



REMEMBER THE 6 Cs OF LOSS PREVENTION:

- ✓ Check and verify inventories.
- ✓ Check employee backgrounds.
- ✓ Check for unusual sales trends.
- ✓ Check that cash register receipts match lottery sales reports.
- ✓ Check scratch-off tickets sales by shift.
- ✓ Check consistently!

To contact KLC Security:

502-560-1804
 Monday—Friday
 Hours 8 AM—5 PM Eastern Time
 Or Email: security@kylottery.com

KRS 434.845: A person is guilty of unlawful access to a computer in the first degree when he knowingly and willfully, directly or indirectly accesses, or causes to be accessed, or attempts to access any computer software, computer program, data, computer, computer system, computer network, or any part thereof, for the purpose of: (a) Devising or executing any scheme or artifice to defraud; or (b) Obtaining money, property, or services for themselves or another by means of false or fraudulent pretenses, representations, or promises. Unlawful Access To A Computer 1st Degree Is A Class C Felony (5 to 10 years).

KENTUCKY LAW

(This should be required reading for all employees.):

KRS 154A.990(2): Any person who, with intent to defraud, falsely makes, alters, forges, utters, passes or counterfeits a state lottery ticket shall be guilty of a Class C Felony (5 to 10 years).

KRS 154A.990(3): Any person who influences or attempts to influence the winning of a prize through the use of coercion, fraud, deception or tampering with lottery equipment or materials shall be guilty of a Class B Felony (10 to 20 years).



RETAILER SECURITY REMINDERS

KLC Division of Security



*Fueling Imagination.
Funding Education.*

RETAILER ETHICS

Retailers are ultimately responsible for the fair, honest, and ethical treatment of their Lottery customers, and must comply with all requirements within the Retailer License Agreement & Administrative Regulations.

Here are some specific points to remember:

- Players can not be charged any type of fee, tax or other consideration when purchasing or redeeming a winning ticket.
- Only retailers licensed as “cashing agents” can cash a prize in excess of \$600.
- Retailers shall refrain from buying or otherwise converting winning tickets presented by players to their own possession for the purpose of claiming a prize.
- When handling winning tickets, retailers shall never engage in any activity which assists a player in avoiding any debt owed to the Commonwealth, such as back taxes, child support, Medicaid or student loans.
- Retailers must comply with and cooperate in any KLC Security Division investigation.

The KLC Security Division regularly conducts undercover tests at retailer locations to determine if prizes are being paid in accordance with the Administrative Regulations. Make sure anyone processing claims at your store is properly trained. Employees must read terminal messages, and follow all instructions. A failure to follow the instructions given in the terminal message which results in giving a player inaccurate or false information or failing to pay a winning ticket may result in termination of your Retailer License Agreement. Intentional or fraudulent conduct may result in termination of your Retailer License Agreement and criminal prosecution.

Any retailer found in violation of any of the listed points or any other violation of the Retailer License Agreement or Administrative Regulations shall be subject to disciplinary action by the KLC up to and including license termination.

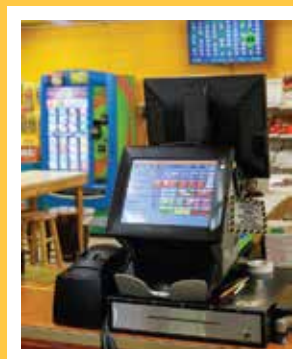
Although retailers and their agents are in no way prohibited from playing Lottery, the KLC reserves the right to subject their claims to an internal review by Security which may delay a prize payment.

PREVENTING INTERNAL THEFT

Let us help you increase your sales and profits through cooperation and teamwork.

Here are ways to help prevent employee theft:

- Perform pre-employment screening for all prospective employees, including criminal background checks.
- Emphasize high ethical and integrity standards during pre-employment screening & while training new employees.
- Develop a store rules and policies document. Have employees read and sign it.
- Enforce strict policies for inventory control.
- Utilize surveillance recording devices, and retain videos for at least 7 days.
- Make employees aware that their actions are monitored and reviewed.
- If you choose to allow employees to play lottery at your store, it should occur only when the employee is off the clock and sold by an on-duty employee.
- Only validate original tickets. Never accept photocopies.
- Make management responsible for receiving, verifying and storing ticket shipments. Tickets not out for sale must be stored in a secured location.
- Regularly run terminal reports and review activity against validations, cancelations, etc.
- Always utilize the “ticket log” provided by KLC sales reps/security to keep track of scratch-off ticket inventory for activated tickets. Record a beginning and ending shift inventory of all activated tickets. This information will be REQUIRED if there is a break-in or robbery.
- Destroy or deface validated tickets before placing them in the dumpster.
- Watch for suspicious activity and contact Lottery Security if any occurs.
- **PROSECUTE** if theft occurs.



LOST or STOLEN TICKETS

Always report stolen tickets to the police and Lottery Security! The sooner you report a theft or loss, the sooner we can help.

The Lottery Security Division can track scratch-off tickets from the time a game is shipped until the game ends. Because of our tracking capabilities, many times we can resolve problems quickly and help identify the individuals responsible for your losses.

It is imperative that retailers contact KLC so that the tickets can be entered into our gaming system as “Lost” or “Stolen”. This can also help alert other retailers of potential problems.

Here's what we need:

- Game Number/Pack Number & Ticket number range for all involved tickets.

(Example: Ticket back)

Signature _____	Telephone No. _____
Name (Please Print) _____	FailSafe®
Street _____	MADE IN U.S.A.
City _____	State _____ Zip _____
PROTECT YOUR PRIZE. ALWAYS SIGN YOUR TICKET. TICKET PURCHASERS MUST BE AT LEAST 18 YEARS OLD.	

Game – Pack – Ticket numbers

- Date and approximate time tickets were stolen.
- Suspect(s) identity, if known, and
- Name of law enforcement agency, including report number or officer's name.

Retailers may receive credit for stolen activated tickets if the above steps are followed. Internal thefts or thefts occurring during business hours are not covered, except for an armed robbery.

**To Report Stolen Tickets After
Business Hours
Call Toll Free
502-560-1910**



REMINDERS

OTHER GAMBLING: Kentucky Lottery retailers should be aware that it is a Class A misdemeanor to be in possession of a gambling device and a conviction related to operating illegal gambling machines will result in the loss of your retailer license. KRS 528.080(2). If you ever receive a criminal conviction for any gambling offense, your license to sell Lottery will be terminated.

SYNTHETIC DRUGS: The KLC may terminate a retailer license if a retailer sells a product which may have an adverse effect upon the credibility, integrity and reputation of the KLC. The regulation further provides the KLC may terminate a retailer license if the retailer (including an owner, director, or officer) has been convicted of an offense which, in the sole judgment of the KLC, relates to or may adversely impact the security or integrity of, or public confidence in, the KLC or its retailers.

The KLC's determination shall include consideration of:

- The physical and fiscal security of the KLC and its retailer and the integrity of the KLC's games;
- Public perception of and public confidence in the KLC and its retailers.