



## Ohio Administrative Code

### Rule 3770:1-8-01 Persons entitled to receive prizes.

Effective: June 27, 2014

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(A) Valid tickets. Every ticket which is duly sold or is deemed to be duly sold in accordance with these rules and regulations will be valid unless otherwise made void in accordance with the rules. Tickets are bearer instruments and only the holder of a valid winning ticket will be entitled to the lottery prize award if such winning ticket is fully validated and the prize is claimed and presented for payment within the established redemption period as specified in rule 3770:1-8-04 of the Administrative Code. Tickets which are stolen from the state lottery, its employees, agents or representatives, or are otherwise acquired without ever having been lawfully sold, or deemed to be sold, in accordance with the rules of the commission and the regulations of the director, and tickets which are torn, altered, mutilated, or that do not comply with the applicable game rules may be declared void by the director.

(B) Claimant eligible to receive payment.

(1) A lottery prize award shall be claimed by the holder of a winning ticket, or by the executor or administrator of the estate or the trustee of a trust, of a deceased holder of a winning ticket, in the manner prescribed in rule 3770:1-8-02 of the Administrative Code.

(2) No right of any prize winner to a lottery prize award shall be the subject of a security interest or used as collateral.

(3)

(a) Pursuant to the provisions of paragraphs (B)(3)(a) to (B)(3)(e) of this rule, upon the death of a deferred prize winner, the executor or administrator of the deceased deferred prize winner's estate, or the trustee of the trust benefiting a deceased deferred prize winner, may elect to receive the remainder of the lottery prize award in the form of a discounted lump sum cash settlement, provided that the lottery prize award is not subject to a transfer agreement pursuant to sections 3770.10 to 3770.14 of Revised Code and the provisions contained in this rule. The amount of the discounted



lump sum cash settlement shall be determined by calculating, as of the valuation date, the discounted value of the remaining future payments under the lottery prize award in accordance with generally accepted accounting principles using the discount rate formula hereinafter provided and then withholding the appropriate amount of state and federal income taxes as required by law. The valuation date shall be the first business day of the month immediately subsequent to the month in which the commission receives notification of the executor's, administrator's or trustee's election in accordance with paragraph (B)(3)(d) of this rule. The director shall disclose in writing to the executor, administrator or trustee the amount of the lump sum cash settlement, the discount rate used and the state and federal income taxes to be withheld. However, if the deferred lottery prize award was won in a statewide joint lottery game, the executor, administrator or trustee may elect to receive the present cash value for the remainder of such prize award calculated in accordance with the applicable section of the statewide joint lottery game rule under which prize winners may elect to receive a cash option prize.

(b) The discount rate to be used in determining the discounted lump sum cash settlement in paragraphs (B)(3)(a) to (B)(3)(e) of this rule shall be the cash option discount rate available at the time the prize was won based on the formula established by the director pursuant to authority granted under paragraph (C)(4) of rule 3770:1-8-04 of the Administrative Code. If no cash option discount rate was available at the time the original lottery prize award was won, the discount rate shall be the cash option discount rate that would have existed based on the formula established by the director pursuant to authority granted under paragraph (C)(4) of rule 3770:1-8-04 of the Administrative Code for determining the cash option discount rate formula. If the deferred prize award is a lifetime prize paid in an annual or monthly installment, the executor, administrator or trustee may elect to receive the present cash value for the remainder of such prize award as set forth in paragraph (B)(3)(c) of this rule with the present cash value based on the discount rate used by the lottery commission to fund deferred prize awards as of the date the prize was claimed. If the deferred lottery prize award was won in a statewide joint lottery game, the executor, administrator or trustee may elect to receive the present cash value for the remainder of that lottery prize award calculated in accordance with the applicable section of the statewide joint lottery game rule under which prize winners may elect to receive a cash option prize.

(c) In the case of a lifetime annual or a monthly installment deferred prize winner, the payments to be valued shall be the future payments to be made to the executor or administrator of the deceased



prize winner's estate, or the trustee of the trust benefiting a deceased deferred prize winner, which, when added to the payments previously paid to such person and/or the prize winner, total the minimum guaranteed lottery prize award required under the game for which such award was granted as subject to the valuation requirements of paragraph (B)(3)(b) of this rule. If the minimum guaranteed lottery prize award was reached and paid during the life of the deceased prize winner, no discounted lump sum will be available to the deceased prize winner's estate or trust.

(d) To elect the option described in paragraphs (B)(3)(a) to (B)(3)(e) of this rule, the executor or administrator of the estate of a deceased, deferred prize winner or the trustee of a trust benefiting a deceased deferred prize winner shall:

(i) In the case of an annual installment deferred prize winner, provide the commission written notice of election within sixty days following the later of:

(a) The first annual payment following the prize winner's death; or

(b) The appointment of a legal representative for the deceased prize winner's estate; or

(ii) In the case of a lifetime installment deferred prize winner, provide the commission written notice of election within sixty days following the later of:

(a) The first payment following the prize winner's death; or

(b) The appointment of a legal representative for the deceased prize winner's estate.

(e) Upon receiving a notice of election, the commission shall cease making any further payments on the lottery prize award, and shall process the discounted lump sum cash settlement within a reasonable period of time, but in no event any longer than ninety days following the commission's receipt of the notice of election.

(f) Any estate or trust that receives a discounted lump sum cash settlement pursuant to this rule shall be responsible for payment of any fee which may be levied by the treasurer of state for early withdrawal of funds from the deferred prizes trust fund.



- (i) The director may refuse to pay a discounted lump sum cash settlement to the executor or administrator of a deceased prize winner's estate, or the trustee of a trust benefiting a deceased prize winner if the director learns that any beneficiary who will subsequently receive the discounted lump sum cash settlement is in default on or is under a continuing child support or spousal support order as defined in sections 3119.01, 3105.18, and 3770.071 of the Revised Code or indebted to the state under section 3770.073 of the Revised Code.
  - (ii) The director may agree to pay a portion of the remainder of a deferred lottery prize award to the executor or administrator of a deceased prize winner's estate, or the trustee of a trust benefiting a deceased prize winner if the director learns that any beneficiary who will subsequently receive the discounted lump sum cash settlement is in default of or subject to a continuing child and/or spousal support order or is indebted to the state, provided that the discounted lump sum cash settlement does not include amounts owing on a child or spousal support arrearage, or amounts subject to a valid and continuing child or spousal support order, or amounts subject to state debt withholding, and that the appropriate state and federal income taxes are withheld on such amounts. The provisions of this paragraph apply only to the extent of the obligor/beneficiary's share of the discounted lump sum cash settlement payable to the estate or trust.
  - (iii) An election under this subsection may not be made by the executor or administrator of a deceased prize winner's estate, or the trustee of a trust benefiting a deceased prize winner, when there are fewer than two annual deferred payments remaining; or in the case of a lifetime deferred lottery prize award, when there are fewer than twelve monthly or four quarterly payments remaining; or at any time within the last year during which payments were to be made to the deferred prize winner.
- (4) Assignments and/or transfers of lottery prize awards are governed by sections 3770.07, and 3770.10 to 3770.14 of the Revised Code.
- (a) If the lottery prize award is a lifetime or a monthly installment deferred prize and the prize winner desires to transfer that prize award, the prize winner may only transfer the minimum guaranteed prize to which the prize winner is entitled pursuant to the applicable game rule. The prize winner shall then forfeit any right they would have to amounts beyond the guaranteed minimum associated with a lifetime lottery prize award should they live beyond the number of months or years



associated with that guaranteed minimum amount.

(5) Partial assignments and/or transfers of lottery prize awards are governed by section 3770.121 of the Revised Code.

(6)

(a) Upon receipt of a court order issued under section 3770.13 of the Revised Code, the transferee shall provide a certified copy of the court order to the director of the commission. Not later than ten calendar days after receipt of the certified copy of the court order, the director shall acknowledge to the transferee in writing the commission's intent to comply with the court order in making future payments.

(b) The director shall make payments of the lottery prize award to the transferee designated in the certified copy of the court order and in accordance with the prize payment schedule established when the prize was claimed. A processing fee in the amount of two hundred fifty dollars shall be remitted by the transferee via money order made payable to the Ohio lottery commission subsequent to court approval of the lottery prize award transfer, to cover any direct or indirect costs associated with adjusting the prize award payments for the transferee in accordance with that prize payment schedule.

(c) Upon payment of any lottery prize award pursuant to paragraph (B)(6)(b) of this rule, the director and the commission are discharged from all further liability therefor.

(7) Garnishment, attachment, execution, withholding, or deduction of a lottery prize award is authorized by division (D) of section 3770.07 of the Revised Code and is subject to the following rules:

(a) Any creditor with a court order judgment against a lottery prize winner who has an unpaid balance prize award of one hundred thousand dollars or more, shall apply with the same court for a hearing to determine whether a garnishment, attachment, execution, withholding, or deduction should be issued against the prize winner's lottery prize award.



(b) The creditor shall duly notify all interested parties, by certified mail, return receipt requested, including the prize winner and the lottery commission at least thirty days prior to the hearing date.

(c) Upon the court's final determination whereby a garnishment, attachment, execution, withholding, or deduction should be issued, the creditor shall provide a certified copy of such order to the lottery commission.

(d) Any withholdings pursuant to such order shall be in accordance with the prize payment schedule established when the prize was claimed. The lottery commission shall not accelerate any future annual payments to fulfill the judgment amount in the order. The lottery commission shall not pay the entire judgment amount if such amount is beyond the total net prize award payable to the prize winner.

(e) Upon payment of any lottery prize award pursuant to paragraph (B)(7) of this rule, the director and the commission are discharged from all further liability therefor.