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SENATE BILL NO. 348

Offered January 10, 2018

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A *BILL to amend and reenact §§ 58.1-4002, 58.1-4006, 58.1-4007, 58.1-4007.2, 58.1-4011, 58.1-4014, 58.1-4014.1, 58.1-4015, 58.1-4019, 58.1-4021, and 58.1-4027 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 58.1-4007.3 through 58.1-4007.6, relating to Virginia Lottery; digital vendors.*

Patron—Locke

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-4002, 58.1-4006, 58.1-4007, 58.1-4007.2, 58.1-4011, 58.1-4014, 58.1-4014.1, 58.1-4015, 58.1-4019, 58.1-4021, and 58.1-4027 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 58.1-4007.3 through 58.1-4007.6 as follows:

§ 58.1-4002. Definitions.

For the purposes of this chapter:

"Board" means the Virginia Lottery Board established by this chapter.

"Department" means the independent agency responsible for the administration of the Virginia Lottery created in this chapter.

"Digital vendor" means a person who has registered with the Department pursuant to § 58.1-4007.2 to sell drawing game tickets over the Internet pursuant to §§ 58.1-4007.3 through 58.1-4007.6.

"Director" means the Director of the Virginia Lottery.

"Drawing game ticket" means an entry in a drawing or promotion where a number, name, or item is randomly selected in accordance with specific game or promotion rules. "Drawing game ticket" includes a ticket or entry in certain drawing games, whether the scope of such games is national, regional, or limited to Virginia, commonly referred to as Mega Millions, Powerball, Virginia Draw, or Virginia Multi-Draw.

"Licensed sales agent" means a person to whom the Department has issued a license pursuant to subdivision A 10 of § 58.1-4007 to sell or otherwise vend lottery tickets or shares at the licensed sales agent's place of business.

"Lottery" or "state lottery" means the lottery or lotteries established and operated pursuant to this chapter.

"Ticket courier service" means a service operated for the purpose of purchasing Virginia Lottery tickets on behalf of individuals located within or outside the Commonwealth and delivering or transmitting such tickets, or electronic images thereof, to such individuals as a business-for-profit delivery service.

"Ticket or share" means a lottery ticket or a percentage of ownership in a winning ticket, play, or subscription plan. "Ticket or share" includes a drawing game ticket.

§ 58.1-4006. Powers of the Director.

A. The Director shall supervise and administer the operation of the lottery in accordance with the provisions of this chapter and with the rules and regulations promulgated hereunder.

B. The Director shall also:

1. Employ such deputy directors, professional, technical and clerical assistants, and other employees as may be required to carry out the functions and duties of the Department.

2. Act as secretary and executive officer of the Board.

3. Require bond or other surety satisfactory to the Director from licensed sales agents as provided in subsection E of § 58.1-4009, digital vendors as provided in subsection E of § 58.1-4007.4, and Department employees with access to Department funds or lottery funds, in such amount as provided in the rules and regulations of the Board. The Director may also require bond from other employees as he deems necessary.

4. Confer regularly, but not less than four times each year, with the Board on the operation and administration of the lottery; make available for inspection by the Board, upon request, all books, records, files, and other information and documents of the Department; and advise the Board and recommend such matters as he deems necessary and advisable to improve the operation and administration of the lottery.

5. Suspend, revoke, or refuse to renew any license or registration issued pursuant to this chapter or

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SB348

59 the rules and regulations adopted hereunder.

60 6. Enter into contracts for the operation of the lottery, or any part thereof, for the promotion of the
61 lottery and into interstate lottery contracts with other states. A contract awarded or entered into by the
62 Director shall not be assigned by the holder thereof except by specific approval of the Director.

63 7. Certify monthly to the State Comptroller and the Board a full and complete statement of lottery
64 revenues, prize disbursements and other expenses for the preceding month.

65 8. Report monthly to the Governor, the Secretary of Finance and the Chairmen of the Senate Finance
66 Committee, House Finance Committee and House Appropriations Committee the total lottery revenues,
67 prize disbursements and other expenses for the preceding month, and make an annual report, which shall
68 include a full and complete statement of lottery revenues, prize disbursements and other expenses, to the
69 Governor and the General Assembly. Such annual report shall also include such recommendations for
70 changes in this chapter as the Director and Board deem necessary or desirable.

71 9. Report immediately to the Governor and the General Assembly any matters which require
72 immediate changes in the laws of this Commonwealth in order to prevent abuses and evasions of this
73 chapter or the rules and regulations adopted hereunder or to rectify undesirable conditions in connection
74 with the administration or operation of the lottery.

75 10. Notify prize winners and appropriate state and federal agencies of the payment of prizes in
76 excess of \$600 in the manner required by the lottery rules and regulations.

77 11. Provide for the withholding of the applicable amount of state and federal income tax of persons
78 claiming a prize for a winning ticket in excess of \$5,001.

79 C. The Director and the director of security or investigators appointed by the Director shall be vested
80 with the powers of sheriff and sworn to enforce the statutes and regulations pertaining to the Department
81 and to investigate violations of the statutes and regulations that the Director is required to enforce.

82 D. The Director may authorize temporary bonus or incentive programs for payments to licensed sales
83 agents *or digital vendors* which he determines will be cost effective and support increased sales of
84 lottery products.

85 **§ 58.1-4007. Powers of the Board.**

86 A. The Board shall have the power to adopt regulations governing the establishment and operation of
87 a lottery. The regulations governing the establishment and operation of the lottery shall be promulgated
88 by the Board after consultation with the Director. Such regulations shall be in accordance with the
89 Administrative Process Act (§ 2.2-4000 et seq.). The regulations shall provide for all matters necessary
90 or desirable for the efficient, honest and economical operation and administration of the lottery and for
91 the convenience of the purchasers of tickets or shares, and the holders of winning tickets or shares. The
92 regulations, which may be amended, repealed or supplemented as necessary, shall include, but not be
93 limited to, the following:

94 1. The type or types of lottery or game to be conducted in accordance with § 58.1-4001.

95 2. The price or prices of tickets or shares in the lottery.

96 3. The numbers and sizes of the prizes on the winning tickets or shares, including informing the
97 public of the approximate odds of winning and the proportion of lottery revenues (i) disbursed as prizes
98 and (ii) returned to the Commonwealth as net revenues.

99 4. The manner of selecting the winning tickets or shares.

100 5. The manner of payment of prizes to the holders of winning tickets or shares.

101 6. The frequency of the drawings or selections of winning tickets or shares without limitation.

102 7. Without limitation as to number, the type or types of locations at which tickets or shares may be
103 sold.

104 8. The method to be used in selling tickets or shares.

105 9. The advertisement of the lottery in accordance with the provisions of subsection E of § 58.1-4022.

106 10. The licensing of agents to sell tickets or shares who will best serve the public convenience and
107 promote the sale of tickets or shares. No person under the age of 18 shall be licensed as ~~an~~ a *licensed*
108 *sales* agent. A licensed *sales* agent may employ a person who is 16 years of age or older to sell or
109 otherwise vend tickets at the *licensed sales* agent's place of business so long as the employee is
110 supervised in the selling or vending of tickets by the manager or supervisor in charge at the location
111 where the tickets are being sold. Employment of such person shall be in compliance with Chapter 5 (§
112 40.1-78 et seq.) of Title 40.1.

113 11. The manner and amount of compensation, if any, to be paid licensed sales agents *or digital*
114 *vendors* necessary to provide for the adequate availability of tickets or shares to prospective buyers and
115 for the convenience of the public. Notwithstanding the provisions of this subdivision, the Board shall not
116 be required to approve temporary bonus or incentive programs for payments to licensed sales agents *or*
117 *digital vendors*.

118 12. Apportionment of the total revenues accruing from the sale of tickets or shares and from all other
119 sources and establishment of the amount of the special reserve fund as provided in § 58.1-4022 of this
120 chapter.

13. Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery.

14. The registration of digital vendors to sell drawing game tickets over the Internet.

The Department shall not be subject to the provisions of Chapter 43 (§ 2.2-4300 et seq.) of Title 2.2; however, the Board shall promulgate regulations, after consultation with the Director, relative to departmental procurement which include standards of ethics for procurement consistent with the provisions of Article 6 (§ 2.2-4367 et seq.) of Chapter 43 of Title 2.2 and which ensure that departmental procurement will be based on competitive principles.

The Board shall have the power to advise and recommend, but shall have no power to veto or modify administrative decisions of the Director. However, the Board shall have the power to accept, modify or reject any revenue projections before such projections are forwarded to the Governor.

B. The Board shall carry on a continuous study and investigation of the lottery throughout the Commonwealth to:

1. Ascertain any defects of this chapter or the regulations issued hereunder which cause abuses in the administration and operation of the lottery and any evasions of such provisions.

2. Formulate, with the Director, recommendations for changes in this chapter and the regulations promulgated hereunder to prevent such abuses and evasions.

3. Guard against the use of this chapter and the regulations promulgated hereunder as a subterfuge for organized crime and illegal gambling.

4. Ensure that this law and the regulations of the Board are in such form and are so administered as to serve the true purpose of this chapter.

C. The Board shall make a continuous study and investigation of (i) the operation and the administration of similar laws which may be in effect in other states or countries, (ii) any literature on the subject which may be published or available, (iii) any federal laws which may affect the operation of the lottery, and (iv) the reaction of Virginia citizens to the potential features of the lottery with a view to recommending or effecting changes that will serve the purpose of this chapter.

D. The Board shall hear and decide an appeal of any denial by the Director of ~~the licensing or revocation of a license of a lottery agent an application for a license or registration, or suspension or revocation of a license or registration,~~ pursuant to ~~subdivision subdivisions A 10 of subsection A and 14 of this section and subdivision B 5 of subsection B of § 58.1-4006 of this chapter.~~

E. The Board shall have the authority to initiate procedures for the planning, acquisition, and construction of capital projects as set forth in Article 4 (§ 2.2-1129 et seq.) of Chapter 11 and Article 3 (§ 2.2-1819 et seq.) of Chapter 18 of Title 2.2.

§ 58.1-4007.2. Internet sales generally.

A. The Department shall not sell lottery tickets or shares directly to consumers over the Internet; *however, it shall provide for the registration of digital vendors to sell drawing game tickets over the Internet pursuant to §§ 58.1-4007.3 through 58.1-4007.6. Notwithstanding the provisions of subsection A of § 58.1-4009, digital vendors may be engaged primarily in the business of selling lottery tickets.*

B. Nothing in this section shall be construed to prohibit (i) the use of the Internet to relay information or data relating to sales made to purchasers by licensed sales agents, their employees, or employees of the Department or (ii) the sale by the Department of prepaid subscriptions for the purchase of lottery tickets or shares for subsequent prize drawings.

C. *Upon registering with the Department as provided in subsection A, digital vendors may sell drawing game tickets over the Internet subject to the requirements of §§ 58.1-4007.3 through 58.1-4007.6.*

§ 58.1-4007.3. Registration of digital vendors; applications.

A. *Application for registration as a digital vendor shall be made on forms prescribed by the Department.*

B. *Each registration application shall contain the following information:*

1. *The name and principal address of the applicant; if a corporation, the state of its incorporation, the name and address of each officer and director thereof, and the name and address of each principal stockholder or member thereof; if a foreign corporation, whether it is qualified to do business in the Commonwealth; and if a partnership or joint venture, the name and address of each partner or co-venturer thereof;*

2. *The address of any offices of the applicant in the Commonwealth and its designated agent for process within the Commonwealth. If the applicant does not designate an agent, it shall be deemed to have designated the Director. If the applicant does not maintain an office, it shall provide the name and address of the person having custody of its financial records;*

3. *The place where and the date when the applicant was legally established and the form of its organization;*

4. *Information regarding internal controls as specified in subsection C; and*

182 5. Any other information the Department deems necessary to ensure compliance with the provisions
183 of this chapter.

184 C. The chief security officer of the Virginia Lottery shall conduct a background investigation on the
185 applicant and, as deemed necessary by the chief security officer, on each principal stockholder, member,
186 partner, or co-venturer of the applicant. The background investigation shall include a credit history
187 check, a tax record check, and a criminal history record information check.

188 D. Each applicant shall submit to the Department information regarding certain internal controls.
189 The submitted information shall show that the applicant has established and will implement internal
190 controls that:

191 1. Ensure that only persons physically located in the Commonwealth at the time of sale may
192 purchase drawing game tickets from the applicant;

193 2. Verify that only persons 18 years of age or older may purchase drawing game tickets from the
194 applicant;

195 3. Allow persons to request that the applicant restrict them from purchasing drawing game tickets;
196 and

197 4. Ensure that persons who request such restriction are prevented from purchasing drawing game
198 tickets from the applicant.

199 E. Each registration application shall be accompanied by a nonrefundable application fee, the
200 amount of which shall be set by the Department; however, such amount shall not exceed an amount that
201 is reasonable to offset the cost of regulating digital vendors.

202 F. If the Department allows applicants to submit registration applications over the Internet, the
203 applicant shall follow procedures prescribed by the Department regarding electronic signature.

204 G. Any registration issued by the Department shall be valid for one year from the date of issuance.
205 Any digital vendor may renew its registration pursuant to procedures and fees prescribed by the
206 Department. If a digital vendor allows its registration to lapse, it shall resubmit a registration
207 application; however, the Department may grant an extension of the time to file a renewal application
208 upon receipt of a written request from the digital vendor.

209 **§ 58.1-4007.4. Criteria for approval or denial of registration as a digital vendor.**

210 A. The Department shall consider all applications for registration as a digital vendor that contain
211 the information required under subsections B and D of § 58.1-4007.3 and shall issue a registration to
212 an applicant unless the Department finds grounds for denial pursuant to subsection C, D, or E. Within
213 60 days of receipt of the registration application, the Department either shall issue a registration or
214 provide the applicant with a written explanation of denial. The Department's action shall be final unless
215 appealed in accordance with subsection D of § 58.1-4007.

216 B. Any applicant may sell drawing game tickets over the Internet while its application is under
217 consideration by the Department; however, if the Department has reasonable cause to believe that the
218 applicant is in violation of any provision of this chapter, it may require the applicant to cease selling
219 drawing game tickets until a registration is issued.

220 C. If the applicant is a corporation, the Department shall deny registration to any such applicant
221 that fails to satisfy the following criteria:

222 1. All principal stockholders or members have submitted to the jurisdiction of the Commonwealth for
223 the purposes of this chapter;

224 2. All nonresident principal stockholders have designated the Director as their agent for receipt of
225 process;

226 3. The applicant's articles of incorporation provide that it may, on vote of a majority of the
227 stockholders or members, purchase at fair market value the entire membership interest of any
228 stockholder or require the resignation of any member that creates reason for denial of registration as
229 specified in subsection D; and

230 4. If the applicant is a stock corporation, its stock shall be fully paid, nonassessable, subscribed, and
231 paid for only in cash or property, and if the applicant is a nonstock corporation, it shall have at least
232 five members.

233 D. The Department may deny registration to any applicant if it finds that the applicant, or any
234 director, officer, partner, or principal stockholder of the applicant:

235 1. Knowingly has made a false statement of material fact or deliberately has failed to disclose any
236 information requested by the Department;

237 2. Is or has been found guilty of any illegal, corrupt, or fraudulent act, practice, or conduct in
238 connection with the sale of drawing game tickets in the Commonwealth or any other state;

239 3. Has been convicted of a felony, a crime of moral turpitude, or any criminal offense involving
240 dishonesty or breach of trust within the 10 years prior to the submission date of the registration
241 application;

242 4. Knowingly has failed to comply with the provisions of this chapter or any requirements of the
243 Department;

5. Has failed to provide for and implement adequate internal controls as required by subsection D of § 58.1-4007.3;

6. Has had a license, registration, or permit to sell drawing game tickets suspended, revoked, or denied for just cause in any other state;

7. Has been convicted of bookmaking or other forms of illegal gambling;

8. Has engaged in conduct prejudicial to public confidence in the lottery;

9. Has defaulted in payment of any obligation or debt due to the Commonwealth; or

10. Is not qualified to do business in the Commonwealth or is not subject to the jurisdiction of the Commonwealth.

E. Prior to issuance of registration, every digital vendor shall either (i) be bonded by a surety company entitled to do business in the Commonwealth in such amount and penalty as may be prescribed by the regulations of the Department or (ii) provide other surety as may be satisfactory to the Director, payable to the State Lottery Department, and conditioned on faithful performance of its duties. Such surety shall be prescribed by Department regulations and shall not exceed a reasonable amount.

F. Whoever knowingly and willfully falsifies, conceals, or misrepresents a material fact or knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in any application for registration to the Virginia Lottery for a digital vendor is guilty of a Class 1 misdemeanor.

§ 58.1-4007.5. Independent audit.

A digital vendor shall (i) annually contract with a certified public accountant to conduct an independent audit consistent with standards accepted by the Board of Accountancy; (ii) annually contract with a testing laboratory recognized by the Department to verify the effectiveness of internal controls implemented pursuant to subsection D of § 58.1-4007.3; and (iii) submit to the Department a report of any audits and tests required under this section.

§ 58.1-4007.6. Suspension or revocation of registration.

A. The Department may suspend or revoke a registration or impose on a digital vendor a monetary penalty of not more than \$1,000 for each violation of this chapter. The total penalty imposed on a digital vendor shall not exceed \$50,000. Before suspending or revoking a registration or imposing a monetary penalty, the Department shall provide at least 15 days' notice and a hearing.

B. The Department may revoke a registration if it finds that, based on information not known to it at the time it considered the registration application, the digital vendor is or was ineligible for registration.

C. The Department summarily may suspend any registration for a period of not more than seven days pending a hearing and final determination by the Department if the Department determines that a violation of this chapter has occurred and emergency action is required to protect the public health, safety, and welfare. The Department shall (i) schedule a hearing within seven business days after it summarily suspends the registration and (ii) notify the digital vendor not less than five days before the hearing of the time, date, and place of the hearing.

D. If the Department suspends or revokes a registration, it shall provide the digital vendor with a written explanation. The Department's action shall be final unless appealed in accordance with subsection D of § 58.1-4007. Suspension or revocation of a registration issued by the Department for any violation of this chapter shall not preclude civil liability for such violation.

§ 58.1-4011. Meaning of "gross receipts."

A. Notwithstanding the provisions of Chapter 37 (§ 58.1-3700 et seq.) or § 58.1-4025 relating to local license taxes, the term "gross receipts" as used in Chapter 37 shall include only the compensation actually paid to a licensed sales agent or digital vendor as provided by rule or regulation adopted by the Board consistent with the provisions of subdivision A 11 of § 58.1-4007.

B. Unless otherwise provided by contract, any ~~person~~ licensed as a ~~lottery~~ sales agent or digital vendor who makes rental payments for the business premises on which state lottery tickets are sold on the basis of retail sales shall have that portion of rental payment based on sales of state lottery tickets or shares computed on the basis of the compensation received as a ~~lottery~~ licensed sales agent or digital vendor from the Virginia Lottery.

§ 58.1-4014. Price of tickets or shares; who may sell; penalty.

A. No person shall sell a ticket or share at any price or at any location other than that fixed by rules and regulations of the Department. No person other than a licensed lottery sales agent or his employee or a digital vendor shall sell lottery tickets or shares, except that nothing in this section shall be construed to prevent any person from giving lottery tickets or shares to another person over the age of 18 years as a gift. No person shall operate a ticket courier service in the Commonwealth, except as this chapter provides for sales by digital vendors.

B. No digital vendor may charge any fees or other charges in addition to the price of the drawing game ticket being sold.

C. Any person convicted of violating this section is guilty of a Class 1 misdemeanor.

§ 58.1-4014.1. Method of payment for purchase of tickets or shares.

~~Lottery~~ *Licensed sales agents licensed in accordance with this chapter and digital vendors* shall accept only cash or debit cards in payment for the purchase of lottery tickets or shares.

§ 58.1-4015. Sale of ticket or share to person under eighteen prohibited; penalty.

No ticket or share shall be sold to or redeemed from any person under the age of ~~eighteen~~ 18 years. Any ~~licensee~~ *licensed sales agent or digital vendor* who knowingly sells or offers to sell or redeem a lottery ticket or share to or from any person under the age of ~~eighteen~~ 18 years is guilty of a Class 1 misdemeanor.

§ 58.1-4019. Certain persons ineligible to purchase tickets or shares or receive prizes.

A. No ticket or share shall be purchased by, and no prize shall be paid on a ticket purchased by or transferred to, any Board member, officer or employee of the lottery, or any board member, officer or employee of any vendor to the lottery of lottery on-line or instant ticket goods or services working directly on a contract with the Department for such goods or services, or any person residing in the same household of such member, officer or employee or any person under the age of eighteen years, or transferee of any such persons.

B. Only natural persons may purchase lottery tickets and claim prize winnings. In all cases, the identity and social security number of all natural persons who receive a prize greater than \$100 from a winning ticket redeemed at any Department office shall be provided in order to comply with this section and §§ 58.1-4015, 58.1-4016 and 58.1-4026, and Chapter 19 (§ 63.2-1900 et seq.) of Title 63.2.

C. *Digital vendors shall withhold prize winnings of \$100 or less if required to do so by the Director pursuant to § 58.1-4026 or Chapter 19 (§ 63.2-1900 et seq.) of Title 63.2.*

§ 58.1-4021. Deposit of moneys received by agents and vendors; performance of functions, etc., in connection with operation of lottery; compensation of agents and vendors.

A. The Director shall require all ~~lottery~~ *licensed sales agents and digital vendors* to deposit to the credit of the Virginia Lottery Fund in banks, designated by the State Treasurer, all moneys received by such *licensed sales agents and digital vendors* from the sale of lottery tickets or shares, less any amount paid as prizes or retained as compensation to *licensed sales agents and digital vendors* for the sale of the tickets or shares, and to file with the Director, or his designated agents, reports of their receipts, transactions, and disbursements pertaining to the sale of lottery tickets in such form and containing such information as he may require. Such deposits and reports shall be submitted at such times and within such intervals as shall be prescribed by rule and regulation of the Department. The Director may arrange for any person, including a bank, to perform such functions, activities, or services in connection with the operation of the lottery as he may deem advisable pursuant to this chapter and the rules and regulations of the Department, and such functions, activities, and services shall constitute lawful functions, activities, and services of the person.

B. The rules and regulations of the Department shall provide for a service charge to the licensed *sales agent or digital vendor* if any payor bank dishonors a check or draft tendered for deposit to the credit of the Virginia Lottery Fund by a licensed *sales agent or digital vendor* or for an electronic transfer of funds to the Virginia Lottery Fund from the account of a licensed *sales agent or digital vendor* for money received from the sale of lottery tickets.

The regulations of the Department shall provide for a service charge and penalty to a licensed *sales agent or digital vendor* if any payor bank dishonors a check or draft from the account of a licensed *sales agent or digital vendor* tendered for payment of any prize by a licensed *sales agent or digital vendor* to any claimant. Any such charge or penalty so collected by the Department shall be used first to reimburse the claimant for any charges or penalties incurred by him as a result of ~~the licensed agent's~~ *such* dishonored check tendered as payment of any prize and the remainder to offset the Department's administrative costs.

C. A licensed *sales agent and digital vendor* shall be charged interest as provided in § 58.1-15 on the money that is not timely paid to the Virginia Lottery Fund in accordance with the rules and regulations of the Department and shall in addition thereto pay penalties as provided by rules and regulations of the Department.

D. Should the Department refer the debt of any licensed *sales agent or digital vendor* to the Attorney General, the Department of Taxation as provided in *Article 21* (§ 58.1-520 et seq.) of *Chapter 3*, or any other central collection unit of the Commonwealth, an additional service charge shall be imposed in the amount necessary to cover the administrative costs of the Department and agencies to which such debt is referred.

E. Notwithstanding the provisions of Chapter 5 (§ 8.01-257 et seq.) of Title 8.01, in any action for the collection of a debt owed by any licensed *sales agent or digital vendor* to the lottery, venue shall lie in the City of Richmond.

F. *1. All proceeds from the sale of lottery tickets or shares received by a person in the capacity of a licensed sales agent or digital vendor shall constitute a trust fund until deposited into the Virginia Lottery Fund either directly or through the Department's authorized collection representative. Proceeds*

shall include cash proceeds of the sale of any lottery products, less any amount paid as prizes or retained as compensation to *licensed sales agents or digital vendors* for the sale of the tickets or shares. ~~Sales~~ *Licensed sales agents and digital vendors* shall be personally liable for all proceeds.

2. *All licensed sales agents and digital vendors are required to have and maintain a separate bank account in a bank participating in the Automatic Clearing House system. This account shall be titled as the name of the business followed by "Virginia Lottery Trust" and shall be used exclusively for lottery business. The account described in this subdivision shall be used by the licensed sales agent or digital vendor to make funds available to the lottery through the electronic funds transfer process to settle a licensed sales agent's or digital vendor's account for funds owed due to the sale of tickets. All licensed sales agents and digital vendors shall make payments to the lottery through the electronic funds transfer process in accordance with the lottery's licensing or registration procedures, unless the Director designates another form of payment and settlement under terms and conditions he deems appropriate.*

G. If the Director determines that the deposit or collection from any *licensed sales agent or digital vendor* of any moneys or proceeds under this section is or will be jeopardized or will otherwise be delayed, he may adjust either the time or the interval or both for such deposits or collections of any *licensed sales agent or digital vendor*; require that all such moneys or proceeds shall be kept separate and apart from all other funds and assets and shall not be commingled with any other funds or assets prior to their deposit or collection under this section; and require such other security of any *licensed sales agent or digital vendor* as he may deem advisable to ensure the timely deposit or collection of moneys or proceeds to the credit of the Virginia Lottery Fund.

Collection of moneys or proceeds "is or will be jeopardized or will otherwise be delayed" when (i) a check, draft, or electronic funds transfer to the credit of the Virginia Lottery Fund is dishonored as described in subsection B; (ii) an independent auditor states that the ~~lottery~~ *licensed sales agent's or digital vendor's* financial condition raises substantial doubt about its ability to continue as a going concern; or (iii) the ~~lottery~~ *licensed sales agent or digital vendor* (a) closes for business or fails to maintain normal business hours without reasonable explanation, (b) has a credit record reflecting recent actions which cast doubt as to its creditworthiness, (c) states it has or may have cash flow problems or may be unable to meet its financial obligations, (d) states it may seek the protection of the federal bankruptcy or state insolvency law, (e) refuses to purchase additional lottery tickets or returns tickets ordered without good cause, or (f) does any other act tending to prejudice or to render wholly or partially ineffectual proceedings to collect moneys or proceeds which are or will become due and payable to the Virginia Lottery Fund.

§ 58.1-4027. Judicial review.

The action of the Board in granting, ~~or in refusing to grant,~~ *or denying a license or registration or in suspending or revoking any license or registration* under the provisions of this chapter shall be subject to review in accordance with the provisions of the Administrative Process Act (§ 2.2-4000 et seq.). Such review shall be limited to the evidential record of the proceedings provided by the Board. Both the petitioner and the Board shall have the right to appeal to the Court of Appeals from any order of the court.