



TEXAS LOTTERY COMMISSION

OFFICE OF THE CONTROLLER

PROCEDURE

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PROCEDURE NUMBER

OC-WP-001 [Supersedes OC-WP-001 effective November 28, 2006]

PURPOSE:

To provide standard guidelines for processing prize payments through Office of the Controller.

SCOPE:

This procedure applies to Office of the Controller and the Comptroller of Public Accounts through the Texas Treasury Safekeeping Trust Company (TTSTC). These procedures allow the commission to provide for prize payments in a uniform, systematic, and timely manner while implementing state and federal laws.

RESPONSIBILITY:

Prize payment personnel from Office of the Controller have primary responsibility for this procedure.

GENERAL:

The Office of the Controller shall oversee the implementation of this procedure for all prize payments processed by Office of the Controller Prize Payment staff. The following general guideline will be used.

- Ensure that prizes for amounts that exceed the claim center limits of \$1,000,000, prizes paid in installments, prizes awarded to minors, cash value prizes, 2nd chance drawings, and other special prizes not otherwise paid by a lottery claim center are processed in the lottery vendor [REDACTED] system.

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- Issue single, weekly, monthly, quarterly, or annual payments to instant game recipients as provided by each game’s game rules.
- Issue timely annuity payments, cash value option (CVO) payments, or lump sum payments as provided by each game’s game rules for on-line game recipients that are not otherwise paid by a lottery claim center.
- Make any necessary adjustments to the payments according to debt set-offs and warrant holds for other agencies, court orders, levies, or liens.
- Make payments per approved voluntary and involuntary assignments.
- Federal taxpayer numbers may be classified as a Taxpayer Identification Number (TIN), a Federal Employer Identification Number (EIN or FEIN). Individuals’ Social Security Number (SSN) may also be considered as a TIN. An ITIN is an individual tax identification number.

Ref: Game Rules §401.301 General Definition

PROCEDURE

1. The Austin Claim Center will provide the claimant information in order to process the new winner.
2. Prize Payment staff will meet with the winner to provide financial information (such as: options on claiming the prize due to game rules, review of winner payment schedule and investment purchase, when the payments will be made, possibility of owing IRS more taxes and when to expect their W2G form, etc...) discuss any questions, and obtain bank ACH instructions. Prize Payment staff will complete a checklist used for processing new winners.
3. When processing a new winner, access the [REDACTED] System to enter the claim for processing.
 - 3.1. Click on the [REDACTED] icon and open it.
 - 3.2. Enter your user ID and password. See Illustration 1.
 - 3.3. At the Main Menu chose the Application Group “Management” and the Management selection of “Claims and Payment.” Double click or click on “Launch” to open the Claims and Payment screen. See Illustration 2.

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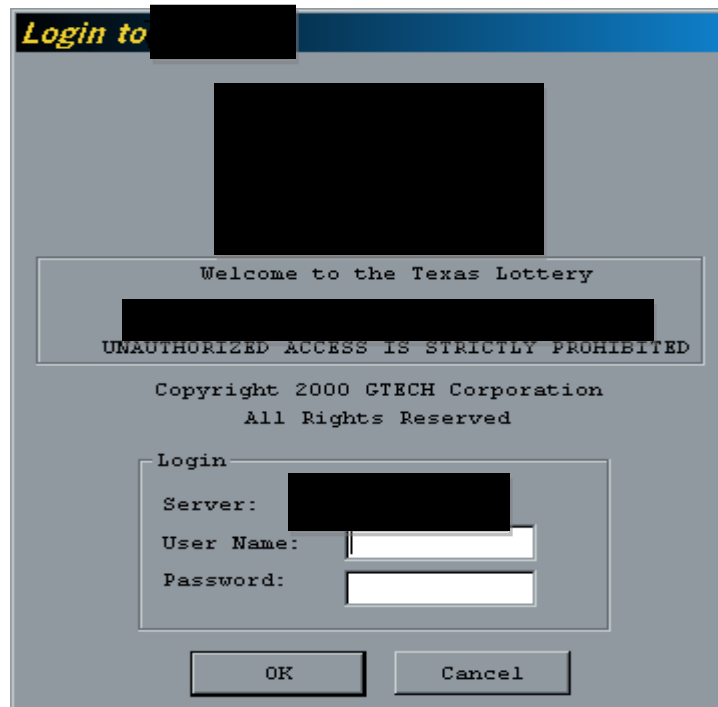


Illustration 1 - [redacted] System Login

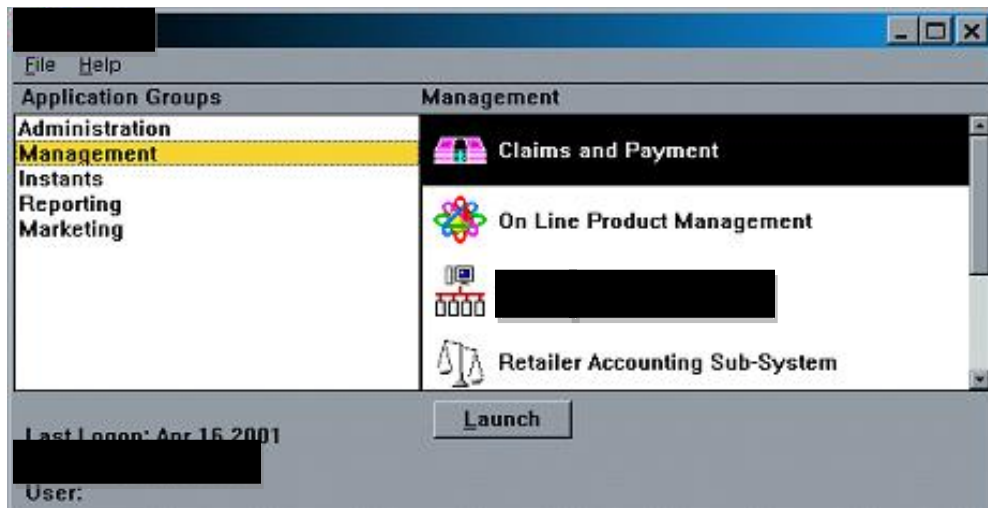


Illustration 2 - Main Menu

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3.4. At the Claims and Payment screen, select the Applications pull down menu, select Claims, and then select Process Claim. See Illustration 3.

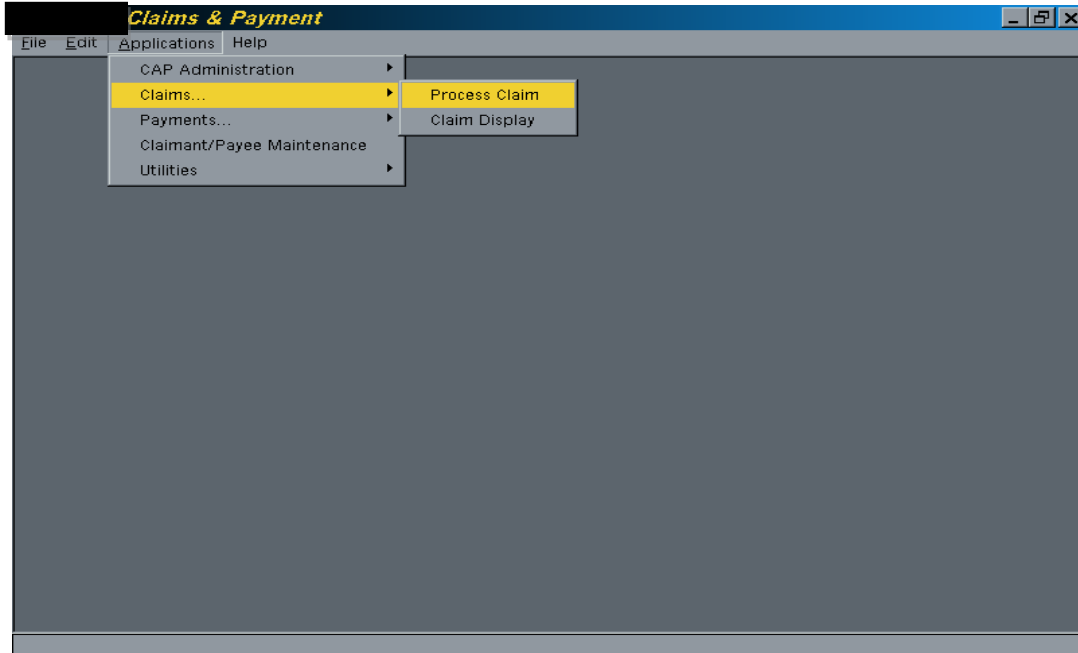


Illustration 3 – Claims & Payment

4. Enter the ticket and winner information in [redacted], see illustration 4:

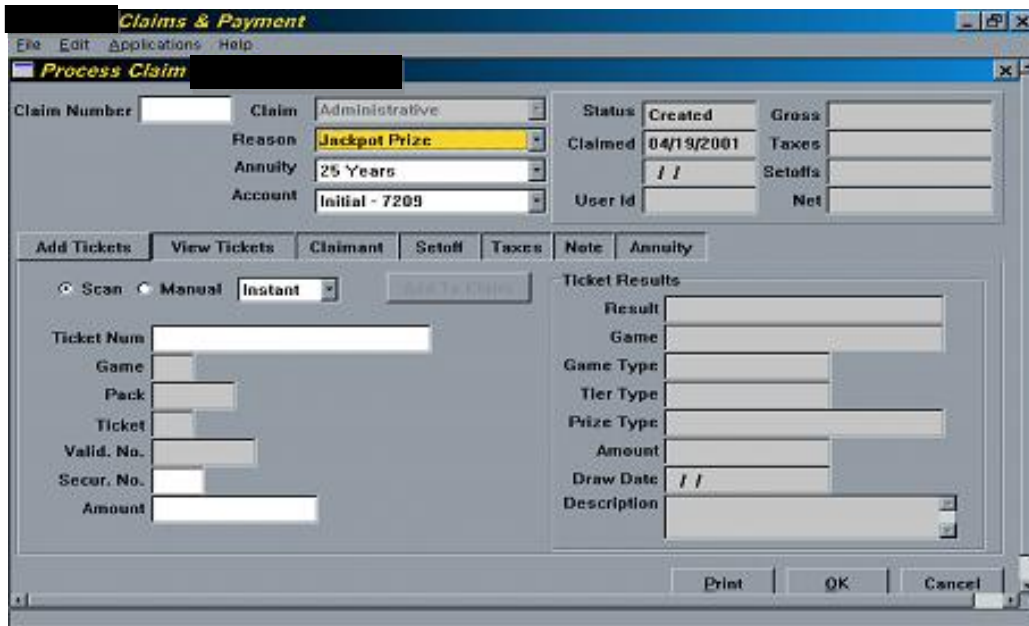


Illustration 4 – Process Claim

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- 4.1. Enter the following information under the Add Tickets Tab.
- 4.1.1. **Claim Number:** Obtained from the claim form.
- 4.1.2. **Claim:** Processed by Office of the Controller Prize Payment staff [REDACTED] the screen will only allow Administrative claims. Validations will not occur with Administrative claims.
- 4.1.3. **Reason:** This will either be “Jackpot Prize”, “Non-cash”, or “Other” depending upon the game and prize being processed for payment.
- 4.1.4. **Annuity:** The drop down menu offers a selection of annuity payments depending upon the game payout structure. The options are: none, 5 years, 20 years or 25 years.
- 4.1.5. **Account:** Used depending on the type of payment being processed. It is important to select the correct account because this information is used to divide the payments by account in the general ledger. The Comptroller Object Code is noted next to the account name in the lottery vendor system.
- **Initial** (7209) is used for the first complete year of the cash payment if, the first year will be made in 52 weeks, 12 months, or 4 quarters, not payment made annually even if it is the first year’s payment. These payments will be recorded in the general ledger’s Initial Installment Clearing account.
 - **Installment** (7209) is used for annuity payments. The second year through the final year. These payments will be recorded in the general ledger’s Annuities Payable account.
 - **Prize Payment** (7208) is used by the claim centers for prizes paid at a claim center field office or by Office of the Controller for prize payments that could also fall into the category of “other”. These payments will be recorded in the general ledger’s Prizes Payable Clearing account.
 - **Other** (7208) is used for initial cash payments and cash value option payments made for Lotto Texas and Mega Millions, non-cash prizes or prizes that are related to second chance drawings, in which a ticket cannot be processed through a regular claim center terminal, and any instant ticket payments paid as instant cash. This excludes the initial payments as described above. These payments will be recorded in the general ledger’s Prizes Payable Clearing account.
- 4.1.6. **Add Tickets Tab:** Select “Manual” and the type of ticket. For online tickets, enter the ticket number from the bottom of the ticket. For instant tickets, enter the game, pack, and ticket number from the back of the ticket. Validation number and security number will always be “1.” **The amount will always be the gross amount of the prize being processed.** Hit <enter> to obtain the ticket results. A box stating “This must be the only ticket on the claim” will be displayed. Click on “OK.” Click the “add to claim” button to add the record.
- 4.2. Select the **Claimant Tab** to enter claimant information. See Illustration 5.

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Illustration 5 – Claimant Tab

- 4.3. Select the Search button to search for previously entered claimant information. Previously entered claimant information would be information entered for a new instant ticket validation in the claim center, a prize previously paid to this winner by the claim center, or an annuity payment to winners after the first payment. (See 4.4 for new claimant entry.)
 - 4.3.1. Enter the name or SSN/EIN and click on the search button. See Illustration 6.
 - 4.3.2. Once a list is displayed, choose the record and click on the Select tab.
 - 4.3.3. A box will appear to verify the SSN/EIN. If an address change has been submitted, the address will need to be changed in [REDACTED] in order to generate the correct address for IRS Form W-2G. Enter the SSN/EIN number and click “ok.”
 - 4.3.4. Once the record is recalled, the “Details” tab will be available to verify the address information and make any necessary changes to the address information.

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Claimant/Payee Search

Claimant/Payee Search Data

Last First

SSN/FEIN

Last	First	Mid	SSN/FEIN	Phone	Birth Date
				- -	//
				- -	//
				- -	//
				- -	//
				- -	//
				- -	//
				- -	//

Illustration 6 – Claimant/Payee Search Data

- 4.4. If the claimant was not previously entered, select the New button to enter new claimant information. See Illustration 6 for the new button and Illustration 7 for the entry of new claimant information.

Claimant/Payee Maintenance

Info Summary

Type **Individual** User Id Date Modified

Citizen Yes No SSN Birth Date

Home Phone Extension

Mail

Same

Illustration 7 – Claimant/Payee Maintenance

- 4.4.1. The screen automatically defaults to the Info Tab. Use the pull down menu to select the type of claimant (individual, corporation, partnership, trust, or other).
- 4.4.2. Click on the Name button to enter the name of the claimant.
- 4.4.3. Click the Citizen “yes” field if the claimant is a resident alien or US citizen. Click the “no” field if the claimant is not a US citizen or resident alien. Entities must

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specify domestic for “yes” or foreign for “no.” Choosing either the “yes” or “no” button, flags the system to withhold income tax based on the citizenship status of the individual or entity. At least the minimum amount required by law will be withheld.

- 4.4.4. Click on the SSN/EIN, depending on the type of claimant, to enter the SSN or EIN.
- 4.4.5. Click in the birth date field. Enter the birth date in the format xx/xx/xxxx for the claimant or the officer of an entity.
- 4.4.6. Choose the type of phone number from the pull down menu. Click in the phone number field to enter the area code and phone number.
- 4.4.7. On the address pull down menu, the system defaults to the mailing address. Always use the “Mail” address or click in the “Same” box for entry purposes. If no address is entered for the “Mail” address and the “Same” box is not checked, the record may not be included on the file obtained to generate the IRS Form W-2G.
- 4.4.8. Click on the Address button and enter the address information including the authorized officer for an entity. Upon entering the zip code, the system will automatically fill in the City, State and County.
- 4.4.9. Click on the Note button to add any comments or notes to the record.
- 4.4.10. Click “OK” when complete to return to the claims & payment screen.
- 4.5. Select the **Annuity Tab** to enter claimant information. See Illustration 8.
 - 4.5.1. If adding a new installment payment winner or an installment payment for a previous winner, click on the annuity tab and enter the original claim date for instant ticket games or the on-line ticket draw date in the Next Pay Date field.
 - 4.5.2. The field title Next Pay Date is not used to identify the next expect pay date. The date field for the Next Pay Date is being populated to use for preparation of IRS Form W-2G. This date is required by the IRS.
 - 4.5.3. The remaining fields should be left blank.

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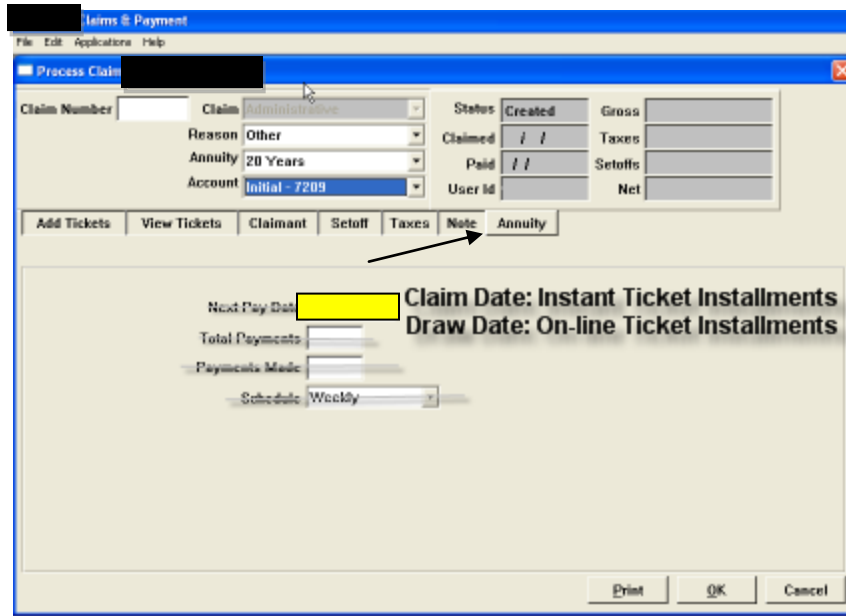


Illustration 8 – Annuity Tab

5. Warrant Holds and Debt Set-offs.

5.1. If the winner is an individual, the taxpayer number will flag the [REDACTED] system and return a message, if there are any debts owed to the state.

5.1.1. The dialogue box will appear with a message that a setoff was retrieved; select “OK” to proceed.

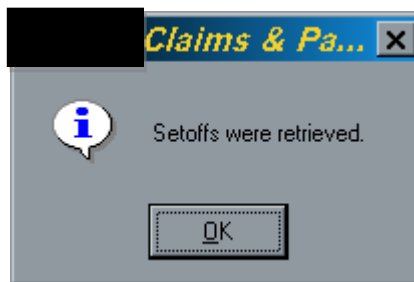


Illustration 9 – Setoff Notice

5.1.2. Once the setoffs have been retrieved, return to the main document and click on the setoff tab to see the information about the debt owed. Notice that the federal income tax withholding has already been applied prior to the setoff being applied. See Illustration 10.

5.1.3. To verify the setoff information, access the [REDACTED] as shown Step 6. Print the payee hold [REDACTED] screen that shows the information about the hold. Call the respective agency to obtain the

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current outstanding balance. Document the date, the agency representative, and the amount on the printed [REDACTED] screen.

5.1.4. If a warrant hold exists for a winner and the agency is not an agency listed as a debt setoff agency in Government Code, §466.407. There are two approved methods to process payments.

5.1.4.1. The winner may provide a letter to the General Counsel approving the amount to be paid on his/her behalf to the agency. The General Counsel will provide the letter to the Prize Payment staff. If this method is used, follow the procedures in step 7 Forced Debt Set-off Flag.

5.1.4.2. If the winner does not agree to provide a letter, use Comptroller form AP-152, Texas Application for Payee Identification Number, to request a warrant from the Comptroller of Public Accounts. If this method is used, select Warrant Hold as the set-off agency and reason code. Accounts Payable will issue a warrant for the amount of the set-off. The Comptroller will upon receipt, hold the warrant for 30 days. If the debt is still owed after 30 days, the Comptroller will issue a payment to the agency. If the debt has been paid within the 30 days, the Comptroller will issue payment to the winner.

5.1.5. Enter the amount in the appropriate box on the [REDACTED] Claim screen. See Illustration 10.

The screenshot shows the 'Process Claim' window with the 'Setoff' tab selected. The 'Name' field contains 'TEST SETOFF'. Below the main form is a table with the following data:

Agency	Agency Name	Reason	Reason Name	Amount
302	ATTORNEY GENERAL	418	CHILD SUPPORT-TAG	\$500.00
				Total
				\$500.00

Illustration 10 – Setoff Tab

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5.2. If the winner is an entity, General Counsel will provide an SSN for each member/beneficiary of the entity. The entity is the winner, not the individuals listed as members/beneficiaries; however, each SSN will be entered in [REDACTED] to search for any debts owed to the state.

- Follow the steps in 6 below to search [REDACTED].
- If debts owed to the state were retrieved, provide the information to General Counsel to discuss with the winner or winner's attorney.
- The winner may provide a letter to General Counsel approving the amount to be paid on behalf of the member/beneficiary to the agency. General Counsel will provide the letter to the Prize Payment staff. If this method is used, follow the procedures in step 7 Forced Debt Set-off Flag.

6. To access [REDACTED] from a commission workstation:

- 6.1. Double click on the [REDACTED] / [REDACTED] ([REDACTED]) icon and open it.
- 6.2. Enter "[REDACTED]" at the top left corner and hit the enter key.
- 6.3. Enter your USERID and password.
- 6.4. After sign on is complete, use the [REDACTED] screen to verify Payee Status through either the Social Security Number (SSN) or Taxpayer Identification Number (TIN). See Illustration 11.
- 6.5. The [REDACTED] screen must be accessed in the following format:

[REDACTED](period)(2 or 1)(SSN or TIN)(space)(period)

A last digit, or check digit, will automatically be entered in the remaining space by the computer system.

6.5.1. To verify by SSN, enter 10 digits: 2 as the first digit, then the 9-digit SSN.

6.5.2. To verify by TIN, enter 10 digits: 1 as the first digit, and then the 9-digit TIN.

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```

.21234567895.                ORD    081897
JOHN DOE
817 SOUTHLAND DR.            COUNTY CODE:
FAYETTE, TX 78781-6630      SOLE OWNER
SECONDARY ADDR: NO FIELD OFF: 2H00 PHONE: 888-888-8888 EMPLOYEE CODE:
SERV ADDR:                    00000 000
PAYEE STATUS:

LIMITED SALES,EXCISE,AND USE TAX (ST) AUDIT:      MGMT HALT:
STATUS: OOB          AS OF : 11/01/1995 LAST REPORT FILED: 954
FILER TYPE: QUARTERLY
                HOT CHECK CNT : 000
                OUTLETS: ACTIVE  0 / INACTIVE  1
OPEN COLL RCD: 000 NON-COMP CNT: 000

END OF DISPLAY
PA1=PRINT, CLEAR=EXIT                PAGE  1

```

Illustration 11 - screen in

- 6.6. Replace the with . This will show payee hold information, with the agency name, dates, and codes needed to document the transaction. See Illustration 12.

```

.21234567895.                08/18/97

HOLD NUMBER  HOLD DATE  EFF DATE  SOURCE  REASON  LIABILITY AMOUNT
-----
21234567886    04/21/97   08/11/97   304     026     (call agency for amount)
SALES TAX - COMPTROLLER OF PUBLIC ACCOUNTS
NAME: JOHN DOE                PIN: 999999999

END OF DISPLAY - PF3=QUIT, PF4=MENU

```

Illustration 12 - screen in

- 6.7. Print the screen if warrant hold information exists and exit .
- 6.8. Document the name of the agency representative, the date of contact, and the amount of the outstanding debt. Any other notes regarding the set-off information should be documented on this sheet.

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7. Forced Debt Set-off Flag

- 7.1. The winner’s payment may need to be directed to another location that is not designated as a warrant hold or debt setoff agency within [REDACTED]. When this occurs, for situations such as depositing funds into the registry of the court or a tax lien or levy placed by the Internal Revenue Service, the system must be forced to flag the claimant record for a set-off.
- 7.2. Before entering the claim, access the Claims & Payment menu from applications, select CAP Administration and Setoff Maintenance to enter the intervening information. See Illustration 13.

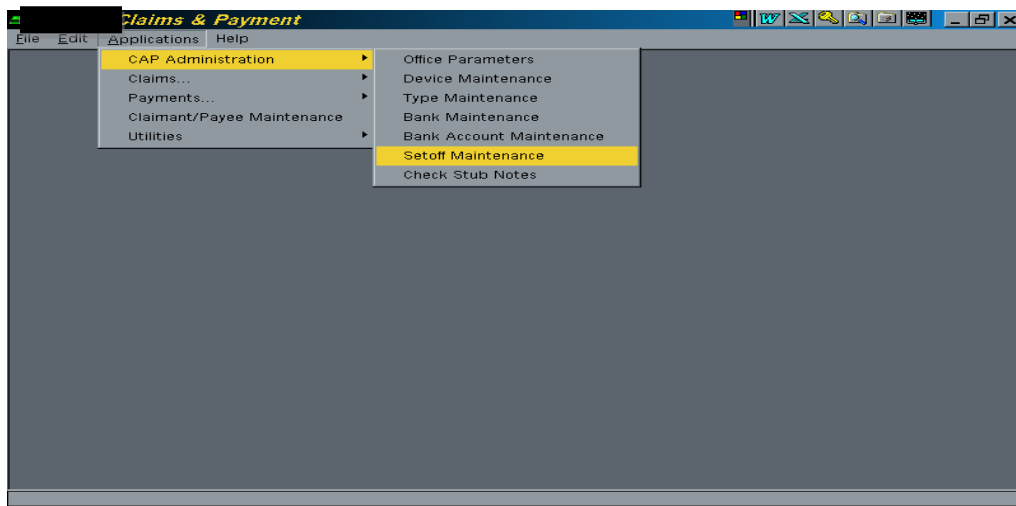


Illustration 13 – Applications/CAP Administration/Setoff Maintenance

- 7.3. Choose the setoff tab in the Setoff Processing Screen. See Illustration 14.

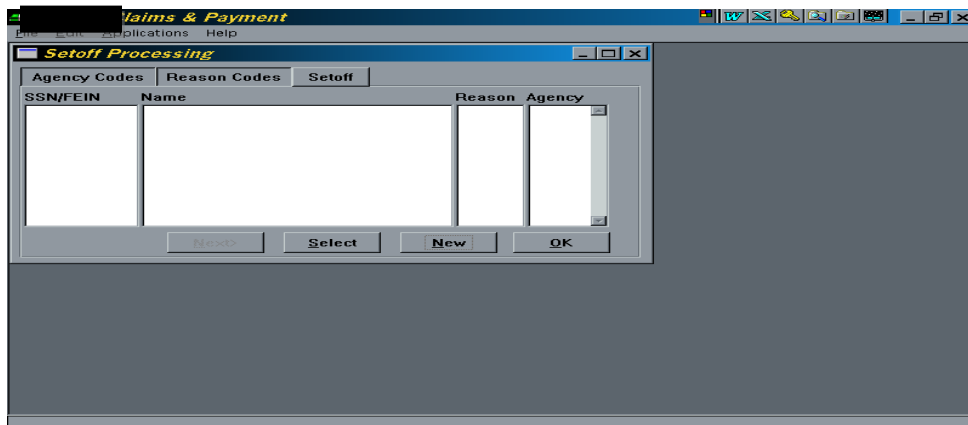


Illustration 14 – Setoff Processing

- 7.4. Choose the New button at the bottom of the Setoff Processing Screen.

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- 7.5. Enter the claimant type, SSN/EIN, name and intervening information. See Illustration 15. Select the OK Button when finished.

Illustration 15 – Setoff Maintenance

- 7.6. The information will now appear on the Setoff Processing Screen. This will force a debt setoff flag to appear when processing the claim. Please note that these transactions may be due to a pending litigation suit, a special payment to the IRS due to lien or levy, a reimbursement for a non-cash prize, or a number of other circumstances. In order to flag these payments, a setoff must be initiated through the manual Setoff Processing screen.
- 7.7. See section 5 for processing a payment with a debt set-off.
8. **Taxes Tab** - - Federal Income Tax Withholding
- 8.1. Federal income tax withholding will automatically be calculated at least at the current rate mandated by Federal law, based on citizenship. The net amount will be calculated automatically.
- 8.2. If there is a change in the amount of withholding calculated by the system, the new amount must be entered in the table under the Taxes tab. Press Enter to automatically calculate the new net balance. See Illustration 16.
- 8.3. The winner will receive an IRS Form W-2G or 1042S depending upon citizenship for prize amounts of \$600.00 or greater. Federal withholding will be applied for any single prize over \$5,000.00. Note that weekly, quarterly, and monthly payments are considered one prize because only one ticket was purchased.

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Illustration 16 – Taxes Tab

9. Complete Claims Entry

- 9.1. Once the claim and winner information have been entered select the “OK” button at the bottom of the Process Claim screen.
- 9.2. The screen will prompt the user to verify that the information is correct. If it is correct, select “OK” to complete the transaction.
- 9.3. The record will be entered into the system; however, the payment will still need to be released in order for the prize funds to be available for payment.

10. Releasing Payments

- 10.1. From the Claims & Payment Menu, select Applications/Utilities/Print Checks. See Illustration 17. Note: Office of the Controller ██████████ Prize Payment staff, do not print physical checks from ██████████. The print function assigns a number for the transaction using the same process that is used to print checks.
- 10.2. All prize payment information is sent to the Comptroller of Public Accounts the day after entry in ██████████. The Comptroller then issues a warrant to Texas Treasury Safekeeping Trust Company for the management of funds in the Prize Payment Account. Payments to the winner will be made by ACH direct deposit.

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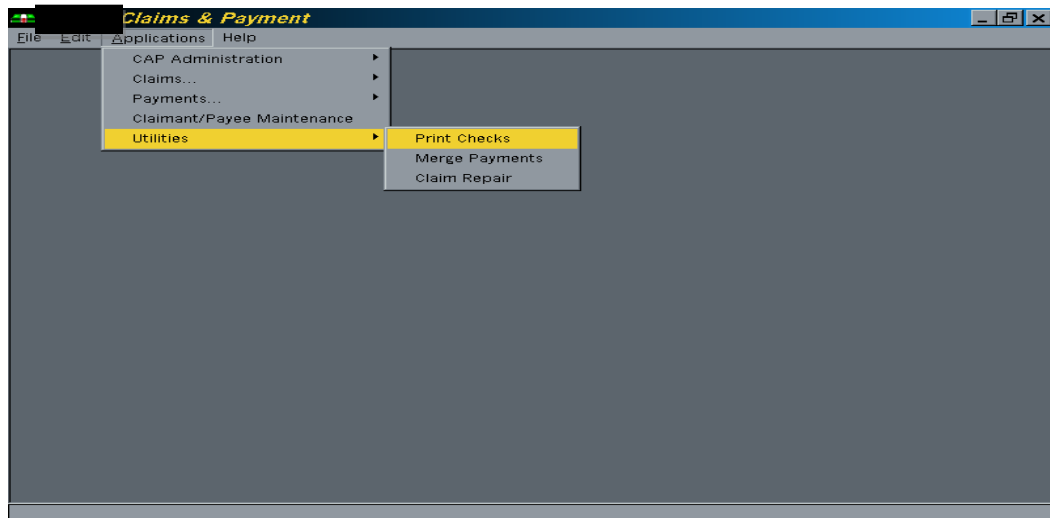


Illustration 17 – Applications/Utilities/Print Checks Menu

- 10.3. At the Selective Check Print screen, select the payment type “prize” and press the search button to access all claims entered that have not been released. See Illustration 18.
- 10.4. Once the claims have been displayed, review the information one last time for correctness. Note: If the information is incorrect, the payment information cannot be corrected in this process. The payment must be released, voided, and re-entered.
- 10.5. Click on the Select All button at the bottom of the Selective Check Print screen. See Illustration 18.
- 10.6. Click on the Print Checks button. This action prompts the system to assign a check number and releases the information to be included with all claims processed on the same date for reimbursement to the prize payment account. To print this screen hit F12. See Illustration 18.
- 10.7. Print a display screen from [REDACTED] identifying the transaction. Applications/Payments/Payment Display. See Illustration 19.
- 10.8. Once the record is recalled on the Payment Display screen, click the Print button at the bottom of the screen to print the information sheet. See Illustration 20. The [REDACTED] screen should be initialed by the Prize Payment staff.

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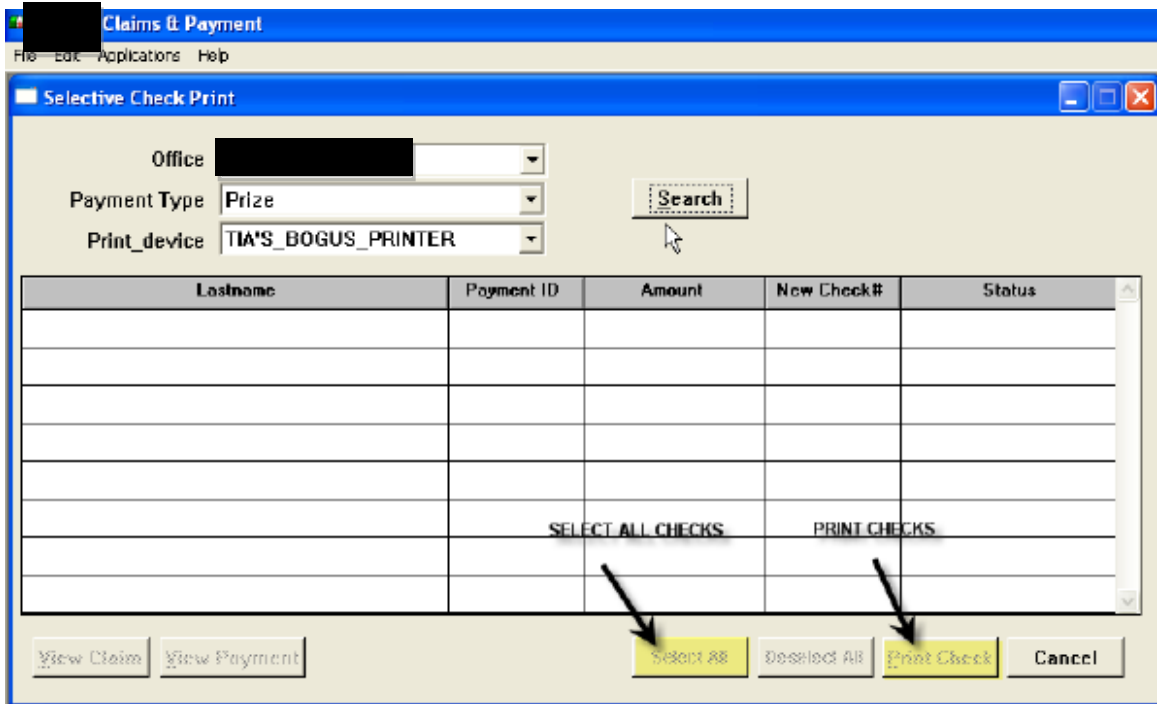


Illustration 18 – Selective Check Print

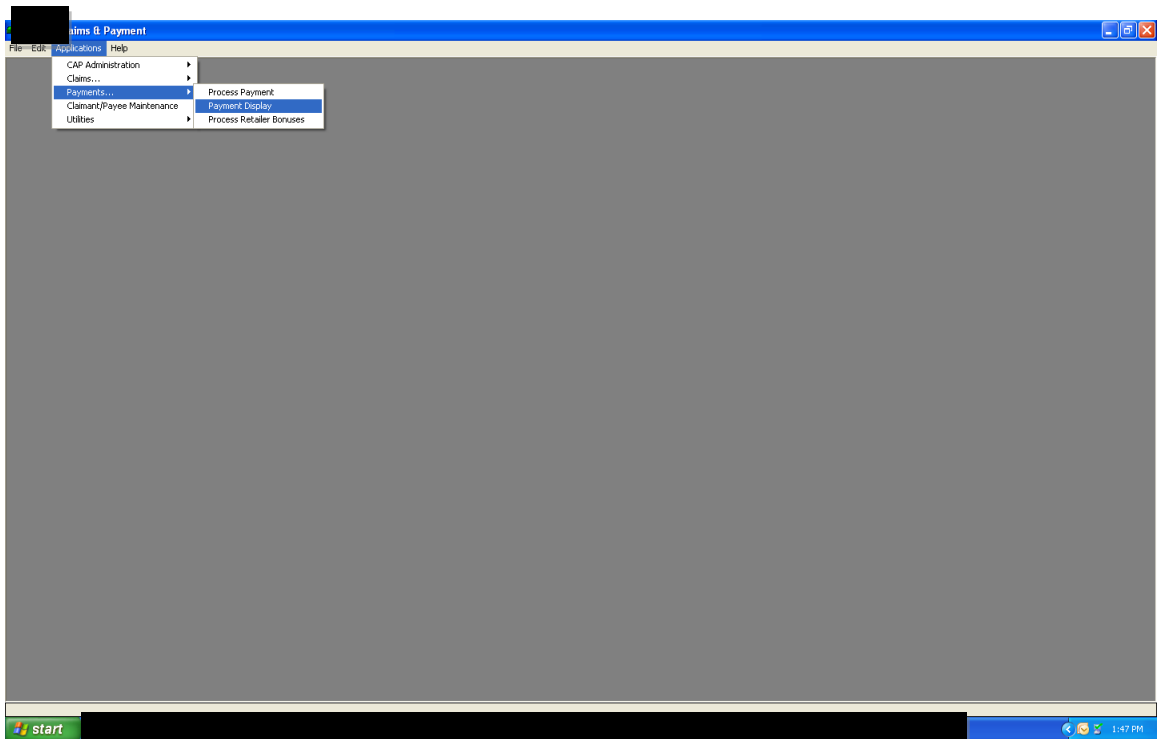


Illustration 19 – Application/Payments/Payment Display

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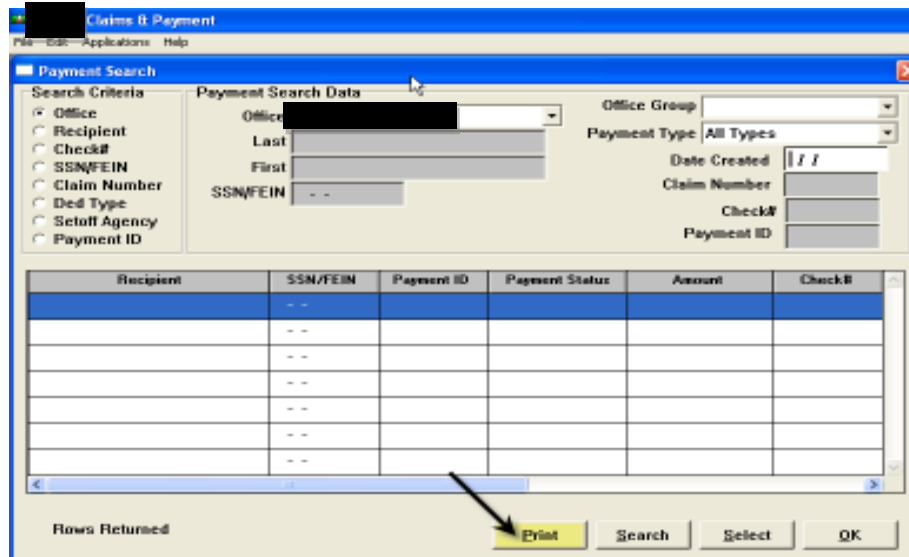


Illustration 20 – Payment Display Screen

11. Voided Checks

- 11.1. To void a check, the check must first be released as indicated in step 10. Once released, a check number will appear for each prizewinner on the screen. Document the check number for use in the next step.
- 11.2. Access the Claims & Payment menu, select Applications/Payments/Payment Display. See Illustration 19.
- 11.3. Select the record on the Payment Display screen and click on the select button to display the check and to access the void check entry area. See Illustration 21.
- 11.4. Select transaction “Void” and click on the “Apply” button to void the payment. The payment must now be re-entered. DO NOT select the void/reissue option. This will duplicate the voided check without corrections being made. See illustration 22.
- 11.5. Return to the Payment Display screen to recall the payment and choose the print button to print the information sheet or hit F12 to print the current display.

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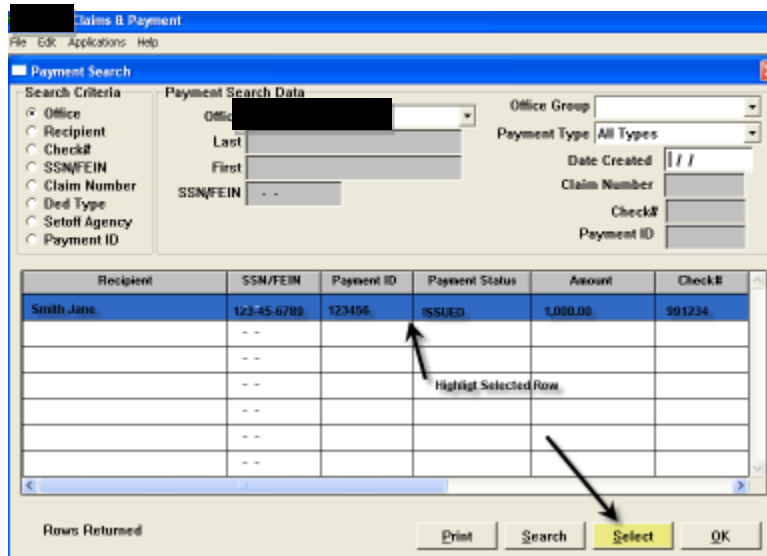


Illustration 21 – Payment Display Screen

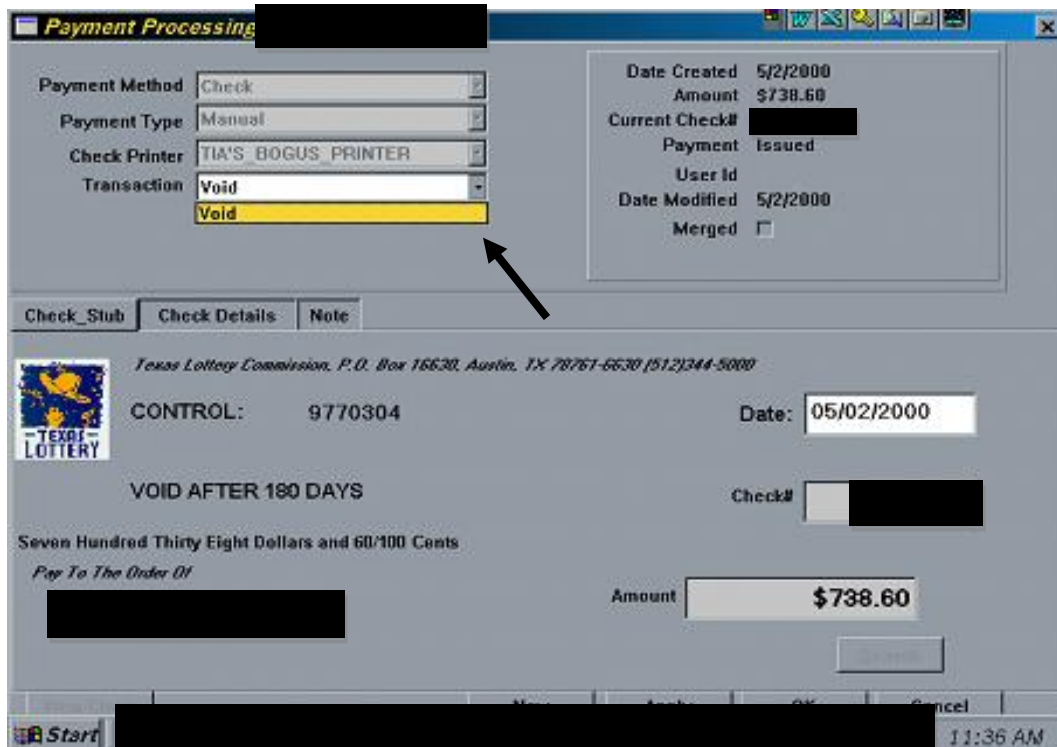


Illustration 22 – Check Display

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12. Direct Deposit Transfer (ACH)

- 12.1. Once the claim information has been entered in [REDACTED], the direct deposit information will need to be entered into the online banking ACH system. The ACH or Automated Clearing House system is used to electronically transfer funds between banks.
- 12.2. Employees with access to the ACH system will be provided with training. Specific instructions are not being included within this procedure due to the secure nature of the information.
- 12.3. The Prize Payment staff will record the transaction information including all direct deposit and payment information in the ACH system. The staff with entry ability will not have the ability to create a batch or release a batch for payment. Print the ACH transaction screen and initial the screen to forward with the file to the Financial Accounting & Reporting Manager.
- 12.4. The Financial Accounting & Reporting Manager will create the batch for release and will not have access to enter transaction information or to release the batch to the bank. An e-mail will be sent to TTSTC requesting the release of payment to the winner. The creation of the batch serves as the approval for the batch to be paid.
- 12.5. TTSTC will designate the release staff that has approval to release the batch to the bank for payment to the winner. The release staff will not have access to enter a transaction or create a batch.
- 12.6. The ACH system provides the ability to run an audit trail report on the account in order to verify the user who enters the transaction, the user who creates the batch, and the user who releases the batch.
- 12.7. Batches for repetitive payments are typically set up at least 2 days prior to the payment effective date in the ACH system per the banks' request. However, the system allows the effective date to be at least one day after the entry date.
- 12.8. New winners are told that the payment will not be made until 3 working days after the claim date, with the exception of Mega Millions jackpot prize winners. Holidays and weekends are not included in the 3 day count. Funds transfer from the Comptroller to TTSTC takes 2 days before the funds can be paid on the third day.
- 12.9. Mega Millions winners are generally told that the payment will not be made until 4 working days after the claim date. Holidays and weekends are not included in the 4 day count. Mega Millions payment require a 4 day transfer period in order to receive funds from other lotteries and/or transfer funds for payment via the Comptroller's office. Therefore, if a winner claims immediately after the drawing occurs, the commission will need an additional day to receive funds.

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[REDACTED]

13.1. The database used to track winner information for winners processed by the Office of the Controller is referred to as the [REDACTED]. The database was created and is maintained in [REDACTED].

13.1.1. Login to [REDACTED].

13.1.2. Open the [REDACTED] by selecting the [REDACTED] button.

13.1.3. The ticket information for on-line games is electronically populated by a download received from [REDACTED].

13.2. To update winner information or to enter a new on-line game winner, select the button "Update Winner Information". Updates for a new winner should occur the day after [REDACTED] entry. See illustration 23.

13.2.1. Search by draw number or draw date to locate the record that has been created for the ticket. Once the list of records is displayed, double click on the record to be recalled. See illustration 24.

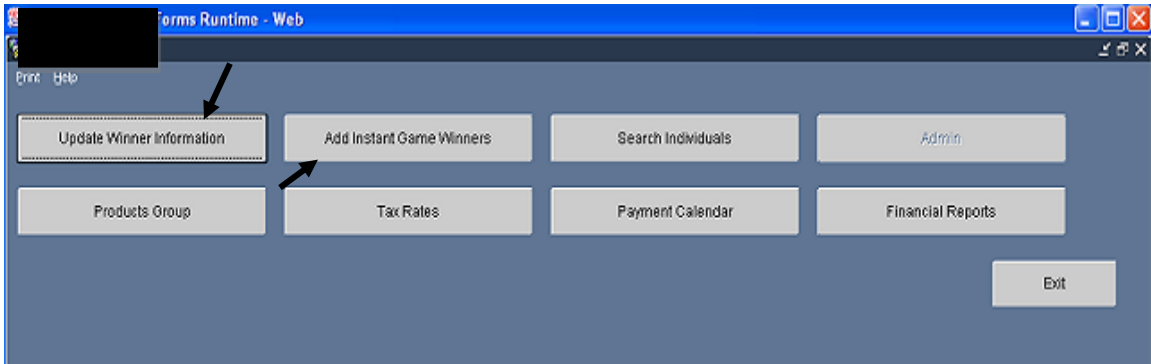


Illustration 23 – [REDACTED] Main Menu

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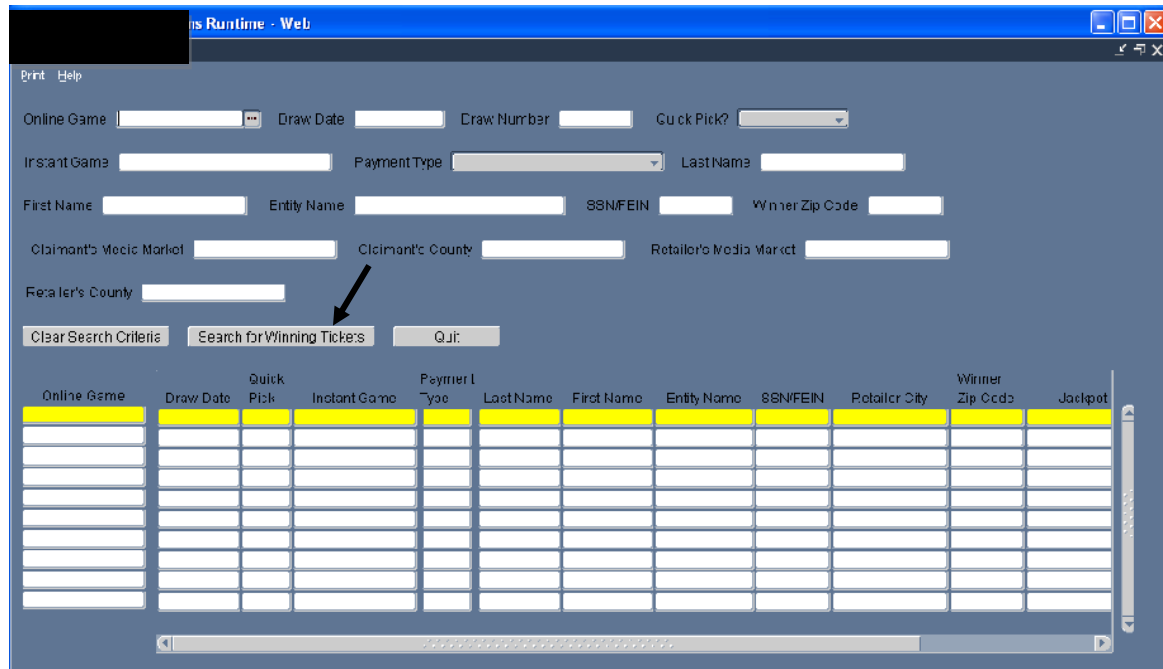


Illustration 24 – Search Screen

- 13.2.2. Click on the “Retrieve Claimant Info” button to recall the winner information by claim number as entered in [REDACTED] on the previous day. See illustration 25.
- 13.2.3. Review the information and click on the “OK” button to electronically populate [REDACTED] with the winner information.
- 13.2.4. Any additional information such as a phone number, members/beneficiaries of an entity, or other information can be entered by selecting the appropriate link/button.

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Illustration 25 – Winner Maintenance

13.3. To add an instant game winner, select the Add Instant Game Winners button and follow the same instructions as provided for an on-line game winner. See Illustration 23.

13.3.1. After the winner payment has been approved by the Financial Accounting & Reporting Manager, provide the winner file to another Prize Payment staff member to review the name/address entry for correctness. Because the entry is an electronic download from [REDACTED], any errors in the address information should also be corrected in [REDACTED]. See step 22.

14. General Guidelines

- 14.1. For instant games, the payments will be provided per the game rules individually or as a combination of any of the following methods; weekly, monthly, quarterly, or annually. Note: Win for Life recipients cannot be given the option for annual payments.
- Payment made each Wednesday for weekly installments (this may change at year end depending on the number of Wednesdays calculated for the year.) No more than 52 weekly payments will be made per year.
 - Payment made the first business day of the month for monthly installments. Note that the winner's anniversary date is based on the winner's claim date

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month. Monthly installments may have a different prize amount applied for the anniversary month of each year.

- Payment made the first business day of the calendar quarter (January, April, July, October) for quarterly installments.
- Payment made the first business day of the anniversary month of the claim for annual installments.

- 14.2. Process IRS income tax withholding and debt set-offs per the respective procedures in Sections 5-8.
- 14.3. Instructions for a change in the recipient’s bank information or address information must be received as an original request with a notarized signature of the authorized signer for the winner (i.e. individual, trustee, partner, executor, etc.) as long as the winner is still receiving payments. After all payments have been made to the winner, the winner does not have to provide written instructions with a notarized signature. Written instructions, e-mail, or a telephone call is acceptable. If the winner is still actively receiving payments, updates must be made to [REDACTED] and to [REDACTED]. See steps 13 and 22.
- 14.4. Official name change must be received as a legally binding instrument, such as a court order, in order for the commission to act upon the request. These documents must be reviewed and approved by commission General Counsel prior to being acknowledged by the Prize Payment staff. Updates must be made to [REDACTED] and [REDACTED]. See steps 13 and 22.
- 14.5. IRS Forms W-2G or Forms 1042-S are issued according to the respective procedures. OC-TX-001 IRS Form W-2G Reporting Process and OC-TX-004 IRS Form 1042-S Reporting Process
- 14.6. At least once a year, verify the vital status of the Win For Life recipients. One or more of the following methods may be used. A phone conversation initiated by the Commission may be noted once a year, a letter may be mailed requesting a notarized signature of the winner, a notarized signature on a request for address/bank changes, a computer search by commission staff, or a phone call to the Social Security Administration to verify vital status may be made.
- 14.7. A prizewinner for Lotto Texas may choose the Cash Value Option or 25 Annual Payments at the time of purchase.
- 14.8. A prizewinner for Mega Millions may choose the Cash Value Option or 26 Annual Payments at the time of purchase.
- 14.9. Ref: Game Rules §401.302 Instant Game Rules
- 14.10. Ref: Game Rules §401.304 On-Line Game Rules
- 14.11. Ref: Game Rules §401.305 “Lotto Texas” On-Line Game Rules

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14.12.Ref: Game Rules §401.312 “Texas Two Step” On-Line Game Rules

14.13.Ref: Game Rules §401.315 “Mega Millions” On-Line Game Rules

15. Payment of Prizes Awarded to a Minor

15.1. Ref: Texas Government Code, §466.405 Payment of Prizes Awarded To Minor

15.2. If a minor is entitled to prize money on a winning ticket in an amount of \$600 or more, payments to the minor may be made by depositing the amount of the prize in any bank to the credit of an adult member of the minor's family or of the minor's guardian as custodian for the minor.

15.3. If the prize is a non-cash prize, the minor may be entitled to receive the cash equivalent of the prize.

15.4. The Claim Center office will obtain the claim and direct deposit information and forward the paperwork to Office of the Controller.

15.5. If the value of the non-cash prize is unknown, research the working papers for the value. If the value is not included in the working papers, contact the Instant Products Coordinator in the Products Department.

15.6. The claims entry in [REDACTED] should reflect the information for the minor in order to send the IRS Form W-2G to the proper winner.

15.7. The direct deposit instructions should include the information for the adult member of the minor's family or the minor's guardian as custodian for the minor.

15.8. Telephone or e-mail the claim center who initiated the claim so that they may contact the winner or answer any questions relating to the timing of the payment. The claim center may initiate a central contact person for distribution of information.

16. Payments Upon the Death of a Prizewinner

16.1. Ref: Game Rules §466.310 Payment of Prize Payments Upon the Death of Prize Winner. Notify Products, Media Relations, and General Counsel of a potential estate issue or change to the main representative of an entity.

16.2. In the event of a winner's death, the remaining payments will be made to the estate of the deceased prizewinner who claimed the prize as an individual. General Counsel can speak to the attorney or send a letter outlining the required documents.

16.3. The legal representative, family member or attorney for the prizewinner should forward an original certified copy of the death certificate. Other documents such as a Will and/or Letters Testamentary that state the identity of the authorized representative for the estate should be forwarded. The estate should also forward an estate taxpayer

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identification number and any change of bank or address information with the notarized signature of the representative for the estate.

- 16.4. Once all estate related paperwork has been reviewed and approved by General Counsel, the payment schedule of the individual should be updated in the [REDACTED] using the Assignment tab to transfer payments from the original claimant to the estate of the claimant. The original claimant name should not be changed in [REDACTED]. A note should be added to the comments section to notify all system users of the death. The name and taxpayer number in [REDACTED] must be updated to the estate of the individual for payment and tax purposes.

17. Involuntary Assignments

- 17.1. Pursuant to an appropriate judicial order under Texas Government Code, §466.406(c) that resolves a bona fide underlying controversy involving the prize winner. Ref: Game Rules §401.309 Assignability of Prizes and Game Rules §401.310 Payment of Prize Payments Upon the Death of Prize Winner.
- 17.2. The petition must be reviewed for the appropriate historical information of the original prize, any previous assignments, and the proposed assignment.
- 17.3. Verification of the authorized authority to sign as an individual or on behalf of an entity or estate.
- 17.4. Once the petition has been reviewed, an email is sent to the assigned attorney in General Counsel to report any errors in the petition or to receive clarification.
- 17.5. Once the final court order has been reviewed and if everything appears to be correct, send an e-mail to the assigned attorney to report that the review has been completed. If the information is not correct or any paperwork is missing, alert the assigned attorney that information is needed or needs to be corrected.
- 17.6. Once approved by General Counsel, approval will be forwarded to Office of the Controller via telephone, e-mail, or letter.
- Updates to information in [REDACTED], [REDACTED], or any spreadsheets will need to be completed.
 - A new payment schedule will be printed to include the assignment information. Copies will be sent to the interested parties.
 - The original documents will be filed in the winner's file.
- 17.7. If the current payment is due, and no response has been received by General Counsel, steps may be taken such as but not limited to the list below:
- E-mail the appropriate attorney for the status of the order.
 - Notify the appropriate attorney that a letter from the prizewinner's attorney should be sent to acknowledge that no payment is to be made until the issue is resolved.
 - Payment may be made to the order of the court as approved by General Counsel.

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- Notification of Intent to General Counsel. The notification should state the circumstances and why prize payment staff intends to or not to make the payment as described.

18. Voluntary Assignments

- 18.1. Pursuant to an order under Texas Government Code, §466.410 obtained by a prize winner or an assignee of a prize winner. Ref: Game Rules §466.410 Assignability of Prizes.
- 18.2. The petition must be reviewed for the appropriate historical information of the original prize, any previous assignments, and the proposed assignment.
- 18.3. Verification of the authorized authority to sign as an individual or on behalf of an entity or estate.
- 18.4. Once the petition has been reviewed, an email is sent to the assigned attorney in General Counsel to report any errors in the petition or to receive clarification.
- 18.5. General guidelines are as follows:
 - Assignment must be made to a “person” designated by an order of a district court of Travis County. The original certified copy will be maintained in the winner’s file.
 - The last two years of payments may not be assigned.
 - No more than three payees may be paid for any one prize made in any single payment period.
 - A \$500 administrative fee is required.
- 18.6. Verification of the final court order must also be reviewed for accuracy of information.
 - Original prizewinner information
 - Prior assignments
 - No assignments in the last two years
 - Assigned payment information
 - Affidavits
 - Spousal consent
 - Release to Indemnify and Hold Harmless
 - Receipt of the required fee
- 18.7. Complete the assignment checklist to review the petition, draft order, and final order.
- 18.8. Once the final court order has been reviewed and if everything appears to be correct, send an e-mail to the assigned attorney to report that the review has been completed and the assignment fee has been received. If the information is not correct or any paperwork is missing, alert the assigned attorney that information is needed or needs to be corrected.

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18.9. Once approved by General Counsel, the original acknowledgement letter will be forwarded to Office of the Controller.

- Updates to information in the [REDACTED], [REDACTED], or any spreadsheets will be completed.
- A new payment schedule will be printed to include the assignment information. Copies will be sent to the interested parties.
- The original documents will be filed in the winner's file.

19. Grand Prize Drawing (GPD)/Second Chance Drawing (Lotto Play Slips)

19.1. Refer to the Grand Prize Drawing procedures and the game procedures for specific games' payment information. Ref: Game Rules §401.303 Grand Prize Drawing Rule and Game Rules §401.313 Promotional Drawings. The guidelines given below refer to past procedures.

19.2. Receipt of claimant/winner information.

- Drawings may be for cash or non-cash (merchandise).
- Claim Center staff and/or Products staff will forward the winner information with direct deposit instructions, if applicable, and a copy of the ticket (front and back) or list of the tickets drawn during the second chance drawing to the Prize Payment staff for payment or for the issuance of an IRS Form W-2G, if the prize is non-cash.

19.3. Once the payment information is verified, process the payment through [REDACTED] according to the procedures.

19.4. If a check is required, depending upon the specific game rules, send the check and the original claim form to the claim center of the winner's choice, so that the winner may verify the claim information and sign at the bottom of the claim form, agreeing that the information is correct and that the check was received. See Procedure OC-WP-002.

19.5. E-mail is sent to the receiving claim center as notification for the arrival of a Grand Prize Drawing check.

19.6. When a direct deposit is issued, the claim center will obtain the ACH direct deposit instructions from the winner to forward to Prize Payment staff.

19.7. The original claim form will be returned to the Prize Payment staff. During the interim period, temporarily maintain a copy of the claim form and a copy of the check in the game payment file. Forward a copy of the check to the Bank Reconciliation Area.

20. Grand Prize Drawing (Instant Tickets - Cash)

20.1. Ref: Ref: Game Rules §401.303 Grand Prize Drawing Rule and Game Rules §401.313 Promotional Drawings. The guidelines listed below are based on past Grand Prize Drawing Procedures.

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- 20.2. Products staff will forward a list of finalists to the Prize Payment staff via interagency memo or e-mail, requesting an initial \$500.00 payment be forwarded from the winner's prize money. An exception will occur if a winner has a debt set-off. In the instance of a debt set-off, no money will be forwarded to the winner until after the final drawing. The debt set-off amount will be deducted from the total prize.
- 20.3. Products staff will forward a completed and signed claim form and direct deposit instructions. If a check is issued for the initial \$500.00 payment, the check will be sent by overnight mail to the winner prior to the scheduled drawing.
- 20.4. Documentation will remain with the Prize Payment staff. This is a partial payment of the prize to assist the finalist with travel expenses, if approved.
- 20.5. After the final drawing, the Products staff will forward a memo to the Prize Payment staff requesting the remaining balance to be released to the winners.
- 20.6. Once the payment information is verified, process the payment in [REDACTED] according to the procedures.
- 20.7. The remaining payment will be sent by ACH direct deposit to the winner's financial institution within 3 days of final verifications.

21. Instant Ticket Drawing (non-cash)

- 21.1. Ref: Ref: Game Rules §401.303 Grand Prize Drawing Rule and Game Rules §401.313 Promotional Drawings.
- 21.2. The claimant will be contacted about the non-cash prize and will be sent to the closest claim center to complete the claim form.
- 21.3. The claim center will enter the claim and void the transaction in order to validate the ticket, if the ticket can be validated. A second chance drawing of a non-cash prize may not be validated by the claim center because the ticket is not actually a winning ticket and therefore does not contain validation verifications. The claim information will then be forwarded to Prize Payment staff from the claim center or Products department.
- 21.4. If the winner owes any debts to other agencies that would require a warrant hold or warrant set-off, the winner must pay the debt prior to receiving the prize. See game rules for changes to these instructions.
- 21.5. Once the claim form is received, and a date for transferal of the non-cash prize is set, Prize Payment staff will process the claim in [REDACTED] and pay the required income tax withholding related to the prize. This entry is used to reimburse the prize payment account and provides information for the IRS Form W-2G.

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21.6. The amount of the non-cash prize, less withholding, will be issued on a separate check to the Texas Lottery Commission to reimburse the prize payment fund for the cost of the prize to be paid by the accounts payable section. See Procedure OC-WP-002.

22. Updating address information in [REDACTED]

22.1. See Section 3.1 – 3.3 for access to [REDACTED] Claims and Payment.

22.2. The address may be updated using one of the following methods in step 22.3 or step 22.4.

22.3. Select Applications/ Payments/Payment Display to find the payment previously made to the winner. See Illustration 19.

22.3.1. Enter the Search Criteria. See Illustration 20.

22.3.2. Select the record and click on the select button to display the check.

22.3.3. Select the View Claim button at the bottom left-hand corner. See Illustration 26.

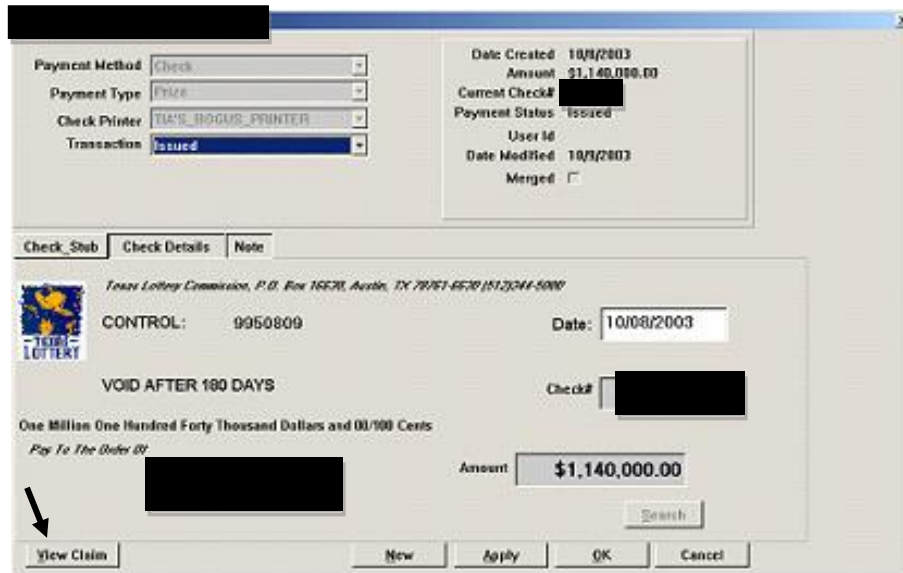


Illustration 26 Payment Processing/View Payment

22.3.4. In the Process Claim Screen, select the Claimant tab and the Details button to display the claimant information. See Illustration 27.

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The screenshot shows the 'Process Claim' window with the 'Claimant' tab selected. The 'Name' field is populated with 'PARTNERS, LTD'. Below the name field, there are input fields for 'Gross', 'Net', 'Taxes', and 'Setoffs'. At the bottom of the main area, there are buttons for 'New', 'Search', and 'Details'. The 'Details' button is pointed to by a black arrow. Other tabs include 'Add Tickets', 'View Tickets', 'Setoff', 'Taxes', 'Note', and 'Annuity'. At the bottom of the window are 'View Payment', 'Print', 'OK', and 'Cancel' buttons.

Illustration 27 Claimant Tab

22.3.5. To change any winner information, either select the appropriate button or click in the appropriate area of the Claimant/Payee Maintenance screen. The address button has been selected for a change of address in Illustration 28.

The screenshot shows the 'Claimant/Payee Maintenance' window with the 'Address Details' dialog box open. The dialog box has fields for 'Street', 'City', 'State', 'Zip Code', 'County', and 'Country'. The 'State' field is a dropdown menu, and the 'Country' field is also a dropdown menu with 'none' selected. There are 'OK' and 'Cancel' buttons at the bottom of the dialog box. The background window shows the 'Info' tab selected, with fields for 'Type' (Partnership), 'Name' (PARTNERS, LTD), 'Home Phone', 'Mail', 'Address', 'Note', and 'Tax'. At the bottom of the main window are 'View Payment', 'View Claim', 'New', 'Apply', 'OK', and 'Cancel' buttons.

Illustration 28 Address Details

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22.3.6. Once all changes have been made to the address, select the OK button to return to the Claimant/Maintenance screen.

22.3.7. Any other changes to the winner's information should be entered. When all changes have been completed, select the OK button to return to the Process Claim screen.

22.3.8. To exit, continue to select the OK buttons or select the X in the top right-hand corner of each screen.

22.4. Select Applications, Claimant/Payee Maintenance to access the Claimant/Payee Maintenance screen. See Illustration 29.

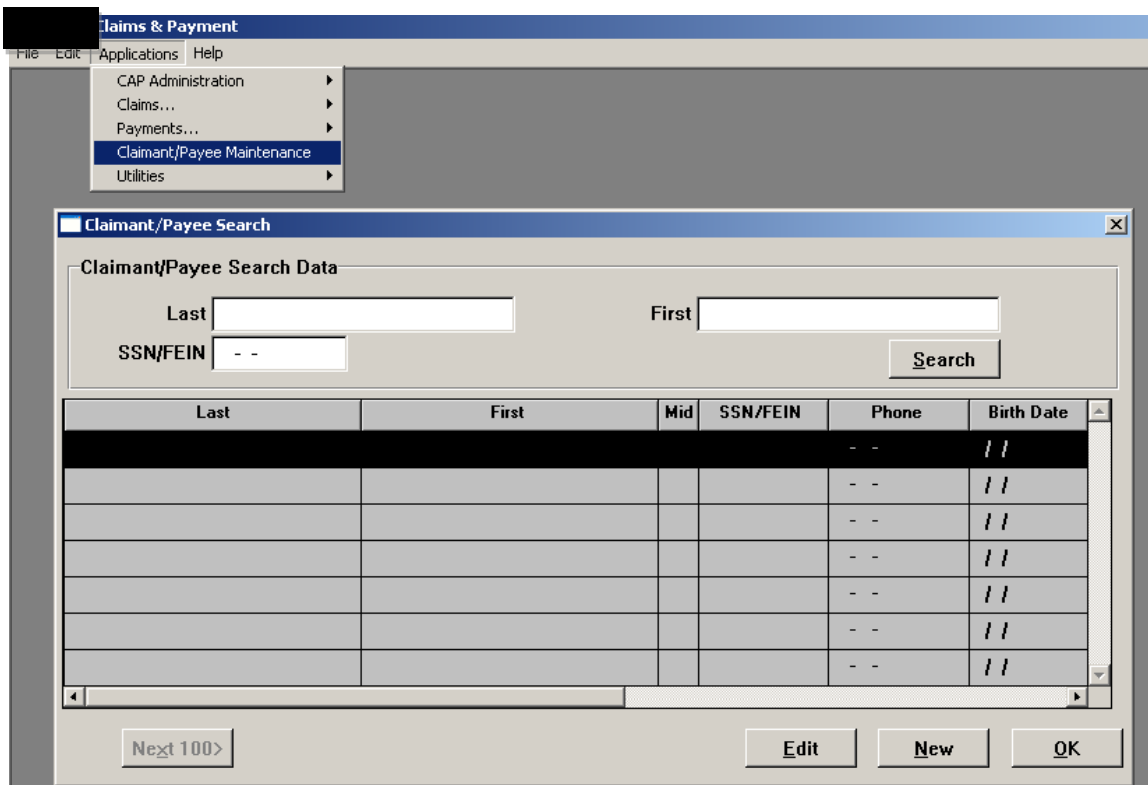


Illustration 29 Claimant/Payee Maintenance Screen

22.4.1. Enter in one or more of the search fields and select the Search button to access the winner information.

22.4.2. Once the winner information is displayed, select the Edit button to update the information as described in Steps 22.3.5 through 22.3.8.