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FILING CAPTION: Adopting regulations for retailers who work with a courier

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CONTACT: Kris Skaro
503-540-1181
kris.skaro@lottery.oregon.gov

500 Airport Rd SE
Salem, OR 97301

Filed By:
Kris Skaro
Rules Coordinator

RULES:

177-040-0053, 177-046-0100

ADOPT: 177-040-0053

NOTICE FILED DATE: 07/14/2025

RULE SUMMARY: The Lottery is adopting OAR 177-040-0053 to establish a regulatory framework for Lottery retailers who chose to work with a courier service. As stated in Lottery's Notice of Proposed Rulemaking, OAR 177-040-0053 requires Lottery retailers to notify Lottery in writing when they contract with a courier service and to ensure the courier service: prohibits out of-state ticket sales; verifies the age and location of customers; safeguards tickets held on behalf of customers; and secures the personal and financial information of players, among other requirements. The proposed rule also addresses the status of tickets purchased through a courier service and describes the penalties for retailers who violate the rule.

The Lottery revised the rule during the public rulemaking process. The revisions are summarized below. Lottery believes the revisions improve the clarity of the rule while still meeting the stated purpose of the rule, which is to ensure courier ticket sales comply with national draw game rules and to provide basic consumer protections to players who use a courier service.

Changes to OAR 177-040-0053 from the Proposed Rule to the Final Rule:

- (1) Clarified transaction sequence, terminology, and when geolocation is required. For purposes of geolocating a customer on tribal lands, explained how Lottery identifies and defines "tribal lands." The language is the same language used for mobile sports betting; see OAR 177-093-0020.
- (2) Required retailer to report the names and addresses of key persons associated with the courier service (similar to the proposed rule but the final rule limits this to "key persons" associated with the courier).
- (3) Required retailer to report what games it plans to sell through the courier service and to report any material changes

to the information regarding their relationship with the courier to the Lottery within 14 calendar days.

(4) Clarified courier must comply with laws, rules, and regulations that apply to its operations in Oregon.

(5) Required annual (instead of periodic) independent third-party testing.

(6) Required couriers to report major system errors, outages, and breaches within 72 hours. This was required in the proposed rule but Lottery added a time requirement (72 hours) and clarified the type of breaches that must be reported.

(7) Clarified the courier's fee is not an increase in the ticket price. This was stated in the proposed rules but is stated more explicitly in the final rule.

(8) Removed the MUSL play slip requirement but still require couriers to ensure order accuracy, maintain records, and provide them upon request.

(9) Clarified timing for sending customers a receipt and notifying them of a winning ticket; eased ticket storage requirements; and reduced ticket retention period.

(10) Required courier to honor statewide self-exclusion list if one becomes available.

(11) Removed liability insurance requirements.

(12) Clarified restrictions on claiming a prize through a power of attorney.

CHANGES TO RULE:

177-040-0053

Courier Services

(1) General Policy: A retailer under contract with the Lottery may facilitate ticket sales through a courier service only pursuant to a written contract with the courier service subject to Lottery's review and approval and only as provided in this rule. For purposes of this rule, "courier service" means a person or business that purchases Oregon Lottery tickets from a retailer on behalf of customers for a fee. A courier service may not facilitate the sale of Oregon Lottery tickets other than pursuant to a contract with a retailer and subject to this rule. Under no circumstances may a retailer knowingly facilitate the sale of Lottery tickets to any person who is physically located outside the state of Oregon through a courier service or any other method. For the purpose of compliance with this requirement, a courier service shall determine the location of the customer at the time that the customer places an order for the purchase of tickets with the courier service.¶

(2) Notification, Attestation, and Indemnification Required: A retailer shall notify the Lottery in writing within 14 calendar days of contracting with a courier service or otherwise knowingly facilitating ticket sales to customers through a courier service. The retailer must attest, on a form provided by the Lottery, that the courier service meets the standards described in section (3) of this rule, and that the retailer agrees to the following:¶

(a) The retailer agrees that the Lottery has a right to review any service agreements or contracts that the retailer has or will have with a courier service and that the Lottery may require the retailer to disclose the names and addresses of key persons associated with the courier service and other relevant information about the courier service including, but not limited to, which Oregon Lottery games the retailer will sell through the courier service. The retailer shall notify Lottery of material changes to this information within 14 days.¶

(b) The retailer agrees they have an ongoing duty to ensure that the courier service complies with the requirements of this rule, and to present any evidence of such compliance to the Lottery upon request.¶

(c) The retailer agrees that if the Lottery determines that the courier service has or will accept orders for Lottery tickets while a person is physically outside the state of Oregon or has otherwise acted in a manner contrary to law, Lottery rules, or the retailer contract or otherwise presents an actual or apparent threat to the fairness, integrity, security, and honesty of the Lottery, the Lottery may prohibit the retailer from working with a courier service, or may take any other compliance action against the retailer up to and including terminating the retailer contract.¶

(d) The retailer agrees to indemnify, defend, and hold harmless the State of Oregon, the Oregon State Lottery Commission, the Oregon State Lottery, the Oregon State Police, and their agents, officers, employees, and representatives from and against all claims, suits, actions, losses, damages, liabilities, costs, and expenses arising out of, or relating to, the acts or omissions of the courier service, its officers, employees, subcontractors, or agents under any contract or understanding between the retailer and the courier service, or in any way related to retailer's performance under its contract with Lottery, including, but not limited to, requests for courier services through the courier service's system, placement of requests for courier services through such courier service's system or the generation of, or failure to generate, tickets to complete ticket purchases related to such requests for courier services. The retailer's obligations will include, but are not limited to, any and all losses, damages, liabilities, settlements, judgments, fines, costs, fees, and expenses of any nature whatsoever, including, but not limited to, fees of attorneys and other professionals at trial and on appeal.¶¶

(e) The retailer agrees that transactions for tickets between the courier and the retailer will only occur on the retailer's premises when the retailer is open to the public during regular business hours.¶¶

(f) The retailer agrees not to permit any device to be connected to the gaming system except as specifically approved in writing in advance by the Lottery.¶¶

(3) Courier Service Minimum Standards: A retailer may not contract with a courier service or otherwise knowingly facilitate sales to customers through a courier service unless the retailer has attested to and continues to ensure that the courier service meets the following requirements:¶¶

(a) The courier service complies with all laws, rules, and regulations applicable to the courier service operations in Oregon.¶¶

(b) The courier service verifies the identity and age of a prospective customer to prevent people under age 18 from placing orders for tickets.¶¶

(c) The courier service uses geolocation to verify that the customer is located within the state of Oregon and not on tribal lands at the time an order is placed with the courier. The Lottery will use official, publicly available data sources to geolocate tribal lands and prohibit mobile gaming therein. For purposes of this rule, "tribal lands" means federal Indian reservations, lands held in trust by the federal government for the benefit of federally recognized tribes, and lands held in fee by federally recognized tribes.¶¶

(d) An independent third party annually tests the courier service's technology including geolocation. The courier service must provide testing results to the retailer and the Lottery upon request.¶¶

(e) The courier service takes reasonable steps to protect the personal and financial information of its customers as required by law.¶¶

(f) The courier service notifies the retailer and the Lottery within 72 hours of significant incidents relating to the operation of the courier's platform such as major system errors or outages, physical, data, or cyber security breaches, or similar situations that may impact the fairness, integrity, security, and honesty of Lottery and its operations.¶¶

(g) The courier service discloses all fees charged by the courier in a manner that makes clear that those fees are separate from the ticket price set by the Lottery prior to taking payment from and finalizing a customer's order. The courier service may not charge a fee for the payment of any prize amount or require or otherwise collect or accept any portion or percentage of a prize as payment for courier services. Any fee charged by the courier and disclosed to the customer as required by this section, is for the service of purchasing and delivering a Lottery ticket on behalf of another person and shall not constitute an increase in the price of the Lottery ticket that is set by the Oregon Lottery.¶¶

(h) The courier service provides a method for the public and customers to contact the courier service and quickly resolves customer service issues, disputes, and complaints. This information must be clearly displayed to the public and customers on its website and on its online and mobile platforms.¶¶

(i) The courier service has mechanisms in place to ensure the accurate processing of orders for tickets. The courier service maintains secure records of all tickets purchased through the courier service linked to the respective customers and makes such records available to the retailer or the Lottery on demand.¶¶

(j) The courier service allows the order of tickets for future draws only to the extent that such tickets could be purchased directly from a retailer.¶¶

(k) The courier service adheres to ticket delivery, storage, and retention standards:¶¶

(A) The courier service scans the front and back of every ticket purchased and sends the image to the customer within a reasonable time period such as the same business day of purchase or the next calendar day. The courier service notifies the customer of a winning ticket within 24 hours of the courier confirming it is a winning ticket.¶¶

(B) The courier service provides an option for any customer to obtain any ticket ordered by the customer through the courier service for the purpose of claiming a prize at any time subsequent to its purchase. The courier service may not charge a fee to deliver the ticket to the customer.¶¶

(C) Each physical ticket not provided to the customer shall be securely stored in a fire resistant, access-controlled space with effective sprinkler protections. The premises housing tickets shall be protected by a burglary alarm

system with 24-hour monitoring and the ability to access archived video.¶

(D) A courier service shall securely store tickets purchased on behalf of customers until the prize is claimed on behalf of the customer and paid to the customer, the ticket is provided to the customer, or until the expiration of the prize claim period for a ticket that has not been claimed for or delivered to the customer.¶

(l) The courier service allows customers to place daily, weekly, and monthly limits on their spending. The courier shall offer operator-level self-exclusion and, when available, honor Oregon's statewide self-exclusion list. The courier service displays information online and on its mobile app on how to seek help for problem gambling, such as through the problem gambling helpline or website.¶

(m) The courier service does not target advertisements for Oregon Lottery tickets to underage persons or persons located outside the state of Oregon.¶

(n) The courier service states in their marketing that the service is a private business entity that has no official affiliation with the state of Oregon or the Oregon State Lottery. The courier service refrains from unauthorized use of Lottery trade or service marks as described in OAR 177-010-0110 and does not otherwise state or imply that the courier service has a relationship with or affiliation to or is acting as an agent of the Lottery.¶

(o) The courier service states in its contracts and agreements with its affiliates, vendors, and customers that nothing in the contract or agreement shall give rise to liability of the State or the Oregon State Lottery or Oregon State Lottery Commission, its officials, or employees. The courier service shall state on its websites and mobile applications, along with any other disclaimers, legally required notices, or other notices concerning liability of the courier service, that nothing appearing on the courier service website and no transactions conducted on or through the courier service website or systems shall give rise to liability of the State or the Oregon Lottery, its officials, or employees.¶

(4) Penalties: Any violation of this rule, including, but not limited to, a failure to notify the Lottery promptly within 14 days of contracting with a courier service or failure to provide the Lottery with information regarding a courier service, is a violation of the retailer contract and provides grounds for the Lottery to take compliance action against the retailer up to and including contract termination.¶

(5) Status of Purchased Tickets: The Director may withhold payment to investigate whether a ticket was sold in violation of these rules. The Director's determination on the validity of the claim is final and binding on all parties as stated in OAR 177-046-0110. A person may not claim a prize using a power of attorney (see OAR 177-046-0110) on behalf of a customer who was outside the state of Oregon at the time that they ordered or otherwise procured a Lottery ticket using a courier service or otherwise.

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS 461.100, 461.120, 461.130, 461.150, 461.190, 461.250, 461.260, 461.300

Statutes/Other Implemented: Or Const, Art XV, §4(4), ORS 461.100, 461.120, 461.130, 461.150, 461.190, 461.250, 461.260, 461.300

AMEND: 177-046-0100

NOTICE FILED DATE: 07/14/2025

RULE SUMMARY: The Lottery is amending OAR 177-046-0100 about the ownership of Lottery tickets and shares to allow a Lottery retailer to transfer ownership of a ticket to an individual who has purchased the ticket or the retailer may authorize a courier service to do so, provided the individual has also authorized the courier service to do so.

CHANGES TO RULE:

177-046-0100

Ownership of Lottery Tickets and Shares ¶¶

(1) Bearer Instrument:¶¶

(a) Except for a Lottery ticket or share claimed jointly in accordance with the provisions of OAR 177-046-0110(5), until such time as a name of an individual or individuals is placed upon a physical Lottery ticket or share, the ticket or share is a bearer instrument and is owned by the bearer of the ticket or share. When a name or names is placed on the ticket or share, the ticket or share ceases to be a bearer instrument and the individual whose name appears on the ticket or share is the owner of the ticket or share. Only a natural person at or above the age of game eligibility may own a ticket or share and claim a prize.¶¶

(b) A retailer may transfer ownership of a ticket to an individual who has purchased the ticket by placing the individual's name on the ticket. The retailer may authorize a courier service contracted with the retailer to place the individual's name on the ticket on the individual's behalf, provided that the individual also has authorized the courier service to do so.¶¶

(2) Multiple Names: Multiple individuals at or above the age of game eligibility may jointly own, possess, and claim a prize as owners of a winning ticket or share as provided in OAR 177-046-0110(5). Multiple individuals each hold individual and equal shares of ownership in the ticket or share.¶¶

(3) Notwithstanding sections (1) and (2) of this rule:¶¶

(a) Second Chance Drawing: Only one natural person can claim ownership of a non-winning ticket or share used to enter a second chance drawing. Non-winning tickets submitted and accepted as a valid entry in a Lottery second chance drawing cannot be jointly owned. Only the person who claims ownership may submit the non-winning ticket as an entry to a second chance drawing and only that person may claim the prize if the person's entry is selected as a winning entry in a second chance drawing.¶¶

(b) In the DraftKings Sportsbook, only the registrant of the player account can claim ownership of a prize on a winning bet purchased through the player account.¶¶

(c) Win for Life: Only one natural person can claim ownership of the Top Prize in Win for Life as described in OAR 177-094-0080.¶¶

(d) The bearer or owner of a winning Lottery ticket or share may not sell the ticket or share to another person or pay another person to claim the prize in violation of HB 3115 (2025).

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS 461.120, 461.130, 461.150, 461.230, 461.250, 461.260, 461.400, 461.440, Or Laws 2025, ch. 46

Statutes/Other Implemented: Or Const, Art XV, § 4(4), ORS 461.020, 461.200, 461.210, 461.220, 461.240, ORS 461.120, 461.130, 461.150, 461.230, 461.250, 461.260, 461.400, 461.440, Or Laws 2025, ch. 46