery Corporation, pursuant to section 4 of this act, or [(3)] (5) apply to any wager or contract otherwise authorized by law.

Sec. 39. Section 52-554 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Any person who, by playing at any game, or betting on the sides or hands of such as play at any game, excluding any game permitted under chapter 226 or any activity not prohibited under the provisions of sections 53-278a to 53-278g, inclusive, as amended by this act, loses the sum or value of one dollar in the whole and pays or delivers the same or any part thereof, may, within three months next following, recover from the winner the money or the value of the goods so lost and paid or delivered, with costs of suit in a civil action, without setting forth the special matter in his complaint. If the defendant refuses to testify, if called upon in such action, relative to the discovery of the property so

Substitute House Bill No. 6451

won, [he] the defendant shall be defaulted; but no evidence so given by [him] the defendant shall be offered against him or her in any criminal prosecution. Nothing in this section shall prohibit any person from using a credit card to (1) participate in online casino gaming, online sports wagering, retail sports wagering or fantasy contests, as such terms are defined in section 1 of this act, and conducted pursuant to sections 3 to 16, inclusive, of this act, as applicable, or (2) participate in keno through or purchase tickets for lottery draw games through the Internet web site, online service or mobile application of the Connecticut Lottery Corporation, pursuant to section 4 of this act.

Sec. 40. Subdivision (2) of section 53-278a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(2) "Gambling" means risking any money, credit, deposit or other thing of value for gain contingent in whole or in part upon lot, chance or the operation of a gambling device, including the playing of a casino gambling game such as blackjack, poker, craps, roulette or a slot machine, but does not include: Legal contests of skill, speed, strength or endurance in which awards are made only to entrants or the owners of entries; legal business transactions which are valid under the law of contracts; activity legal under the provisions of sections 7-169 to 7-186, inclusive; any lottery or contest conducted by or under the authority of any state of the United States, Commonwealth of Puerto Rico or any possession or territory of the United States; and other acts or transactions expressly authorized by law on or after October 1, 1973. [Fantasy contests, as defined in section 12-578aa shall not be considered gambling, provided the conditions set forth in subsection (b) of section 12-578aa have been met and the operator of such contests is registered pursuant to subdivision (1) of subsection (d) of section 12-578aa] Online casino gaming, online sports wagering, retail sports wagering and fantasy contests, as such terms are defined in section 1 of this act, shall

Substitute House Bill No. 6451

not be considered gambling if the online casino gaming, online sports wagering, retail sports wagering or fantasy contest is conducted pursuant to sections 3 to 16, inclusive, of this act;

Sec. 41. Subdivision (4) of section 53-278a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(4) "Gambling device" means any device or mechanism by the operation of which a right to money, credits, deposits or other things of value may be created, as the result of the operation of an element of chance; any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof; any device, mechanism, furniture or fixture designed primarily for use in connection with professional gambling; and any subassembly or essential part designed or intended for use in connection with any such device, mechanism, furniture, fixture, construction or installation, provided an immediate and unrecorded right of replay mechanically conferred on players of pinball machines and similar amusement devices shall be presumed to be without value. "Gambling device" does not include a crane game machine or device or a redemption machine. [A device or equipment used to play fantasy contests, as defined in section 12-578aa, shall not be considered a gambling device, provided the conditions set forth in subsection (b) of section 12-578aa have been met] A device or equipment used to participate in online casino gaming, online sports wagering, retail sports wagering or fantasy contests, as such terms are defined in section 1 of this act, shall not be considered a gambling device if the conditions set forth in sections 3 to 16, inclusive, of this act, as applicable, have been met;

Sec. 42. Section 53-278g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Substitute House Bill No. 6451

(a) Nothing in sections 53-278a to 53-278f, inclusive, as amended by this act, shall be construed to prohibit the publication of an advertisement of, or the operation of, or participation in, a state lottery, pari-mutuel betting at race tracks licensed by the state, off-track betting conducted by the state or a licensee authorized to operate the off-track betting system, authorized games at a casino gaming facility, online casino gaming, online sports wagering, retail sports wagering, and fantasy contests as authorized by sections 3 to 16, inclusive, of this act, a promotional drawing for a prize or prizes, conducted for advertising purposes by any person, firm or corporation other than a retail grocer or retail grocery chain, wherein members of the general public may participate without making any purchase or otherwise paying or risking credit, money, or any other tangible thing of value or a sweepstakes conducted pursuant to sections 42-295 to 42-301, inclusive.

(b) The Mashantucket Pequot [tribe] Tribes and the Mohegan Tribe of Indians of Connecticut, or their agents, may use and possess at any location within the state, solely for the purpose of training individuals in skills required for employment by the tribe or testing a gambling device, any gambling device which the tribes are authorized to utilize on their reservations pursuant to the federal Indian Gaming Regulatory Act; provided no money or other thing of value shall be paid to any person as a result of the operation of such gambling device in the course of such training or testing at locations outside of the reservation of the tribe. Any person receiving such training or testing such device may use any such device in the course of such training or testing. Whenever either of said tribes intends to use and possess at any location within the state any such gambling device for the purpose of testing such device, the tribe shall give prior notice of such testing to the Department of Consumer Protection.

(c) Any casino gaming facility, or its agents, may use and possess at any location within the state, solely for the purpose of training

Substitute House Bill No. 6451

individuals in skills required for employment by the casino gaming facility or testing a gambling device, any gambling device which the casino gaming facility may use for conducting authorized games at the casino gaming facility, provided no money or other thing of value shall be paid to any person as a result of the operation of such gambling device in the course of such training or testing at locations outside of the casino gaming facility. Any person receiving such training or testing such device may use any such device in the course of such training or testing. Whenever a casino gaming facility intends to use and possess at any location within the state any such gambling device for the purpose of testing such device, the casino gambling facility shall give prior notice of such testing to the Department of Consumer Protection.

Sec. 43. Section 17a-713 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The Department of Mental Health and Addiction Services shall establish a program for the treatment and rehabilitation of compulsive gamblers in the state. The program shall provide prevention, treatment and rehabilitation services for chronic gamblers. The department may enter into agreements with subregional planning and action councils and nonprofit organizations to assist in providing these services, provided not less than twenty-five per cent of the amount received pursuant to section 12-818, as amended by this act, annually shall be set aside for contracts with subregional planning and action councils established pursuant to section 17a-671 and nonprofit organizations and not less than five per cent of the amount received pursuant to section 12-818, as amended by this act, annually shall be set aside for a contract with the Connecticut Council on Problem Gambling. The department may impose a reasonable fee, on a sliding scale, on those participants who can afford to pay for any such services. The department shall implement such program when the account established under subsection (b) of this section is sufficient to meet initial operating

Substitute House Bill No. 6451

expenses. As used in this section, "chronic gambler" means a person who is chronically and progressively preoccupied with gambling and the urge to gamble, and with gambling behavior that compromises, disrupts or damages personal, family or vocational pursuits.

(b) The program established by subsection (a) of this section shall be funded by: [imposition of: (1) A] (1) Imposition of a fee of one hundred thirty-five dollars on each association license, for each performance of jai alai or dog racing conducted under the provisions of chapter 226, provided no such licensee shall contribute more than forty-five thousand dollars in any one year; (2) imposition of a fee of twenty-five dollars for each teletheater performance on each operator of a teletheater facility; [and] (3) the amount received from the Connecticut Lottery Corporation pursuant to section 12-818, as amended by this act; and (4) any amount received pursuant to section 22 of this act from the holder of a master wagering license under section 3 of this act. The Commissioner of Consumer Protection shall collect the fee from each association licensee or such operator on a monthly basis. The receipts shall be deposited in the General Fund and credited to a separate, nonlapsing chronic gamblers treatment and rehabilitation account which shall be established by the Comptroller. All moneys in the account are deemed to be appropriated and shall be expended for the purposes established in subsection (a) of this section.

(c) The department shall adopt regulations in accordance with the provisions of chapter 54 to carry out the purposes of this section.

Sec. 44. (*Effective July 1, 2021*) Notwithstanding the provisions of section 1-3 of the general statutes, if any provision of sections 1 to 22, inclusive, of this act, any amendment made to the provisions of the general statutes pursuant to this act, or any provision of an amendment or new compact entered into pursuant to section 2 of this act is held invalid by a court of competent jurisdiction in a final judgment which is not appealable, (1) the provisions of sections 1 to 22, inclusive, of this act

Substitute House Bill No. 6451

shall cease to be effective, (2) the amendments made to the provisions of the sections of the general statutes pursuant to this act shall be inoperative, and (3) keno may be operated under the agreements that were entered into pursuant to section 12-806c of the general statutes, as amended by this act, and in effect on April 1, 2021.

Sec. 45. Sections 12-565a, 12-578aa and 12-578bb of the general statutes are repealed. (*Effective July 1, 2021*)

Approved May 27, 2021

APPENDIX B

CLC Games Gross Sales Performance

	FY2019	FY2020	FY2021
Scratch	\$ 736,443,000	\$ 756,969,000	\$ 837,706,000
Play3 Day w/ Wild Ball	55,028,000	58,237,000	67,344,000
Play4 Day w/ Wild Ball	50,810,000	53,223,000	60,307,000
Play3 Night w/ Wild Ball	73,062,000	75,478,000	85,126,000
Play4 Night w/ Wild Ball	73,417,000	75,158,000	84,413,000
Cash5	31,193,000	31,240,000	33,164,000
Lotto	35,050,000	30,995,000	20,656,000
Powerball w/PowerPlay	81,464,000	49,549,000	64,209,000
Mega Millions w/Megaplier	72,643,000	38,558,000	57,085,000
Lucky Links	5,697,000	5,872,000	-
Lucky for Life	20,833,000	17,476,000	17,770,000
Keno	102,923,000	115,450,000	136,004,000
Fast Play	-	-	37,090,000
TOTAL GROSS SALES	\$1,338,563,000	\$1,308,205,000	\$1,500,874,000

APPENDIX C

Technical Requirements & Specifications

1. Specification and Business Requirements
 - 1.1 iLottery Configuration
 - 1.2 iLottery Configuration at the Primary Data Center
 - 1.3 iLottery Configuration at the Backup Data Center
2. Software Application and Data Management
 - 2.1 Operational Capabilities
 - 2.2 Data Accessibility
 - 2.3 Program Flexibility
 - 2.4 Game Support Services
 - 2.5 PAM Overview
 - 2.6 Payment Processing
 - 2.7 Payment Acceptance, Issuance and Virtual Claim Prize Process
 - 2.8 Player UI Components and Integration Services
 - 2.9 Reporting Capabilities
 - 2.10 Promotional Capabilities
 - 2.11 Demonstrability of Proposed Program
 - 2.12 Internal Control System (ICS)
3. Communication Network
4. Project Strategy
 - 4.1 Project Management/Implementation Plan
 - 4.2 Software Development
 - 4.3 Ongoing Technical Support/Program Maintenance
 - 4.4 Acceptance Testing
 - 4.5 CLC Staff Training
 - 4.6 End of Contract Conversion
5. Drawing Operations
6. Proposer Facilities
 - 6.1 Disaster Recovery
7. iLottery Program Security
 - 7.1 Physical Security
 - 7.2 Logical Security
 - 7.3 Network Security
 - 7.4 Proposer Certification Requirements
 - 7.5 Audit Requirement
 - 7.6 Multi-State Games
 - 7.7 Security Incident Reporting
8. Staffing
 - 8.1 Player Hotline and Player Support
9. Required Additional Services
 - 9.1 Marketing Support
 - 9.2 Online Entertainment Games

1. Specification and Business Requirements

The Successful Proposer shall provide all services, operation support, hardware, software and software applications, equipment, support systems, and communications interfaces together with all licenses and documentation associated with the design, development, installation, delivery, full implementation, testing, operation, maintenance, support, upgrading, and training of CLC staff, to operate and use an iLottery Program in accordance with the CLC's requirements and specifications as set forth in this RFP. All proposed equipment, hardware, software, and ongoing maintenance and technical support services must be included in the final delivered Program (with the exception of options proposed but not selected by the CLC).

The Program needs to be secure, reliable, fast, and flexible. Included in the Program's goals are to allow players to create accounts and providing funding, select games to purchase, make wagers, and pay in an efficient manner with effective controls. Proposers are expected to propose all necessary components, even if not specifically identified in the RFP. The Successful Proposer must commit to capturing and defining the CLC's business needs and tailoring the Program to meet the defined goals, as well as to be consistent with the specifications and enabling legislation.

The Program must be designed to maximize performance and speed across a wide variety of devices and connection types. Proposals must include a table showing response and load times for common user interactions (place a wager, log in, etc.) with an average time to completion for a broadband connection and a cellular connection. The Program must be scalable to meet the CLC's anticipated growing traffic needs and must not experience degraded performance due to volume of site activity. Proposers must describe the capacity of the Program to handle high volumes of traffic while providing any quantitative figures such as throughput. A bad weather event on the drawing day of a jackpot in excess of \$1 billion would be an example of possible high volume.

Program availability and monitoring. The Program must be available on an ongoing basis without interruption and must provide at least seventy-two (72) hours advance notice for any planned downtime for Program maintenance that must be pre-approved by the CLC.

1.1 iLottery Configuration

The CLC requires a Program designed, sized and configured to support iLottery in Connecticut at a high performance level for the term of the contract. Systems must be provided at a Primary Data Center and Backup Data Center.

At any given time, one data center must have one system serving as the primary system and at least two additional systems (one of which must be at the Backup Data Center) processing transactions and available to serve as the primary system in the event of a primary system failure. In the event of a primary system failure, another system will resume as primary, without the loss or corruption of any Data or transactions.

Proposers must commit that all proposed transaction processing computers, networking equipment, diagnostic equipment, etc., be compliant with current electronic technology manufacturing standards and be of current manufacture by the Proposer or its suppliers. All hardware models installed during the term of agreement must represent the then-current equivalent or better equipment in case a proposed device is phased out or replaced.

All proposed equipment for the Program must be inspected for safety and approved by a reputable independent laboratory, meet all applicable state, federal, and industry requirements and standards, and must not be privately developed.

Additionally, describe Proposer's plan to ensure that testing and system certifications remain current. Include diagrams at the component level as well as configuration tables for Program hardware and software components (manufacturer and model number, release numbers, etc.).

1.2 iLottery Configuration at the Primary Data Center

The Primary Data Center (PDC) must conform to all federal and state regulatory requirements, and be located in Connecticut. The Primary Data Center must also conform to any relevant PCI requirements or security requirements imposed by the CLC and any associations, such as MUSL, that provide oversight. CLC is willing to consider housing PDC equipment but Proposer would need to provide a solution for access and connectivity configuration satisfactory to CLC and DCP.

1.3 iLottery Configuration at the Backup Data Center

The Backup Data Center (BDC) must conform to all federal and state regulatory requirements, and must be located in the continental United States. The Backup Data Center must also conform to any relevant PCI requirements or security requirements imposed by the CLC and any associations, such as MUSL, that provide backup oversight. The Backup Data Center must be located in an area that minimizes and separates risk of concurrent failure with the Primary Data Center, such as isolation on separate power grids. If the Proposer utilizes cloud systems/services, then the Proposer must utilize cloud services that are housed in data centers in the eastern half of the continental United States and in an area geographically separate from the primary site to minimize and separate risk of concurrent failure with the primary cloud service provider. Additionally, the Backup Data Center must be tested a minimum of every six (6) months for readiness in a planned failover. CLC is willing to consider housing BDC equipment but Proposer would need provide a solution for access and connectivity configuration satisfactory to CLC and DCP. If Proposer proposes that the CLC house the BDC equipment, then the Proposer cannot also propose that the CLC house the PDC equipment.

2. Software Application and Data Management

2.1 Operational Capabilities

Provide an overview of the Program's operational capabilities, including diagrams of the major software components of the Program as they are described in the Proposal, and the hardware, network and other infrastructure configurations as they are described in this Proposal. Minimum capabilities must include but are not limited to:

- a. Ability for players to successfully create an account by providing all required information.
- b. Ability for players to apply funds to an account by authorized methods and sources.
- c. Ability for players to select any and all games, and any and all bet types for those games, and to purchase individual plays and Advance Action plays.
- d. Ability for players to apply any valid discounts.
- e. Ability for players to pay for purchases from available funds.
- f. Ability of the Program to provide players with accurate and timely addition funds to accounts.
- g. Ability of the Program to award prizes to accounts based on game results.
- h. Ability for players to withdraw funds. Proposer should indicate the method(s) utilized for player withdrawals and indicate any limitations on immediate withdrawals.

2.2 Data Accessibility

Proposers must describe in detail and diagram the features, capabilities and configurable parameters related to the integration of Data with external systems, addressing the following minimum requirements:

- a. Player database integration. The Program must have the ability to work in conjunction with other CLC or other CLC vendors' systems as requested by CLC to provide or receive transactional and player information. This data should be transferred between systems via secure API calls or other agreed upon secure method. This data transfer will allow for single sign-on for players across different systems.

- b. Database exports. The Program must have the ability to export all Program data, including but not limited to wagering and non-wagering information, to external system(s) as required by the CLC. Such data must be exported, at a minimum, at the close of each Business Day.
- c. Communication systems integration. The Program must be readily integrated with external communication systems in order to trigger player communications, such as email, SMS, or push notifications. Some data must be able to be fed in regular intervals to third-party communications partners for external campaign development and triggering.
- d. Advertising systems integration. The Program must have the ability to integrate with advertising tracing mechanisms, such as advertising pixels or affiliate-specific tracking parameters.
- e. Analytics systems integration. The Program must provide support for site analytics tracking mechanisms, such as Google Analytics, on all pages or UI components that are provided on the site. This must support the ability to establish and track conversion funnels with the capability to pass parameters in order to relate purchase value back to specific campaigns or site conversion paths. The CLC will provide a Google Analytics Tracking ID for each portal as necessary.
- f. A/B testing system. The Program must have the ability to perform A/B testing of different components of the Program webpages, including but not limited to UI components and graphics.

2.3 Program Flexibility

Provide information regarding Program flexibility, meaning how the Program can be tailored to the CLC's business needs. Open architecture, flexibility, and adaptability are important to allow for changes of product, payment, and player communications over the term of the contract.

2.4 Game Support Services

Provide an overview of Draw Game and Keno support services. Consistent with the enabling legislation, the CLC is beginning online sales with its Draw Games and Keno only. Please address all necessary requirements to manage these games that will be available on the Program and describe key features and restrictions as they relate to these games, such as the variety of wager options supported, draw break management, double blind entry of winning numbers, or any processing downtime.

Additionally, the Program must support game sales on a subscription/renewal basis (Advance Action) and must manage any associated payment implications to support the automatic purchase without player intervention, provided that payment information on file for the player is still valid. Proposers must describe any necessary requirements or limitations to managing subscription sales, and be in compliance with CLC and MUSL requirements for these sales.

2.5 PAM Overview

Diagram and fully describe the PAM system, detailing the features, capabilities, and configurable parameters. PAM minimum requirements include, but are not limited to:

- a. Account creation. Detail what minimum information is required to create an account (name, mailing address, etc.) and a "marketing level" registration that does not include providing a funding source or funds.
- b. Age and identity verification. There must be strict protocols to block attempted registrations that do not meet stringent age and identity verification controls using established solutions.
- c. Player registration. The PAM system provide capabilities to support player registration and ensure that only one (1) account can be created per person. Additionally, the PAM system must have the capability to identify or restrict certain individuals when attempting to create accounts (for example only, CLC employees and CLC Board of Directors members).

- d. Player geolocation and geo-fencing. The PAM system must have capabilities to perform geolocation of players across land-based, Wi-Fi and cellular connections, and apply stringent controls to ensure that all wagering occurs only within the State of Connecticut, excepting the Mashantucket Pequot Reservation and Mohegan Reservation. The CLC requires that geolocation works to accurately identify VPNs, proxy servers, etc., that may be used to attempt to place wagers outside of Connecticut.
- e. Player authentication. The PAM system must utilize a secure method for user login, including mandating minimum password security strength, and must be capable of restricting player accounts from login for any CLC-specified reason. The Program may provide the capability to allow users the option to use two factor authentication to login to the Program (the second method can be a code delivered via email or text message, or some other agreed upon method to validate the identity of the user beyond a username/password combination and security questions).
- f. Player account funds. The PAM system must provide capabilities for players to fund accounts using credit, debit, ACH, prepaid gift cards, and other well-established online payment options, that can be utilized for transactions. The PAM system must utilize logical separation of deposit, promotion, credits, and prize funds with the ability to strictly control which such classifications can expire and which are available for withdrawal by the player. Classifications of funds should be available to display to players and CLC Back-Office users through UI components. Proposers must also describe the order in which classifications of funds are applied or exhausted.
- g. Responsible gaming controls. The PAM system must conform to all statutory and regulatory requirements, and should utilize the most current controls, including allowing the CLC to establish global play and spend maximum limits and default settings for player accounts and allowing players to define personal limits and enable more strict settings. See Appendix E for more detail concerning required responsible gaming controls.
- h. Player communication preferences. The PAM system must support capabilities for players to manage opt-in communication preferences, including the ability to opt in and out of promotional email messaging, text messaging, and push notifications with fully configurable custom options based on criteria provided by the CLC.
- i. Player notifications. The PAM system must include transactional notifications (e.g., emails, text messages) and marketing notifications that will be managed by the Program. Additional UI components controlled by the PAM, such as in-site dynamic notices, should also be available for customization by the CLC. Notifications must also be used when changes to account setting are attempted, such as changes to passwords and funding sources.
- j. Player Data and history. The PAM system must maintain a complete history of player transactions including but not only deposits, purchases, prizes, claims, uploaded documentation and other player-associated transactions. Such history must be accessible to players and Back-Office users through UI components. The CLC shall be the exclusive owner of such player Data and the Successful Proposer shall have a limited use license to use player Data during the contract. All player Data, including transaction history, must remain available for reporting through the Program for the entirety of the contract, plus an additional six (6) months after the contract ends or until complete Data transfer is confirmed by the CLC.
- k. Secure upload center. The PAM system must provide capabilities for registered players, and certain qualified failed registrations, to upload and transfer documents in a secure manner to the Successful Proposer.

2.6 Payment Processing

Provide a diagram and describe payment processing method, including banking services and payment acceptance in order to support payment transactions, detailing the features, capabilities, and configurable parameters, and addressing the following minimum requirements:

- a. Banking services. The Program must have capabilities to establish a bank account that will hold all player account funds. Such account must be FDIC insured and may be held in trust of the CLC, and will be utilized for reconciliation between the CLC and the Successful Proposer in order to conduct any financial transfers owed to the CLC. Reconciliations and payments between the Successful Proposer and the CLC shall occur at least monthly through electronic means.
- b. Compliance and risk requirements. The Successful Proposer shall be responsible for ensuring compliance with all state, federal, AML, and PCI imposed regulations associated with the acceptance of payments and external transfer of funds.
- c. PCI certification. The Successful Proposer must meet PCI requirements necessary to conduct efficient operations in a manner that does not impede players' ability to easily use the Program. Proof of PCI compliance must be provided to the CLC on an ongoing basis.
- d. Fees. The payment processing system must be able to process and be responsible for all fees, processing or otherwise, associated with the acceptance and transfer of payments to players.

2.7 Payment Acceptance, Issuance and Virtual Prize Claim Process

- a. Payment acceptance. Diagram and fully describe the features, capabilities, configurable parameters, and operational support related to payment acceptance, addressing the following minimum requirements:
 - 1. Payment processing services. The Program must provide all necessary components and services in order to accept financial transactions and issue prize payments.
 - 2. Backup and failover capabilities. The payment acceptance system should be configured to easily switch to additional service providers (e.g., payment processor, acquiring bank, etc.) in order to minimize interruptions to payment processing.
 - 3. Player account funding methods. Proposers must provide a solution that accepts debit cards, credit cards, ACH bank transfers, prepaid gift cards, promotional discounts or offers, and other well-established online payment options in a manner that provides the most immediate availability of funds to players.
 - 4. ACH funding verification. Proposers must provide and describe the verification process for ACH funding, including pre-note process for new funding sources.
 - 5. Player facing fees. Proposers must disclose all fees that may be assessed against players.
 - 6. Minimum purchases and deposits. The Program must include the capability to adjust minimum purchase and deposit amounts.
 - 7. Saved payment methods. The Program must save previously utilized payment methods in a manner that is secure and meets all applicable PCI requirements. Players should be able to remove a saved payment method from their profile, and the Program must retain any historical reporting in such cases. Note use of tokenization by processor if known.
 - 8. Payment enablement and disablement. The Program must support the ability to place a specific payment instrument on hold within a player account while also supporting the ability to re-enable the payment instrument using time period parameters.
 - 9. Prepaid instrument acceptance. The Program must enable the redemption of CLC-issued prepaid instruments distributed in various ways, including but not limited to vouchers issued through a retailer's lottery terminal, and through merchandised prepaid cards validated through a third-party issuance system. For the avoidance of doubt, the CLC shall be responsible for creating, distributing, issuing, activating, and expiring such prepaid instruments, and the Program shall be responsible for accepting funds from such prepaid instruments.
 - 10. AML. Proposers must describe its AML methods and controls.

- b. Payment issuance. Diagram and fully describe the features, capabilities, configurable parameters, and operational support related to payment issuance to account holders. Players must have access to the available funds in their player account according to an established protocol.
- c. Virtual prize claim process. Provide an overview of the features, capabilities, configurable parameters, and operational support related to the virtual prize claim process, addressing at a minimum:
 - 1. Immediate prize payments for low value prizes. The Program must issue immediate payment of prizes under six hundred dollars (\$600.00) to a player account without manual intervention.
 - 2. Large prize thresholds. The Program must move prizes equal to or greater than six hundred dollars (\$600.00) into a pending status that requires further processing by the CLC. If CLC shall be responsible for processing such prize claims (including set-offs), but Proposers should fully describe the Program integration necessary to facilitate the completion of such prize claims.
 - 3. Claim center Back-Office. The Program must provide a Back-Office capability enabling the CLC to access a queue of all pending prize claims. Such Back-Office capability should be easy to use for prioritizing, searching, tracking, processing, and closing all steps required to issue prize payments of six hundred dollars (\$600.00) or more, including annuities. CLC staff must be able to view the results of any processed claims and details including tax withholdings, set-offs, and amount issued to the player account.
 - 4. Messaging. The Program must trigger automatic messages to players, as defined by the CLC, in order to request any necessary documentation to complete a prize claim. The CLC should receive a notification in the Back-Office when a player has sent a correspondence or uploaded a document and CLC staff must be able to view and download such correspondence or document and send a customized message to the player from within the Back-Office, if necessary.
 - 5. Document storage. Document and describe any use of document exchange and storage that Proposers plan to use relative to prize claiming.
 - 6. Tax withholdings. The Program must be able to report all prize claim information necessary to comply with federal and state tax requirements.
 - 7. Prize claim hold. The Program must be configured to automatically place prize claims on hold based upon criteria/thresholds as defined by the CLC, and to enable such holds to be removed by authorized CLC personnel.
 - 8. Expired prizes. Proposers must diagram and describe the processes in place for handling prizes that have expired (i.e., returning the expired prize amount to the CLC).
 - 9. Exceptions and overrides. The Program must allow CLC staff, through the Back-Office, to make exceptions and overrides that do not meet the defined workflow associated with a prize claim, including but not only, the ability to mark prizes as paid through external systems. An export file of exception claims must be available to the CLC.

2.8 Player UI Components and Integration Services

Describe the proposed player UI components and integration services. The CLC requires that a single and integrated web, mobile and app experience is provided to players for Draw Game and Keno sales and all other player-facing features of the Program. The Successful Proposer will be expected to integrate, in coordination with the CLC, some components they develop into the current CLC website. Proposers must describe in detail its approach to provide a seamless player experience, addressing the following minimum requirements:

- a. Central and persistent authentication. The Program must provide a method whereby a player can log in to the site one time and remain logged in throughout the entire experience, including any CLC maintained or third-party portions of the site. Proposers must describe how the Program times out player sessions after a designated amount of time without activity has passed.

- b. UI components. UI components must be provided for each player-facing feature of the Program (e.g., games available, PAM features, transaction history, etc.) that can be integrated into the CLC's website(s) in a manner that is responsive to device type and screen size. UI components must be customized to meet the CLC's brand guidelines. Proposers should also describe how UI components comply with current accessibility and ADA standards.
- c. API services. Certain UI component must be made available as a secure API service that the CLC, or its designated third-parties, can integrate with to create fully customized UI components. The API services must be highly scalable with constant availability and redundancy to support the Program site's capacity needs. Documentation and integration support, including testing services, related to the APIs must be provided when directed by the CLC. Proposer should indicate specific integrations that it plans to utilize from CLC's retail gaming system.
- d. Display of purchases during session. The Program must include the functionality to display for players each play being purchased and multiple plays purchased in any single session. Include explanation of when each play is recorded on System.
- e. Messaging center. The Program must include a notification area where secure messages, including promotional offers and requests for documentation, can be sent to players with a prominent notification on the player UI.
- f. Player personalization. The Program must support the ability for UI components to dynamically display personalized content to individual players and subsets of players.
- g. Content management system (CMS). The System must provide a CMS that can support the need to update areas of the Program site with operational ease and certain technical skills, including but not limited to, advertising banners and static content pages. Proposers should describe how the CMS is managed in order to maintain an optimized user experience across different device screens.
- h. Mobile App development services. Proposers must provide a solution to deliver an iOS and Android mobile application that provides all features necessary for account set up, funding, purchases, and withdrawal of funds (Mobile App). If Proposer will include other features in the Mobile App, then describe those features. The solution may leverage an approach where web browser features are viewable within the Mobile App (Webview). It is highly desirable for the Mobile App to contain natively developed features that deliver optimal usability and performance to players. The Program should be designed to ensure that if any portion of the Mobile App is offline, other services remain available to the player. Proposers must describe in detail a breakdown of native features versus Webview features, as well as disclose the development languages and any conversion tools that will be used to implement the Mobile App, including a detailed explanation as to the advantages of the chosen languages and tools. Proposers must also explain how the Mobile App follows all guidelines from the Apple and Google Play stores regarding lottery, gambling, and real money transactions. The Successful Proposer is required to provide ongoing development services, maintenance, backend application hosting, and regular production releases as required for coordination with ongoing changes to retail gaming system. Proposers must describe a maintenance plan with specific details on how software will be delivered to support the Mobile App (e.g., release cycles).

2.9 Reporting Capabilities

Describe the Program's reporting capabilities and services, addressing the following minimum requirements:

- a. General services. The Successful Proposer will be required to provide ongoing support for reporting development, customization and distribution to the CLC. The CLC will require certain reports to be automated and scheduled on a recurring basis.
- b. Reconciliation reporting. The Program must generate a reconciliation report that applies all financial conditions with certain agreed upon frequencies.

- c. Balancing reports. The Program must generate reporting that enables the CLC to perform all balancing functions between the System and the ICS. A mirror copy of all financial reports must be configured on the ICS.
- d. Daily Program play reporting. Reports must be automated that provide visibility into daily play activities over the Program, such as new registrations, returning players, deposits, wagers, prizes paid, prizes pending, and breakdowns for various sales channels (desktop, mobile, app, etc.).
- e. Tax reporting. The Program must have capabilities to export files in a format specified by the CLC that can be combined with retail claim center data in order to create all required tax reporting.
- f. Expired prize reporting. The Program must have capabilities to export a file of expired prizes, as defined by the CLC, which have not been claimed by a player.
- g. Expired player account reporting. The Program must have capabilities to expire player accounts, as defined by the CLC, after a defined period of player inactivity. Any expired player account shall be subject to Connecticut escheat laws.
- h. Prepaid instrument reporting. The Program must have capabilities to report on all prepaid instrument activities, such as number of redemptions.
- i. Geolocation reporting. The Program must provide reporting related to the performance of geolocation services, such as the number of successful and blocked connections. The ability to drill down into performance data is desired in order to inform any potential areas for optimization.
- j. Identity verification reporting. The Program must log any parameters associated with identity verification, which must be available on a player-specific basis. An immediate export of failure reasons must be logged and made available to the CSC to inform customer support activities.
- k. Virtual claims reporting. The Program must provide reporting related to virtual prize claim activities, such as a detailed report of all prizes paid and the CLC staff member that authorized the claim. Reports must be provided daily in a manner that meets the CLC's operational needs and requirements.
- l. Back-Office user reporting. The Program must provide reporting that allows the CLC to pull a manifest of all active and disabled users of the Back-Office, along with the assigned permission settings by user.
- m. Business intelligence reporting. The Program must be integrated with a business intelligence software application that can provide adaptable reporting, scheduling and automation to the CLC. A minimum number of user licenses to the business intelligence software application must be agreed upon with the CLC.
- n. Account status report. The Program must be capable of reporting the status of active, suspended, and closed accounts, as well as various applicable condition fields.

2.10 Promotional Capabilities

The Program must include the features, capabilities, and configurable parameters necessary to enable and manage promotions on the Program (e.g., coupons/codes issued at retail for play on the Program; deposit offers, whereby a percentage or fixed-value bonus is awarded in combination with a transaction to fund a player account; discount offers on the purchase of multiple plays; buy-one-get-one; nth ticket is free; buy x, get y). The promotional capabilities should match current promotions on the CLC's retail gaming system (see Appendix F, Current CLC Promotions).

Proposers are urged to be creative in thinking of promotional opportunities that are consistent with the statutory and regulatory language.

The CLC must be able to run reports at custom intervals based upon the specific promotional offers for any promotions.

2.11 Demonstrability of Proposed Program

It is not required that every software and hardware item in the proposed Program be operational in a U.S. lottery jurisdiction; however, the CLC does not intend to include features that are at the specifications or concept stage only, nor will the CLC accept discontinued, out-of-date, or unsupported products. As such, Proposers must be able to visually demonstrate its proposed Program configuration to the CLC both upon request pursuant to the schedule set forth in this RFP (see Part IV, Paragraph B) and during development to ensure expectations and understandings are aligned.

During the RFP process, Proposers must be able to provide a site(s) demonstrating, at a high level, its proposed Program and showing its ability to meet the requirements of this RFP. While functions and features demonstrated or benchmarked need not be identical to those described in this RFP, common functionality and operations are expected. The CLC reserves the right to reject a Proposal for failure to propose demonstrable products and/or services.

2.12 Internal Control System (ICS)

The CLC intends to engage the vendor that currently provides the ICS for the CLC's retail gaming system to provide the ICS for the iLottery System – whether as one (1) account or two (2) separate accounts for online and retail lottery.

The CLC will be using three (3) identical ICSs located at two (2) different secure locations in Connecticut. Two (2) of the ICSs are used in the production environment as the primary and redundant ICS; the third ICS is used for UAT of new software.

The Successful Proposer is required to provide a near real time transaction data feed from the iLottery System (production and UAT) to the CLC's ICSs (production and UAT). The transaction feed needs to include, at a minimum, all sales, winning information, and pool closing information. In addition, the Successful Proposer is required to send checksum totals for sales that will be used to automatically verify transaction data.

The Successful Proposer must provide an easy way to view pool close times and provide total sales within five (5) minutes following the close of sales for any game, and after every drawing, provide draw reports of winners, both for exclusive and inclusive winners.

At the end of each System Day, the Successful Proposer must provide electronic balancing report files with sales and winning information, which the ICS uses to verify balancing with the retail gaming system. These files and the entire daily transaction file must be automatically copied to a CLC-supplied SCP server at the end of each System Day.

The CLC uses a MUSL approved alternative lockdown solution. The Successful Proposer must provide an approved solution for the iLottery System, including but not limited to, an encrypted transaction file which matches the ICS transaction file and automatic file transfers from the iLottery System to an SCP server at designated pre- and post-draw times.

The transmission protocol, end of day reports, draw reports and checksum totals will be mutually agreed upon by the Successful Proposer and the ICS vendor and approved by the CLC.

The Successful Proposer must cooperate with the CLC and its ICS vendor.

3. Communication Network

The Proposer must propose a design for a communications network to serve the CLC. The Successful Proposer is responsible for ensuring that the design is implemented securely and operated in compliance with the specific details outlined in this RFP, including the responsibility for network management.

The communications network must support data communications between all computer sites (i.e., primary System, backup System, CLC headquarters, CLC backup site, ICS systems, and UAT environment), and the player-facing site.

The Successful Proposer must monitor the network for outages and utilization, and must take the appropriate security measures to prevent unauthorized access to the network.

The Proposer must describe and diagram its recommended communications network that best meets the overall objectives of this RFP. Network design should allow for maximum flexibility, security, and throughput, and should handle the immediate needs of the Program and accommodate any future growth.

Proposers will be responsible for coordinating interactions among any network providers and subcontractors that would be involved in the implementation of the network.

The Successful Proposer will be responsible for implementing, monitoring and operating all elements of the network, including any charges/fees associated with the networks.

4. Project Strategy

4.1 Project Management/Implementation Plan

Describe in detail the project plan for implementation of the Program, addressing the following minimum requirements:

- a. Project schedule. Proposers must provide a detailed project schedule to support a timely delivery, indicating the major milestones, approvals, and key activities to be completed.
- b. Project resourcing. Proposers should describe the staffing resources, including any third parties, which will be deployed to support project management and startup activities. Proposer must specifically identify staffing and responsibilities that it expects CLC to provide.

The Successful Proposer will be required to submit a project plan/timeline CLC within thirty (30) days of signing a contract for the Program. Discussions with CLC should occur within that period so that the plan is in approvable condition when submitted.

4.2 Software Development

Software development plans. Describe the capability, capacity, and plans for developing and maintaining the software proposed to meet the requirements of this RFP and for the fulfillment of the contract.

Software quality. The Proposal must address software engineering quality practices, and in particular whether the Successful Proposer is certified under recognized quality practice standards (e.g., ISO series, CMMI, NASPL Standards QA Best Practices).

Describe the services and methodologies utilized to develop software, addressing the following minimum requirements:

- a. Stand alone or multi-tenant environment. Indicate if any portion of the Program will be delivered as a multi-tenant environment. If so, describe the level of customization that is generally available to the CLC and any impact to the timing of software/System updates.
- b. Software development methodology. Describe the software development methodology relative to waterfall or agile practices, including any processes that are utilized to ensure that software is developed with a high degree of quality and meets business requirements.

- c. Software planning. Describe how new software will be planned in collaboration with the CLC and to what extent the CLC will be able to influence the development of features.
- d. Release cycles. Describe the release cycles envisioned for the software developed for the CLC to enhance and adapt the software after the initial startup date. The Successful Proposer will be responsible for periodic System changes related to the games offered.
- e. Documentation standards. Describe the typical documentation management and collaboration process involving the CLC relative to delivering new software features, indicating any tools used to manage documentation.
- f. Development tracking. Describe the process for estimating, tracking, and reporting development progress to the CLC.
- g. Quality assurance environment. Proposers must provide a distinct quality assurance environment for its own testing prior to the delivery of software to the CLC for acceptance testing. Describe to what extent this environment mirrors the production environment.
- h. CLC testing environment. Proposers must provide a distinct UAT environment to the CLC to be used exclusively by the CLC, the DCP, and the CLC's authorized designees. Describe to what extent this environment mirrors the production environment and the capabilities of the production environment.
- i. CLC testing devices. The Successful Proposer must furnish testing devices to the CLC, on a quarterly basis or as otherwise agreed by the parties, that reflect no less than eighty percent (80%) or the top ten (10) devices that are currently visiting the Program site (i.e., a combination of the most popular physical devices, e.g., iOS and Android, with the most recent and applicable OS versions for each). In lieu of physical devices, the Successful Proposer may provide the CLC with an emulator program that can perform the same tests as a physical device and with the same level of confidence in the results.
- j. Regulatory compliance and testing. Describe how testing methods will be utilized to ensure that features, including but not only, identity verification and geolocation technologies, are performing as expected and in compliance with all regulatory requirements.
- k. Software development resources. The Successful Proposer must have ample resources to modify the Program during the contract. Proposers must describe resources that will be committed towards software modifications on an agreed upon basis.

4.3 Ongoing Technical Support/Program Maintenance

Describe the ongoing technical support and Program hardware and software upgrades, enhancements, and maintenance that will be provided to the CLC to ensure that the Program and its components/modules are the most current. Program hardware and software must be replaceable at any time by more modern models or versions simply by means of System upgrades. All Program hardware and software must be fully supported by the respective manufacturer or supplier at all times during the contract term and any extensions. If support for any hardware module, component, or System software is discontinued by the manufacturer or supplier, the Successful Proposer must replace, if required by the CLC, the respective hardware modules, components, or software modules at its own cost prior to the support being discontinued. The Successful Proposer must immediately inform the CLC of any such support discontinuation as soon as it is made aware. The Proposal, at a minimum, should address:

- a. Software fixes, OS patching, OS software updates, and OS end of life or end of support for physical hardware or vendor supplied signatures/feeds. If the Successful Proposer utilizes third-party hosting for any part of the Program, then the Successful Proposer will be required to provide an electronic copy of an annual independent third-party audit of the third-party's internal controls, information incident response plan, disaster recovery/business continuity plans, and related activities, which include, but are not limited to, SSAE 18 (SOC 1) Type 2 and SOC II Type 2 audits.
- b. Programming support to accommodate changes such as adding new Draw Games, changes to existing Draw Games and Keno, and Program enhancements. Proposers shall include a description of the

process Proposer will use to deliver new software or software changes and Proposer's commitment to completing requested or required releases on schedule and as documented.

- c. Programming support and process for resolving out-of-balance conditions. The Successful Proposer must provide on-call and/or on-site Program support twenty-four (24) hours a day, seven (7) days a week, and three hundred sixty-five (365) days a year. The availability and reliability of Program support is critical.

4.4 Acceptance Testing

The CLC and the DCP will conduct a series of acceptance testing to fully determine the passing or failing of the Successful Proposer's installation and ongoing operation of the Program in accordance with the specifications of this RFP, the Successful Proposer's Proposal, and the contract. Describe your commitment and processes used to bring forward quality tested software and other necessary changes to the Program, at launch and thereafter.

The System will be tested for each and every requirement of the RFP and for performance as stipulated in the Successful Proposer's Proposal and the contract. The Successful Proposer's assistance in arranging tests will be necessary.

The CLC and the DCP, separately and in their sole discretion, will determine whether performance against the acceptance tests is adequate, and whether start-up can proceed as scheduled. Passing an acceptance test in no way removes the Successful Proposer's obligation to meet and to continue to meet all requirements of the RFP and the contract.

4.5 CLC Staff Training

Describe the approach that will be used to train CLC personnel on the operation, use, and customer service aspects of the Program, including any future training when changes are made to the Program. Include a description of training materials and procedure manuals that will be provided.

Training must also include reviewing Data available in the Program, showing how it is assembled for reporting, and demonstrating how to create standard and custom reports with this Data. If any shared responsibilities are agreed to by CLC for handling CSC, training for player account management and problem resolution must be included.

4.6 End of Contract Conversion

Within twelve (12) months of the successful launch of the iLottery Program, the Successful Proposer shall deliver to the CLC a plan that details the Proposer's end of contract transition strategy.

It is contemplated that the CLC, approximately twelve (12) months prior to the expiration of the contract resulting from this RFP, will award a new contract for replacement of the Program.

The Successful Proposer shall cooperate fully and in good faith in the conversion. Cooperation will include sharing of all Program Data throughout the development and implementation period, including but not limited to all player information, win history, unclaimed prizes, and player account balance information. Failure on the part of the Successful Proposer to cooperate fully and in good faith may result in the assessment of Liquidated Damages, pursuant to Part V, Paragraph O of the RFP and the contract

The Successful Proposer shall be responsible for deleting all Data from its System after a successful startup of the replacement system, and within a reasonable period as set by the CLC. No later than six (6) months prior to the end of use of the System, the Proposer must submit their plan for deleting Program Data from its System for approval by the CLC. The Successful Proposer must obtain signed authorization from the CLC before deleting any Program Data and must sign an affidavit once the process of deleting of the Program Data is complete.

5. Drawing Operations

Understanding that the CLC's Draw Games and Keno drawings take place at a television studio or other approved site at regularly scheduled times, describe anticipated facilities, staffing, software, specific controls, and any other features that will be necessary for delivery of drawing results into the System. The Program must anticipate instances of changes to drawing frequency and time of drawings. Specifically identify your approach for entering draw results into your System.

6. Proposer Facilities

As indicated in Paragraphs 1.2 and 1.3 above, the Successful Proposer must provide a Primary Data Center (PDC) in Connecticut and a Backup Data Center (BDC) within the United States. Data Center specifications must be and remain consistent with standards of any multi-jurisdictional gaming associations, of which the CLC is or may become a member.

The facilities must include all necessary safety, security, and environmental controls to meet the service levels required by this RFP. In addition, the facilities and furnishings must comply with all ADA codes, state and local building codes, laws, rules, and regulations for facilities of this type. Any upgrades, servicing, or replacement required to maintain compliance with such codes shall be the Successful Proposer's obligation for the term of the contract.

The Proposal shall contain specifications and descriptions for the proposed facilities.

6.1 Disaster Recovery

The Successful Proposer must provide and annually update a business continuity and disaster recovery and contingency plan (Disaster Recovery Plan) for the Data Centers and administrative facilities sites used in the contract. The plan must be delivered by the Go-Live Date. The Proposal must contain an outline for, or sample of, such Disaster Recovery Plan.

Such plan shall take into account disasters including, but not limited to, those caused by weather, water, fire, malicious destruction, acts of terrorism or war, and contingencies such as strikes, epidemics, pandemics, etc. The Disaster Recovery Plan must ensure uninterrupted operation of the Program. Provision shall also be made for the safe, secure, off-site storage of all scheduled backup Data and applications.

The Successful Proposer's Disaster Recovery Plan must provide contact information and detailed recovery procedures and documentation and must coordinate with the CLC's disaster recovery plan. It must also include planning for its additional infrastructure necessary to provide continuous support for the CLC. For example, the Successful Proposer's software development and support facilities are critical for the term of the contract.

Should implementation of any portion of the Disaster Recovery Plan become necessary, all costs associated with the Proposer's Disaster Recovery Plan shall be borne by the Successful Proposer.

7. iLottery Program Security

The CLC expects the iLottery Program to be of the highest security and integrity. This requires the Successful Proposer to maintain confidential, high-level security protocols throughout its entire operation.

Proposers shall submit with their Proposals a proposed written security plan (Security Program) for the entire iLottery Program. The Successful Proposer's Security Program will be subject to formal approval of the CLC at least sixty (60) days prior to the Go-Live Date and be updated, reviewed, and approved annually by the CLC during the term of the contract.

Understanding that Security Program submitted with the Proposal will require updating after the development process begins, the Successful Proposer must present a revised Security Program ready for approval by the CLC under the timeframe noted above.

At a minimum, the proposed Security Program must include the following sections:

- a. Business Impact Analysis
- b. Risk, Threat and Vulnerability Analysis
- c. Security Strategy
- d. Personnel Security Practices
- e. Physical Security
- f. Data Security
- g. Telecommunications Operational and Physical Security
- h. Telecommunications Access Security
- i. Protection of Software and Other Copyrighted Materials
- j. Plan Evaluation and Maintenance
- k. Security Awareness/Training

The Security Program must (i) include thorough incident response procedures (e.g., in case of an electronic intrusion); (ii) include at least annual audits of components to ensure compliance; (iii) include quarterly meetings with the CLC to review and discuss Security Program performance and potential changes; and (iv) comply with multi-jurisdictional security requirements (e.g., MUSL rules).

7.1 Physical Security

The Successful Proposer must implement stringent security measures to prevent unauthorized entry and activity at each site as well as comply with any applicable federal, state and local fire and safety regulations. The Successful Proposer is responsible for ensuring that its staff understands and adheres to such policies and procedures. At minimum, the physical Security Program must:

- a. Prevent unauthorized persons from accessing the facilities.
- b. Provide a record of all entries and exits from each facility available to the CLC upon demand.
- c. Provide a system to monitor all activities at entrances/exits, computer rooms and all other high security/sensitive areas. Monitoring system must meet all MUSL requirements.
- d. Provide for specified CLC personnel to have complete access at all times to the Successful Proposer's facilities, including, but not limited to, office, computer, warehouse, offsite storage, and maintenance facilities.

7.2 Logical Security

Stringent security measures are required for all System components that support games or contain CLC Sensitive Information. Proposers must describe in detail how the configuration of the Program will meet or exceed the following requirements:

- a. Compliance with security requirements. The Program must comply with all systems security and fault tolerance requirements promulgated by any multi-jurisdictional association (e.g., MUSL, WLA) of which the CLC is or may become a member.
- b. Data security. The equipment and communications systems and services involved in storing, using, or transmitting all Data, including CLC Sensitive Information, must be secure and protect all Data from

- unauthorized access, disclosure, modification, or destruction. The Proposer must specify what Data will be encrypted when at rest and what encryption technique(s) will be employed.
- c. Vulnerability management. Vulnerability management controls must be performed to ensure known vulnerabilities are evaluated and mitigated in a timely manner. The Proposer must describe the practices it will employ for network enumeration, vulnerability scanning and vulnerability patching for the Program, and any related limitations.
 - d. Operating system hardening. The Proposer must provide information on operating system hardening for System components.
 - e. Protection against internal software threats. The Program must not be vulnerable to unauthorized manipulation or access. The Proposer must specify the methods that will be used to protect against internal software tampering.
 - f. Intrusion detection/prevention. The Program must implement appropriate intrusion prevention and detection capabilities, including but not limited to tracking unauthorized access, attempts to access the CLC's Data, and attacks on the Successful Proposer's infrastructure that supports the CLC's Data.
 - g. External threats. The Program must not be vulnerable to external threats. The Proposer must specify the methods by which the Program will be protected against malware, spyware, denial of service, and other external attacks.
 - h. System access. System access and user access rights for CLC employees must be approved by the CLC.
 - i. Audit and system logs. The Program must support controls and procedures allowing the CLC to audit all access to the System. Logs must be auditable and readily available to the CLC. The Proposer must describe its log management practices.
 - j. Mobile computing devices and removable media. The Successful Proposer must not load the CLC's Data onto portable computing devices or portable storage components or media unless necessary to perform its obligations under the contract. With CLC approval, the Successful Proposer may allow such Data transfer if adequate security measures are in place (e.g., policy on physical security for such devices, anti-virus software, personal firewalls, password protection, and encryption). The Successful Proposer must maintain an accurate inventory of all such devices and the individuals to whom they are assigned.

7.3 Network Security

The CLC expects the Program provided by the Successful Proposer to meet or exceed the accepted security requirements of U.S. lotteries selling online. The Successful Proposer must maintain a comprehensive approach to security controls aligned with NIST 800-53 and other applicable NIST standards and frameworks. Proposers must provide documentation explaining how its Program configuration conforms to these standards. In addition, based on the likelihood that the iLottery Program will grow in complexity and connectivity over the duration of the contract, the Successful Proposer must be prepared to meet cyber security threats to the Program throughout the term of the contract.

The Proposer must describe its corporate security organization and approach to managing all aspects of security and information security pertaining to its lottery operations and Program development.

The Proposer must ensure that solutions and practices are compliant with recognized information security standards. Proposers should include any security compliance/certifications, including third-party penetration testing or certifications of the Program configuration.

As part of the Proposer's Security Program, Proposer must include a detailed network security and transaction integrity plan, which must provide for potential devices and networks to be connected to the iLottery System.

7.4 Proposer Certification Requirements

Proposers must respond with certified technology solutions and certified best practices; a certified solution or best practice is one that has achieved certification in the designated certification program. Proposers must submit the applicable certificate(s) as part of its Proposal. It is the Proposer's responsibility to ensure that the certificate(s) is current and covers the systems and best practices requested by the CLC, in accordance with the policies of the respective certification programs.

Certified solutions and best practices in the following area(s) are required:

- a. NSI: Quality Assurance Requirement Division
- b. NSI: Quality Assurance Development Process
- c. WLA and ISO/IEC: Security Control Standard: 2016 (WLA-SCS:2016), incorporating ISO/IEC 27001:2013

7.5 Audit Requirement

The Successful Proposer must, at a minimum and at its sole cost and expense, meet specific auditing and accounting obligations as specified below:

- a. The Successful Proposer shall provide to the CLC, as soon as it is available on an annual basis, a copy of its audited financial statements for such year.
- b. The CLC requires (and will retain) an electronic copy of: an annual independent third-party audit of the Successful Proposer's operations, internal controls, and system controls for Program compliance; an information incident response plan; disaster recovery/business continuity plans; and reports of related activities, which include, but are not limited to, SSAE 18 (SOC 1) Type 2 and SOC II Type 2 audits reports (or the latest version of such audits as defined by American Institute of Certified Public Accountants), or, as agreed to by the CLC, any similar framework of any internationally recognized and accredited certification organization that assesses the security of system and organizational controls with respect to outsourced client functions. The CLC also requires a SSAE 18 (SOC 1) Type 2 and/or SOC II Type 2 report, as applicable, from any Subcontractor or subservice organizations that handles CLC Sensitive Information and/or hosts or performs other critical functions related to the Program. If the opinion in any audit report is qualified in any way, then the Successful Proposer will provide the CLC sufficient documentation demonstrating correction of such issues to the satisfaction of the CLC.

7.6 Multi-State Games

Proposer shall meet and comply with all security and integrity requirements of both the Multi-State Lottery Association/Powerball Game Group and the Mega Millions Consortium, as well as the requirements for any other multi-state games in which the CLC participates, now and in the future.

7.7 Security Incident Reporting

In each case of a security incident that may have compromised any aspect of the Security Program, the Successful Proposer must notify the CLC verbally and in writing of the incident immediately and fully cooperate with the CLC to mitigate the consequences. This includes any use or disclosure of Data that is inconsistent with the terms of the contract. CLC and the Successful Proposer may decide to establish incident reporting timeframes based on varying levels of urgency.

The Successful Proposer must immediately give the CLC full access to the details of each incident and assist the CLC in making any notifications to potentially affected people and organizations that the CLC deems are necessary or

appropriate. The Successful Proposer must document all such incidents and any appropriate updates, including its response, and provide that documentation to the CLC within timeframes defined in contract.

8. Staffing

The Proposer must describe the staffing levels that will be provided for support services, whether directly to CLC, or shared with other U.S. iLottery operations. Staffing levels must remain sufficient throughout the term of the contract.

The Proposer shall provide one-page resumes of all management, supervisory and key technical personnel planned to be involved in the installation, implementation, and operation of the Program.

The CLC reserves the right to review and if necessary, disapprove any employee of the Successful Proposer who is assigned to the CLC contract, either at contract inception or during the term or any extension thereof.

The Proposal must make clear which staff proposed for the contract are Proposer employees and which are Subcontractors or consultants.

8.1 Player Hotline and Player Support

The Successful Proposer agrees to provide the CLC's players with interactive voice response system, email, live chat support and a dedicated toll-free hotline on a continuous basis, meaning twenty-four (24) hours per day, seven (7) days each week, three hundred sixty-five (365) days each year without interruption over the term of the contract. Such support does not need to be located in Connecticut, and the Successful Proposer may share facilities and CSC employees with other jurisdictions it supports, so long as the CLC's players are able to receive support promptly.

CSC staffing levels must be provided, at no additional cost to the CLC, on an ongoing basis in a manner that scales to meet the capacity requirements and service levels as established in the RFP.

Proposers must describe in detail the capabilities and operational support related to managing CSC activities. The description must address the following minimum requirements:

- a. Support channels. Proposers must describe the features and methods by which player communication channels are enabled, including at a minimum, voice, email, and live chat support.
- b. Oversight capabilities. The CLC must have adequate oversight and reporting capabilities to measure performance. The CSC reporting must be searchable and include the ability to view a complete record of historical correspondence, as well as aggregate CSC reporting (e.g., total inquiries per time period).
- c. Data retention. The Program must retain all CSC correspondence for a period of no less than five (5) years. The CLC must be provided with access to all correspondence.
- d. Satisfaction measurement. The Program must provide the capabilities to collect satisfaction sentiments from players based on CSC interactions, and to provide detailed reporting to the CLC in a quantitative and qualitative manner, as requested by the CLC.
- e. Failover and disaster recovery. The CSC must be equipped with staffing and technology redundancy in a manner that mitigates risk (e.g., backup CSC on different electric grid) and ensures continuous operations. Include this in the proposed Disaster Recovery Plan described more fully in Paragraph 6.1.
- f. System access and case transfers. Proposers must provide the CLC with direct access to CSC Program components in a manner that meets all CLC-specified requirements to establish operational efficiency and a seamless player experience. The Program must be able to receive and transfer case history notes and live calls between the CSC and the CLC.
- g. CSC staff training. Proposers must describe the CSC staff training and include the ongoing training that is provided to ensure professional, high productivity and accurate servicing of CLC players.

9. Required Additional Services

9.1 Marketing Support

The CLC, in its sole discretion, may request the Successful Proposer to provide marketing support, as described below. Proposers are required to submit separate pricing for such support. If the CLC elects to have the Successful Proposer provide the marketing support as agreed upon by the parties, the CLC shall be invoiced monthly for such support. Notwithstanding any terms to the contrary in this RFP or the contract, the CLC may terminate such marketing support upon three (3) months' written notice to the Successful Proposer. Such termination shall have no effect on any other service or requirement as set forth in this RFP, the Successful Proposer's Proposal, or the contract.

If selected as an option, the CLC must be provided with ample and experienced staffing services to support the startup of the Program, as well as player acquisition and retention. Specifically, Proposers should describe how they will provide support (including whether such individual employees of the Successful Proposer are housed at CLC headquarters or will work remotely with CLC staff) and should provide a detailed description of the staff that will support the CLC's marketing operations for, at a minimum, data analytics (including but not only compiling and synthesizing data patterns, performing segmentation, capturing insights into written reports, maintaining dashboards and distribution reports, and managing/executing campaigns and plans) and digital marketing support (including but not only graphic design, onsite assets, UI component designs, and coordinating paid media activity optimized for each channel, e.g., web, mobile, etc.).

The CLC expects the Successful Proposer to be ambitious, as well as creative, in helping the CLC achieve – and exceed – its goals for the Program. Based on the games CLC is authorized to sell online, please provide a comprehensive two (2) year marketing plan addressing, at a minimum: how the Successful Proposer plans to help the CLC acquire and retain players; how the Successful Proposer will partner with the CLC to maximize online sales in a responsible manner; how the Successful Proposer recommends the CLC advertise the Program, including specific recommendations on advertising spend allocation and type of media; and how the Successful Proposer will utilize the Program to help boost sales of CLC products at brick-and-mortar retailers. Where relevant, Proposers may point to specific campaigns they managed in other jurisdictions that were especially successful.

9.2 Online Entertainment Games

The CLC also requests each Proposer to provide a selection of Online Entertainment Games that can be rotated with agreed upon frequency, at no additional cost to the CLC. Please provide a plan, including the number of Online Entertainment Games offered and/or a library of such games/titles from which to select, and a proposed schedule to refresh such games, and any other pertinent or necessary information. The CLC expects the Online Entertainment Games to be a fun experience for players. Online Entertainment Games should be accessible only to a player whose identity has been verified and only while that player is logged into their account.

APPENDIX D

Price Proposal Form & Instructions

Proposers must enter their pricing into the Excel file provided according to the instructions and submit their Price Proposal in Excel file format. A printed, signed version of the Price Proposal must also be submitted as a separate PDF. The Price Proposal format is designed to accommodate various methods of compensation for the Proposer. Do not create your own pricing structure. Proposers may provide any necessary explanations in the appropriate section. Prices or percentages must be provided for each of the revenue levels as indicated and will be applied to the entire contract term, including any extension period(s). Proposers must also complete the example calculation to ensure CLC's complete understanding of their Price Proposal.

All pricing must be in U.S. Dollars, and all percentages must be limited to two decimal places (e.g., xx.yy%). Price Proposals represent binding commercial terms and are considered valid for one (1) year, or until a contract is signed with the Successful Proposer.

In submitting the Price Proposal, the Proposer acknowledges and agrees unless explicitly noted as "not included" that: (a) the price supplied is all-inclusive, including, but not limited to, the costs of all labor, materials, and equipment, delivery/off loading and services, overhead, insurance, bonds or letters of credit, profits, permits and licenses, inspections, travel and related expenses, costs to remedy any deficient performance; and any and all other costs and expenses; and (b) the Connecticut Lottery Corporation will make no, and have no liability to make, additional payment of any kind for the products/services performed under the price(s) as proposed. Unless priced separately, the CLC will consider all costs and expenses for services and products to be included in a Proposer's Price Proposal.

The CLC is exempt from paying all Connecticut state taxes, including sales and use taxes, as well as certain federal taxes. Proposers shall not charge the CLC any such taxes on products/services.

APPENDIX E

Required Responsible Gaming Controls

The Proposer's iLottery Program must include the following minimum responsible gaming (RG) controls:

1. Age and identify verification to confirm player is eighteen (18) years of age or older, only has one (1) player account, and is not prohibited from establishing an account and/or placing a wager.
2. Geolocation to verify player's location at specified intervals and in connection with certain actions.
3. Require certain acknowledgements from players at the time of account registration, such as affirmation that the player will not allow anyone else to use their account.
4. Limit player to one (1) active funding source.
5. Enable the CLC to impose RG limits on all player accounts, including but not limited to:
 - a. Daily, weekly, and monthly deposit limits;
 - b. Daily, weekly, and monthly spend limits; and
 - c. Individual and cumulative deposit limits per funding source.
6. Enable the player to self-impose RG limits on their account, including but not limited to:
 - a. Daily, weekly, and monthly deposit limits;
 - b. Daily, weekly, and monthly spend limits;
 - c. Individual and cumulative wager maximum;
 - d. Daily time-based limitations (i.e., maximum total hours player be logged in to the System per day);
 - e. Suspending their account for a designated period of time pursuant to a request directed to the CLC or the Successful Proposer or due to the player's participation a voluntary self-exclusive program; and
 - f. Any change making the self-imposed RG limits more restrictive shall be effective no later than the player's next log in. Any change making the self-imposed RG limits less restrictive shall become effective only after the time limit previously established by the player has expired or as otherwise determined by the CLC or DCP and the player reaffirms the requested change.
7. A player's self-imposed RG limits shall not override more restrictive RG limits imposed by the CLC. The more restrictive RG limits shall take priority.
8. When an individual player exceeds lifetime deposit threshold specified by DCP, immediately prevent any wagers until the player makes certain acknowledgements, and require player to reaffirm those acknowledgements at scheduled intervals.
9. Display account information and RG messaging, including but not limited to:
 - a. Problem gambling telephone number;
 - b. Links to RG resources, voluntary self-exclusion information, and information regarding self-imposed RG limits;
 - c. Continuous display or pop-up messages at specified intervals showing information such as the current time, the time elapsed during of the player's current session logged in to the site or Mobile App, amount wagered during the current session, available funds in the player's account, etc.; and

- d. Display certain information on log in and log off screens such as date, time, and duration of player's last session, notification that individuals on the self-exclusion list are barred from claiming prizes, information described in Paragraphs 8.a and 8.b above, etc.
10. Make readily accessible the following minimum player protection information:
- a. Information about potential risks associated with excessive participation in gaming, and where to get help related to RG education and compulsive gaming support;
 - b. Self-imposed RG limitations invoked by the player;
 - c. A list of the available player protection measures that can be invoked by the player, such as self-imposed limits and self-exclusion, and information on how to invoke those measures; and
 - d. Mechanisms available to the player to detect unauthorized use of their account, such as reviewing credit card statements against known deposits and for unknown charges.
11. Compare player accounts to voluntary self-exclusion database at specified intervals (e.g., daily), prior to taking certain actions (e.g., prior to activating new accounts, prior to sending player communications, prior to paying prizes, etc.), or as otherwise specified by the CLC or DCP, and ensure adherence to voluntary self-exclusive requirements.
12. Permanently or temporarily disable or restrict individual player accounts for reasons determined by the CLC, DCP, or otherwise required by law or regulation, including but not limited to a player's voluntary self-exclusion. Duration, account restrictions, and notices must be configurable based on criteria determined by the CLC or DCP. For example only, the duration of a player's voluntary self-exclusion may be one (1) year, five (5) years, or lifetime, or a player may request that the CLC or the Successful Proposer suspend their account for seventy-two (72) hours.

APPENDIX F

Current CLC Promotions

Currently, the CLC's retail gaming system offers the following promotions:

1. Discount/Sampler: When a qualifying ticket is purchased, the system issues a discount for the qualifying ticket or for a subsequent purchase.
2. Buy X, Get Y: When a qualifying ticket is purchased, the system issues a free ticket for a different game (e.g., buy a Play3 Day ticket, get a free \$1.00 Play3 Night ticket).
3. Buy X, Get X: When a qualifying ticket is purchased, the system issues a free ticket for the same game (e.g., buy a \$2.00 Play3 Day ticket, get a free \$1.00 Play3 Day ticket).
4. Partner Play: For every qualifying ticket purchase, the system issues a free ticket for the selling retailer.
5. Modified Prize (Doubler or Tripler): Every qualifying ticket has a message printed on it informing players that if the ticket is a winner, then the prizes will be doubled or tripled.
6. Coupons: Coupons can be redeemed for a variety of promotional purposes (e.g., discounts, instant wins, free tickets, etc.).
7. Bonus Draw: For a daily game, an additional set of winning numbers is drawn.
8. Bonus Payoff: Prizes increase if a special color ball is chosen.
9. Cross-Promotions with Third-Party Vendors: Supports partnerships by issuing discount/incentive for third-party vendor to purchaser of a qualifying ticket (e.g., buy a KENO ticket, get \$1.00 off any appetizer at restaurant).
10. Nth Ticket Promotions: The system issues an award to Nth qualifying ticket purchase system-wide (e.g., for every 365th draw game ticket purchased system-wide, purchaser gets a free \$1.00 Lucky for Life ticket).

Promotion qualifiers and awards can be customized to include the following:

Qualifiers

1. Wagers
 - a. Game
 - b. Bet type
 - c. Number of bets
 - d. Ticket amount
 - e. Number of advance draws
2. Cashes
 - a. Game
 - b. Win level
 - c. Draw ID
 - d. Prize amount
3. Coupons

Awards

1. Terminal game
 - a. Game
 - b. Bet type
 - c. Number of boards
 - d. Partner play
2. Instant tickets
3. Coupons
4. Player discount or retailer discount
5. Merchandise
6. Modified prize amount (doubler or tripler)