

## MINNESOTA STATE LOTTERY SECURITY DEPOSIT REQUIREMENTS

Minnesota State Lottery applicants who do not have a favorable credit history are required to maintain a security deposit for a minimum of six months. The security deposit amount required is based on the credit review completed by our Accounting Department. **This security deposit is due before you can begin selling lottery tickets.**

Current Minnesota State Lottery retailers who do not maintain a good payment history with the Lottery and or do not have a favorable credit history are also required to submit a security deposit of **\$3,000 or two weeks of ticket sales based on their 26 week average, whichever is higher and maintain it for a minimum of six months.**

If you have any questions, please call Accounting at (651) 635-8147 or toll free at 1-888-LOTTERY (1-888-568-8379). Please send your original document to:

**Minnesota State Lottery  
Account Department  
2645 Long Lake Road  
Roseville, MN 55113**

You may choose one of the following Security Deposit options that best suits your business needs.

### CERTIFICATE OF DEPOSIT

A solvent bank or savings association, which exists under the laws of Minnesota, must issue Certificates of Deposit (CD) or under the laws of the United States having its principal place of business in Minnesota.

The retailer's tax identification may be used and retailers may collect all interest. During the period the CD is used as a Security Deposit for the Lottery, only the Lottery may cash the CD.

1. Entitle the CD "Name of Retailer, Assigned to the Minnesota State Lottery"
2. The retailer must complete top ½ of Assignment of Lottery Retailer Certificate of Deposit form. The retailer and a bank official must sign the form. Submit the form to the Lottery with the Original CD (See Page 5 of instructions).
3. The Lottery will release the CD upon request from the retailer either 30 days after the final payment to the Lottery, when a replacement security deposit is submitted, or when the Lottery determines the CD is no longer required. We will return the CD with the assignment form that was submitted with the CD or with a letter issued on Lottery letterhead.

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|---|--|---|
| <b>CERTIFICATE OF DEPOSIT</b>                         |  | <b>Certificate Number</b>               |
| <b>Issued To</b>                                      | <b><u>RETAILER NAME</u></b><br><b><u>ASSIGNED TO THE MINNESOTA STATE LOTTERY</u></b> |   |
|   | <b><u>Retailer Address</u></b>   |   |
|   | <b><u>Retailer City / State / Zip</u></b>  |   |
|   |  | <b>Bank Name</b><br><b>Bank Address</b> |
| CD Related Information from Banking Institution . . . |  |   |

*This document is available in alternative formats to individuals with disabilities by calling 1-800-657-3833 TTY or 651-635-8268 TTY or the numbers listed above.*

## **SURETY BOND**

A sample bond is attached. Following is a general list of the criteria:

1. It must be purchased through a company authorized to do business in Minnesota.
2. It must incorporate our bond form that designates the Minnesota State Lottery as the beneficiary.
3. The bond must be self-renewing.
4. The original, signed bond must be sent to the Lottery at the above address.

## **LETTER OF CREDIT**

A letter of credit filed must provide for the entire items listed below. A sample is attached. You may use your own; however, it must include all of the following points:

1. Nothing more than a demand for payment is necessary for payment and is not conditional on the delivery of any other documents or materials.
2. The letter of credit is irrevocable and cannot be modified or revoked without the consent of the Lottery.
3. The letter of credit cannot expire without notice from the issuer and the notice must occur at least 30 days before the expiration of the letter of credit.
4. The letter of credit is issued by a bank, which is a member of the Federal Reserve System that has a long-term debt rating by a recognized national rating agency of investment grade or better. If no long-term debt rating is available, the financial institution must have investment grade financial characteristics.
5. The letter of credit is unconditional, is not conditional upon reimbursement to the bank or the bank's ability to perfect any lien or security interest, and does not contain references to any other agreement, document or entity.
6. The letter of credit must designate the Minnesota State Lottery as beneficiary.

A letter of credit will be released 30 days after the last payment to the Lottery, after it has expired or when a replacement security deposit has been submitted.

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## **OTHER SECURITIES**

If you want to use a Security deposit other than a Surety Bond, Certificate of Deposit, or Letter of Credit, please call Accounting for approval.

**Sample Letter of Credit--Must be on Bank Letterhead**

*Date*

Minnesota State Lottery  
PO Box 130700  
Roseville, MN 55113

To Whom It May Concern:

By order of (*Retailer name*), we are instructed to open a clean, irrevocable Letter of Credit in your favor for United States (*Dollar Amount*).

We undertake that drawings under this Letter of Credit will be honored upon presentation of your draft drawn on (*Name of Bank*) at (*Bank's Address*) prior to expiration date for funds due from (*Retailer Name*) as a result of the sale of lottery tickets to which (*Retailer Name*) has failed to make timely payments to the Minnesota State Lottery.

The Letter of Credit expires on (*Date*), but will be automatically extended for an additional six months if you have not received by registered mail notification of intention not to renew 30 days prior to the original expiration date and each subsequent expiration date.

Except as expressly stated herein, this undertaking is not subject to any condition or qualification. The obligation of (*Issuing Bank*), under this Letter of Credit shall be the individual obligation of (*Issuing Bank*), and is in no way contingent upon reimbursement with respect thereto.

Signature of Proper Bank Official  
Title

**Sample Bond - Insurance Company Heading**

Lottery Retailer Number (For current retailers only)

KNOW ALL MEN BY THESE PRESENTS, THAT WE (*Name of Business*) of (*business address*) as Principal, (hereinafter called Principal), and (*Insurance Company*), a corporation organized and existing under the laws of the State of Minnesota with its Home Office in the City of (*location of Insurance Company*) as Surety, (hereinafter called Surety), are held and firmly bond unto  
Minnesota State Lottery  
2645 Long Lake Road  
Roseville, Minnesota 55113

as obligee, in the full and just sum of (*Amount*) Dollars, lawful money of the United States of America, to be paid to the said Obligee, successors or assigns, on demand for and on account of any funds due from the Principal as a result of the sale of lottery tickets to which the Principal has failed to make timely payments to the obligee; for which payment, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents. The aggregate liability of the Surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

WHEREAS in accordance with Minnesota Statutes, Chapter 349A, the Principal has entered, or is about to enter, into a written Agreement with the Obligee to be financially responsible to the Lottery for all revenues derived from the sale of Minnesota State Lottery tickets as is more specifically set forth in said Agreement, to which reference is hereby made.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the Principal shall well and truly perform and carry out the covenants, terms and conditions of said Agreement, then this obligation to be void; otherwise to remain in full force and effect. The surety may cancel this bond by written notice to the Principal and Obligee, by Certified Mail, at least thirty (30) days in advance of the date of cancellation.

Sealed without seals and dates this (*date*) day of (*month, year*).

**ADDITIONAL INFORMATION AND SIGNATURES:**

Two witnesses  
Business Name Original  
Surety Company Seal  
Principal  
Attested to (Insurance Company)  
Surety  
Surety Address, phone and fax numbers



# ASSIGNMENT OF LOTTERY RETAILER CERTIFICATE OF DEPOSIT

Lottery Retailer Name: \_\_\_\_\_ Retailer Number: \_\_\_\_\_

Bank issuing Certificate of Deposit: \_\_\_\_\_

CD Number: \_\_\_\_\_ CD Amount: \_\_\_\_\_

The undersigned is a Lottery retailer under section 349A.01, Sub. 11, Minnesota Statutes. The undersigned is Posting a Certificate of Deposit issued by the bank named above under Section 349A.06, Subd. 3, Minnesota Statutes.

Accordingly, the undersigned hereby assigns to the Lottery, State of Minnesota (the "Lottery") the Certificate of Deposit referred to above, all other rights of the depositor in connection with that certificate, and all renewals and proceeds of that certificate (collectively, the "Certificate"), as follows:

1. All rights to the Certificate, including the rights to withdraw funds from the Certificate and to renew the Certificate may be exercised on by the Lottery until the Lottery has released the above assignment by signing and delivering to the Bank and/or Lottery retailer the release from below or other release form acceptable to the Bank.
2. All notices related to the Certificate shall be sent to the undersigned, but the undersigned acknowledges that all renewal decisions must be made by the Lottery.

\_\_\_\_\_  
Date Signature (Authorized Retailer)

\_\_\_\_\_  
Date Signature & Title (Bank Official)

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**NOTE:** Section below will be completed and signed by the Lottery when the certificate is released.

## RELEASE

The Minnesota State Lottery, State of Minnesota, hereby releases the above referenced Certificate of Deposit to the Lottery retailer named above.

\_\_\_\_\_  
Retailer Contracts Manager

\_\_\_\_\_  
Date Signature

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