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To: South Dakota Lottery Commission

From: Norman Lingle
Executive Director

Re: September 17, 2026, Lottery Commission Meeting

Date: September 11, 2026

The September 17, 2026, South Dakota Lottery Commission meeting will begin at 9:30 a.m. in room 412 of the State Capitol. The meeting will be streamed on the South Dakota Public Broadcasting's website. A link to the stream is included on the agenda.

There is a full agenda. A few highlights are below.

Secretary Houdyshell will provide updates regarding the Department of Revenue, and I will provide Executive Director comments with updates since the last meeting. My comments will include updates on FY26 sales and estimated transfers, the FY26 audit, and more.

An Administrative Rules Hearing regarding the amendments to the Video Lottery Administrative Rules is on the agenda. The rules hearing may not start any sooner than 9:45 a.m.

The annual review of open meeting laws will need to be acknowledged by the Commission.

A presentation titled Don't Scratch Off Security will be provided by Gus Fritschie with Gaming Labs International (GLI).

A Chair and Vice Chair of the Commission will need to be elected.

Deputy Executive Director Hepper provided an update on our instant ticket shipping with Spee-Dee Delivery. The transition to Spee-Dee went relatively smooth, and we are realizing the benefits of their service from both a delivery and cost savings standpoint.

The agenda also includes the normal marketing, sales and video lottery reports.

Please contact Clark or me if you have any questions, comments, or if there is anything else you would like addressed during the meeting.

South Dakota Lottery Commission
Thursday, Sept 17, 2026 – 9:30 a.m.
Room 412, State Capitol, Pierre, SD

**Please read all materials provided in the packet and print and bring the Agenda and all Exhibits*

Listen live at <http://www.sd.net/room412/>



MEETING AGENDA

1. Welcome Chair Harding
2. Roll Call Shawna Zebroski
3. Approval of Agenda Chair Harding
4. Approval of Minutes – June 11, 2026 meeting Chair Harding
5. Conflict of Interest Chair Harding
6. Public Comment Chair Harding
7. Department of Revenue Comments Secretary Mike Houdyshell
8. Executive Director Comments Executive Director Norm Lingle
9. Administrative Rules Public Hearing – Executive Director Norm Lingle
Video Lottery Rules Updates, 9:45 a.m
10. Election of Chair and Vice Chair Chair Harding
11. Annual Review of Open Meetings Laws Nick Ramos, Staff Attorney
12. Vendor Presentation – Don't Scratch Off Security Gus Fritschie, Gaming Labs International
13. Declaratory Ruling 26-1 Retailer Incentives Dep Exec Director Clark Hepper
14. Instant Ticket Shipping Update Dep Exec Director Clark Hepper
15. FY26 Highlights and Review Business Analyst Nathan Remmmich
16. Video Lottery Report Director of VL and Security Trevor Wiebe
17. Sales Report Sales Director David Dahl
18. Marketing Report Director of Advert and PR Wade LaRoche
19. Public Comment Chair Harding
20. Next Meeting – December 10, 2026 Executive Director Norm Lingle
21. Adjournment Chair Harding

Expiration Dates of Commissioner Terms

Tim Donohue	01/01/2028	Tona Rozum	01/01/2027
Steve Harding	01/01/2027	Roy Lindsay	01/01/2029
Jamie Huizenga	01/01/2028		

Individuals wanting to testify before the Lottery Commission must sign the attendance sheet and in prefacing their remarks, state their name and the entity they represent.

NOTE: This meeting is being held in a physically accessible location. Individuals needing assistance, pursuant to the Americans with Disabilities Act, should contact the South Dakota Lottery at 605.773.5770 in advance of the meeting to make any necessary arrangements in advance of the meeting to make any necessary arrangements.



Commission Members

Steve Harding –Chair
Tim Donohue-Vice Chair
Jamie Huizenga
Tona Rozum
Roy Lindsay

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday June 11, 2026 – 9:30 a.m.

UNAPPROVED

Chair Harding called June 11, meeting of the South Dakota Lottery Commission to order at 9:30 a.m.

SUPPORT STAFF PRESENT

Norm Lingle, Clark Hepper, Kirsten Jasper, Mike Houdyshell, Wade LaRoche, Trevor Wiebe, Nathan Remmich, Aric Frost, Shawna Zebroski, Ali Schaeftbauer and David Dahl.

MEMBERS OF THE PUBLIC PRESENT

Matt Krogman

APPROVAL OF THE AGENDA

Chair Harding asked if there were any changes to the agenda. Commissioner Lindsay made a motion and Donohue seconded approval of the agenda. All in favor. Motion carried.

APPROVAL OF THE MINUTES FROM MARCH 26, 2026

Chair Harding asked for a motion to approve the minutes. Commissioner Donohue made a motion and Lindsay seconded approval of March 26, 2026, minutes. All in favor. Motion carried.

CONFLICT OF INTEREST

Chair Harding asked if there were any conflicts of interest; there were none.

PUBLIC COMMENT

Board Council Kirsten Jasper

- Kirsten Jasper, board council, explained the moving of the public comment to the beginning of the meeting.
- Commission Lindsay asked if moving up the public comment to the beginning of the meeting and someone speaks on a topic, does this preclude them from speaking when they get to that topic. Chair Harding stated he would like to take all comments at the beginning of the meeting.
- Matt Krogman, South Dakota Licensed Beverage Dealers and Gaming Association, stated a lot of the information is coming through during the meeting and some of it will be new information. The public would not have an opportunity to give their input, and this is concerning. He prefers the public comment to stay at the end of the meeting.
- Commissioner Rozum commented on having public comment at the beginning to give the people the opportunity to speak.
- BC Jasper stated the law has not changed to when public comment must be. Board and commission have a great deal of discretion when they provide public comment. Reason for moving up is that there is a recommendation from a task force to change the law to require it to the beginning. It is required to have a public comment at every board regularly scheduled meeting.
- Commissioner Rozum asked who is recommending that the law be changed. BC Jasper answered that this was through a task force through the Attorney General's office.

SECRETARY OF REVENUE COMMENTS

Department of Revenue Michael Houdyshell reported on the following:

- Legislative implementations efforts are still ongoing.
- Starting discussions for the 2027 legislative session.
- Congratulated Executive Director Lingle, celebrating 38 years with the State of South Dakota.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

FY2026 Sales – End of Year Projections

- Instant - \$46.6 million – Down 1.72% YOY
- Draw - \$35 million – Up 35.2% YOY
- Video Lottery - \$169.5 million – Up 2.82% YOY

FY26 Audit

- Prep work for the FY26 audit has begun, with reviewing control/process documents that are used as part of the audit.
- Entering into an agreement with Eide Baily to help prepare the lottery financial statements.

IGT Obsolescence Request

- This includes the Powerstation Ultra, approved in 2012, the Powerstation Plus/Powerstation, approved in 2008, and IGT 960's, approved around 1996.
- Combined just under 1500 in South Dakota. Obsolescence will come back to the Commission for final determination. The process for a VLT manufacturer to request a platform to be declared obsolete is laid out in administrative rule.

Obsolete machine designation request

- A request must be made in writing and include justification and information supporting the request.
- A request may not be made until seven years after initial approval of the machine prototype by the commission.

Commission consideration of obsolete machine request.

- The commission shall utilize the services of an independent technical expert to verify the justification and information supporting the request.
- The manufacturer shall reimburse the lottery for all costs of any testing, examination, or analysis of the request.

Declaration of obsolete machine.

- The commission may, after a public hearing, declare an approved machine obsolete. For each machine declared obsolete:
- Commission declares the machine obsolete, the following applies:
- The manufacturer is not subject to subdivisions 48:02:05:02(1) to 48:02:05:02(3), inclusive;
- No distributor is subject to subdivision 48:02:05:03(3);
- No operator is subject to subdivision 48:02:05:04(2); and
- No service agent is subject to subdivision 48:02:05:04.01(2).
- If declared obsolete, they will not go dark. They can still be used as long as they communicate with central system. No new parts may be submitted or approved for the VLT.
- Commissioner Lindsay asked if these expenses for the machines are not born by the video lottery commission, they are born by the individuals that host these machines. ED Lingle commented yes, our licensed operators own the machines and it's the operators who support the cost of the equipment.
- Commissioner Donohue asked if this would cause hardship for the operators. ED Lingle stated the request from IGT involves 1500 machines and they do not go dark and will continue to use the inventory as long as it communicates with our central system.
- Commissioner Donohue asked if there is a system to figure out how these parts in inventory could be used for a single operator that might have a machine that is obsolete or not working where they can access those parts. ED Lingle stated that a letter will be provided to the industry reps and the letter will have those parts listed.

ADMINISTRATIVE RULES HEARING - POWERBALL XS & OS

Executive Director Norm Lingle

The proposed rules authorize the South Dakota Lottery to participate in the Powerball Xs & Os draw game, update to the most current Millionaire for Life product game group rules, repeals draw games that are no longer offered and makes LRC suggested form and style changes to currently offered draw games.

- ARTICLE 48:03
- ON-LINE LOTTERY REQUIRMENTS
- 48:03:01 General provisions.
- 48:03:02 Sale and distribution of on-line tickets. 48:03:03 On-line ticket payment and validation.
- 48:03:04 On-line drawings.
- 48:03:05 On-line ticket sales on Indian reservations.
- 48:03:06 Powerball game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:07 Dakota Cash game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:08 Tri-West Lotto game, Repealed.
- 48:03:09 Daily Millions game, Repealed.
- 48:03:10 Wild Card game, Repealed. Repeals the game as it is no longer offered.
- 48:03:11 Cash 4 Life game, Repealed.
- 48:03:12 Rolldown game, Repealed.
- 48:03:13 Hot Lotto game, Repealed. Repeals the game as it is no longer offered.
- 48:03:14 Raffle game.
- 48:03:15 (Effective through April 4, 2025) Mega Millions Game Rules. (Effective April 5, 2025) Mega Millions Game Rules game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:16 MONOPOLY Millionaires' Club game, Repealed. Repeals the game as it is no longer offered.
- 48:03:17 EZ Match instant win option. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:18 Lucky for Life game. Repeals language pertaining to ineligible players – Duplicated from statute. – LRC Form and Style - Need to keep until the 180-day claim period expires.
- 48:03:19 Lotto America game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:20 Millionaire for Life game. Takes place September 1st
- Updates to reflect the updated date of the product game group rules.
- Risk analysis – Updated to include this language when there is more than 1 grand prize winner in a drawing. The amount of the Cash Option for each Grand Prize-Winning Ticket will be the Grand Prize Cash Value (\$18 million) divided equally by the number of Grand Prize-Winning Tickets.
- The second level prize, if there are 1 to 7 second level winners in a drawing, the prize will be an annuitized \$100,000 per year for life or \$2.2 million cash. If there are 8 or more, the prize liability will be capped at \$15 million and split equally.
- Chapter 48:03:21 - Powerball Xs & Os
- Powerball Xs & Os leverages two iconic brands.... NFL and Powerball.

- MUSL and NFL conducted research on partnering. NFL is top of mind throughout the year and ranks high in television. Partner brands increased fan consideration.
- Combats Jackpot Fatigue with different experience from Powerball and Mega Millions
- \$5 price point with rolling jackpot starting at \$500k. You select 8 of 32 teams and NFL Logo's instead of numbers.
- Once a week drawing on Sunday's, 52 Weeks a year.
- There will be 2nd Chance Components/Drawings. MUSL is developing an app to enter both winning and non-winning tickets. Prizes will include NFL centric items, NFL.Com gift cards to perhaps Super Bowl tickets

Rules

- 48:03:21:01 Allows for a player to purchase a ticket for up to 9 future drawings.
- 48:03:21:02 Adopts the game group rules as South Dakota rules for the Powerball Xs & Os game.
- 48:02:21:03 Authorizes the South Dakota Lottery to offer the Powerball Xs & Os game.
- Moved by Donohue to approve Administrative Rule for Powerball X's & O's, seconded by Lindsay. A voice vote was taken. All in favor. Motion carried.

INSTANT TICKET SHIPPING CONTRACT APPROVAL

Deputy Executive Director Clark Hepper

- Currently we ship over 600 packages of instant tickets weekly through our reorder process to keep our retailers stocked with instant tickets. We launch at least one new game once a month which adds an additional 650 or more packages for that week. Package size consists of a small bag up to a paper box. Fixed cost per package no matter the size and weight of package. Annually we ship over 30,000 packages a year from our warehouse in Sioux Falls. Fiscal year 2025 the Lottery spent over \$430,000 on instant ticket deliveries and associated fees.
- Current contract has been through UPS for over 10 years and there has been an increase in cost with added surcharges and fuel charges, delivery service has gone from next day to two days and beyond, and we have lost our local contact within South Dakota.
- New contract with Spee Dee Delivery, secured bid process with Minnesota Cooperative Purchasing Venture.
- Terms of contract are June 2026 through October 2027 with 6 months extensions.
- New contract with Spee Dee Delivery will provide next day or two-day delivery of Lottery products to all retailers statewide. No additional service or surcharge/gas charges to the service. We have a local contact in Sioux Falls, with hubs in Sioux Falls, Pierre, Aberdeen & Rapid city, and the local contact in Sioux Falls can help troubleshoot our deliveries.
- Better rate per package that will reduce our shipping costs by over 50%. Currently we are paying \$13-\$14 per package, the new contract fee is reduced to \$5.08 per package. The same number of packages shipped in 2025 will save over \$250,000.
- Commissioner Donohue asked if there are any caps on increases in the future and how many renewals there are at this point. DED Hepper stated there are no caps on the increases, but the contract is through 2027 with 36 months of extensions we can go off on. Every time we do an extension, we can renegotiate the cost.
- Commissioner Lindsay asked if it is necessary or needed if we would be able to use UPS. EDD Hepper said stated we can ship with both vendors.

- Moved by Rozum to approve The Small Ground Package and Freight Delivery Contract as presented, seconded by Lindsay. A voice vote was taken. All in favor. Motion carried.

VIDEO LOTTERY REPORT

Director of VL and Security Trevor Wiebe

- 5-year spread from May 31st, the number of establishments at 1408 and five years ago 1289. This is 119 new establishments with 9% increase in five years. Terminals within those establishments today at 11,379 versus 5 years ago at 9,800 which is a 15.5% growth number of terminals. There are 1,408 establishments and there could be a total of 14,000 terminals.
- Legacy versus the Line terminals, 7,981-line machines versus 6,000 terminals 5 years ago with an increase of 30% growth. Legacy machines 3,398 verses five years ago at 3,845 with 11% decrease.
- Net Machine Income per terminal per day for Legacy Machine is \$94.29 with a decrease in the Line Machine at \$58.02
- New machines and destructions with 152 destructions and 309 new terminals. Over five years there's 2,996 new terminals and 1,315 were destroyed.

SALES REPORT

Sales Manager David Dahl reported on the following:

- FY26 Instant Sales are down 1.75% vs FY25, with sales at just over \$43 million.
- Last quarter Lottery launched an additional \$30 game (Money Maker) on March 30. There are two \$30 games out in the retailers. Hidden Gems was launched on May 4th and has outperformed other \$5 game launches by over 40% which is an additional \$44,000 in sales in just 1 month.
- Semi-annual game planning session, with our ticket printer Scientific Games, was held in May. A total of 12 games will be launched in the next 6-7 months. This includes the 3 holiday games that will launch in October. Lottery picked out a new game PLINKO, which is a themed game from the Price is Right and incorporates a 2nd chance drawing. Plinko is a linked game with other states participating. A South Dakota winner and guest will win a VIP trip to Los Angeles and attend a taping of The Price is Right.
- Commissioner Lindsay asked if there were any royalty fees with the Price is Right game. SM Dahl stated that this is a licensed game with Scientific Games, lottery has no license fee for this game.
- Lotto Sales as of May 31st are up 37%, with sales over 32 million.
- Projections as of May 31st, Instant at 5.8 million net transfer and Lotto at \$9.50 million net transfer vs FY25 where Instant was at \$6.05 Million and Lotto \$7.53 million.
- Video Lottery Net Machine Income has a 3/13% increase from FY25.

- Total FY26 revenue projections as of May 31st, \$185.11 million vs \$178.63 million in FY25.

MARKETING REPORT

Director of Advert and PR Wade LaRoche

- Lottery met with Lawrence & Schiller to lay out some of our priorities for the Fiscal Year 2027 calendar. Discussion included topics such as specific products, brand awareness, responsible gambling and digital properties.
- The Good Fun Squad television and radio spots that launched last year have resonated with South Dakotans and have helped us build upon the Good Fun Brand.
- Hidden Gems 3,309 non-winning tickets were entered into the 2nd chance drawing. More than 17,000 Jurassic Park non-winning tickets have been entered and that ticket has been out 10 months.
- Instant ticket launches coming in 2027, including Plinko and our holiday tickets. We will work with L&S to configure marketing plans for those and other key ticket launches.
- Responsible Gambling Efforts is a 12-month effort each year to promote healthy play.
- Millionaire Plus Promotion led to an 89% increase in Millionaire for Life and Dakota Cash Sales. This promo resulted in nearly \$20,000 in transfer to the state.
- Red, White & Win promotion for the month of July. On Mondays in July, players can buy five Lotto America quick picks (\$1 apiece) and receive Dakota Cash quick pick for the upcoming Wednesday and Saturday draws.
- South Dakota College Volleyball Classic will take place September 18-19 in Sioux Falls. The title sponsorship is part of our sponsorship agreement with the Pentagon in Sioux Falls with logo placement on the court, netting tape, pole padding and more.
- Commissioner Donohue asked if we do billboard advertising. DA LaRoche stated that billboards are an important part of lottery's marketing efforts.

NEXT MEETING DATE

Executive Director Lingle stated the next meeting will be September 17, 2026.

ADJOURNMENT

Commissioner Donohue made a motion to adjourn at 11:30 a.m. Commissioner Rozum - seconded the motion. All in favor. Motion carried.

*Please listen to the audio on the South Dakota Lottery Website:

<https://Lottery.sd.gov/about/commission/> for additional details.

South Dakota Lottery

Commission Meeting



A Division of the Department Revenue

September 17, 2026

Department of Revenue Secretary Comments



Executive Director Comments



SOUTH DAKOTA
LOTTERY
good fun

Executive Director Comments

- FY26 Sales – End of Year Projections
 - Instant - \$46.7 million – Down 1.6% YOY – Transfer \$6.36 million
 - Draw - \$34.42 million – Up 37% YOY – Transfer \$10.87 million
 - Video Lottery - \$170.3 million million – Up 2.1% YOY
 - Total Transfers for FY26 - \$187.55 million – Up 4% YOY
- FY26 Audit



Executive Director Comments

- Teacher of the Year
- Powerball Xs & Os
- Personnel Updates



Administrative Rules Public Hearing



FORM 6

South Dakota Lottery Commission Notice of Public Hearing to Adopt Rules

A public hearing will be held in Room 412 of the Capitol Building, 500 East Capitol Avenue, Pierre on September 17, 2026, at 9:45 a.m. (CT), to consider the adoption and amendment of proposed Administrative Rules of South Dakota numbered

§§ 48:02:04:01, 48:02:04:03, 48:02:05:04, 48:02:07:04, 48:02:08:01, 48:02:10:03, 48:02:10:04, 48:02:10:07, 48:02:12:02, 48:02:12:03

The effect of the rules are to provide the Executive Director the authority to suspend, revoke, or deny video lottery licenses; to clarify a minimum test period for new video lottery game software; permit online training and testing for video lottery technicians, eliminate log book requirements, clarify that ticket voucher credits must be redeemed by the close of the business day, and permit the sale of video lottery machines between operators.

The reason for adopting the proposed rules is to increase efficiencies in the video lottery program and to provide greater clarity in the rules.

Persons interested in presenting amendments, data, opinions, and arguments for or against the proposed rules may appear in-person at the hearing, or mail or e-mail them to the Department of Revenue, attn: Morgan Maier, 445 East Capitol Avenue, Pierre, SD 57501 and/or Morgan.Maier@state.sd.us. The deadline to submit any such written comments for consideration by the Lottery Commission is September 11, 2026, by 5 p.m. (CT).

After the written comment period, the Lottery Commission will consider all written and oral comments it receives on the proposed rules. The Lottery Commission may modify or amend a proposed rule at that time to include or exclude matters that are described in this notice.

For Persons with Disabilities: This hearing will be located at a physically accessible place. Please contact the Department of Revenue at least 48 hours before the public hearing if you have special needs for which special arrangements can be made by calling (605) 773-3311.

Copies of the proposed rules may be obtained without charge from:

Department of Revenue and rules.sd.gov
445 East Capitol Ave, Pierre SD
Morgan.Maier@state.sd.us
(605) 773-6314

Published at the approximate cost of \$_____.

48:02:04:01. Criteria for suspension, revocation, and denial of license renewal. The ~~commission~~ executive director may suspend, revoke, or deny the renewal of a license for any violation of, or noncompliance with, the provisions of SDCL chapter 42-7A or this title, excluding a violation of SDCL 42-7A-44.

Source: 16 SDR 27, effective August 18, 1989; 30 SDR 52, effective October 28, 2003.

General Authority: SDCL 42-7A-21(16)(17).

Law Implemented: SDCL ~~42-7A-21(6)~~, 42-7A-11, 42-7A-44.1, 42-7A-56(3), 42-7A-57.

48:02:04:03. Hearing on suspension, revocation, denial of license renewal, or imposition of civil fine. A licensee may request an administrative hearing in the event of suspension, revocation, or denial of license renewal, or the imposition of civil fines, according to the provisions of SDCL chapter 1-26. A notice and hearing regarding suspension, revocation, denial of license renewal, or violations of SDCL chapter 42-7A and this title ~~shall~~ must be conducted by the commission in accordance with the contested case provisions of SDCL chapter 1-26.

Source: 16 SDR 27, effective August 18, 1989.

General Authority: SDCL ~~42-7A-4~~, 42-7A-21.

Law Implemented: SDCL 42-7A-4, ~~42-7A-21~~, 42-7A-11, 42-7A-56(3), 42-7A-57, 42-7A-60(4).

48:02:05:04. Duties of licensed operators. ~~Specific duties of licensed~~ Licensed operators are as follows shall:

(1) Promote the placement of machines in licensed establishments and assume primary responsibility for operation and maintenance of video lottery machines;

(2) Maintain and provide in accordance with chapter 48:02:10, either directly or through a service agent, an inventory of associated equipment to ensure the timely repair and continued, approved operation and play of the video lottery machines it operates;

(3) Maintain, in accordance with chapter 48:02:10, all skills necessary for the timely repair and service of machines and associated equipment to ensure the continued, approved operation of the machines it operates and require its employees or service agents to maintain the same skills;

(4) Attend all meetings, seminars, and training sessions for the repair and maintenance of machines and associated equipment required by ~~the lottery~~ the South Dakota Lottery SDCL chapter 42-7A and this article;

(5) Supervise its employees and the activities of licensed establishments to ensure compliance with the requirements of this article;

(6) Assume responsibility for the payment to players of credits awarded under arrangements with licensed establishments where the machines are located;

(7) Assume responsibility for machine and associated equipment malfunctions, including any claim for the payment of credits arising from malfunctions. An operator's liability is limited to the number of credits for the game displayed in the game rules and may not exceed one thousand dollars for any succession of games played;

(8) Notify ~~the lottery~~ South Dakota Lottery of any recurring electronic or mechanical machine malfunctions or other problems experienced in a particular approved machine model;

(9) Enter into service contracts for the maintenance and repair of video lottery machines and associated equipment with qualified service agents under terms and conditions agreed upon by both parties;

(10) Comply with all Type I technician requirements in § 48:02:10:02.01;

(11) Comply with all Type II technician requirements in § 48:02:10:02.02;

(12) Place video lottery machines in establishments and in numbers to ensure maximum revenues to the state;

(13) Assume all responsibility for establishing communication between each video lottery machine and the host system;

(14) Maintain general liability insurance coverage for each machine;

(15) Conduct advertising and promotional activities of the video lottery in accordance with decency, dignity, and honesty, ~~and good taste~~ that does not reflect adversely on the lottery or ~~the~~ this state of South Dakota;

(16) Contract only with persons authorized under this title to directly share in revenues generated from net machine income. ~~Any contracts~~ A contract entered into for the division of revenues from net machine income must clearly state that the ~~lottery~~ South Dakota Lottery is not a party to the agreement;

(17) Assume liability for lost or stolen money from machine play. Operators may provide for the sharing of any loss with the establishment where the machine is located;

(18) Furnish security to the ~~lottery~~ South Dakota Lottery by July first of each year, equal to one-eighteenth of the state's share of estimated annual net machine income derived from the operator's video lottery machines, by purchase of a surety bond, deposit in cash, or receipt of an

irrevocable letter of credit or a certificate of deposit issued by a financial institution in this state with the ~~lottery~~ South Dakota Lottery endorsed on it as a payee;

(19) Respond to service calls within twenty-four hours from the time of notification by the establishment; ~~and~~

(20) Remove all machines from the establishment machine play area that have been out of service for more than forty-eight hours from the time notice was received by the ~~lottery~~ South Dakota Lottery; and

(21) Sell approved machines under chapters 48:02:07 and 48:02:08 to other licensed operators.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 37 SDR 215, effective May 31, 2011; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(~~17~~), 42-7A-43.

Law Implemented: SDCL 42-7A-21, 42-7A-43.

48:02:07:04. Report of test results. After each test has been completed pursuant to § 48:02:07:03, the ~~lottery~~ South Dakota Lottery shall provide the machine manufacturer a report that contains findings, conclusions, and pass/fail results. The report may contain recommendations for video lottery machine modifications to bring it into compliance with SDCL chapter 42-7A and this article. Prior to approving a ~~particular~~ machine model, the ~~lottery~~ South Dakota Lottery may require a trial period to test the machine in a licensed establishment ~~not to exceed 60 days~~ for a minimum of twenty-one days. During the trial period, the manufacturer may not make any modifications to the machine model unless approved by ~~the lottery~~ the South Dakota Lottery. The ~~lottery~~ South Dakota Lottery shall affix seals to each machine during the test period.

Source: 16 SDR 27, effective August 18, 1989.

General Authority: SDCL 42-7A-21(10), ~~42-7A-21(11)~~.

Law Implemented: SDCL 42-7A-40.

48:02:08:01. Hardware specifications. Each video lottery machine licensed for placement in the state must meet the following hardware specifications:

(1) Electrical and mechanical parts and design principles may not subject a player to physical hazards;

(2) A surge protector must be installed on the line that feeds power to the machine. The battery backup or an equivalent for the electronic meters must be capable of maintaining accuracy of all information required in SDCL subdivisions 42-7A-37(5) and (6) for one hundred eighty days after power is discontinued from the machine. The backup device ~~shall~~ must be kept within the locked logic board compartment;

(3) An on/off switch that controls the electrical current used in the operation of the machine and any associated equipment must be located in an accessible place within the interior of the machine;

(4) The operation of each machine may not be adversely affected by static discharge or other electromagnetic interference;

(5) ~~An electronic or mechanical coin acceptor may be installed on any video lottery machine approved after July 1, 2003.~~ Each video lottery machine approved after July 1, 2003, may ~~contain~~ have:

(a) An electronic or mechanical coin acceptor; and

(b) A bill acceptor that accepts one-dollar bills, five-dollar bills, ten-dollar bills, twenty-dollar bills, fifty-dollar bills, one hundred-dollar bills, and ticket vouchers. The bill acceptors may be for any single bill or combination of bills in the denominations listed in this subdivision and ticket vouchers.

Approval letters and test reports of the coin and bill acceptors from other state or federal jurisdictions may be submitted. ~~However, all~~ All coin and bill acceptors are subject to approval by ~~the lottery~~ South Dakota Lottery;

(6) The internal space of a video lottery machine may not be readily accessible when the front door is both closed and sealed;

(7) Logic boards and software Eproms ~~(which are~~ computer chips that store memory), must be in a separate, locked area within the machine;

(8) The cash compartment must be contained in a locked area within or attached to the machine;

(9) No hardware switches may be installed that alter the pay tables or payout percentages in the operation of a game. ~~Hardware switches may be installed to control graphic routines, speed of play, and sound;~~

(10) A single printing mechanism must be capable of printing an original ticket voucher and retaining a legible copy within the machine or ~~create~~ creating an electronic copy on a self-contained internal or external medium prior to the continuation of game play. ~~The, with the~~ ticket voucher ~~must record~~ containing the following information ~~when credits accrued on the video lottery machine are redeemed for cash:~~

(a) The number of credits;

(b) The value of the credits in dollars and cents displayed in both alpha and numeric ~~and written~~ form; and

(c) Any other information required by SDCL 42-7A-37(5);

(11) An unremovable identification plate must appear on the exterior of the machine that contains the following information regarding the machine:

(a) Manufacturer;

(b) Serial number; and

(c) Model number;

(12) The rules of play for each game must be displayed on the machine face or screen. The ~~lottery~~ South Dakota Lottery may reject the rules if they are incomplete, confusing, or misleading. Each game must also display the credits wagered and the credits awarded for the occurrence of each possible winning hand based on the number of credits wagered. ~~A video lottery machine may not allow more than two dollars to be played on a game or award free games or credits in excess of one thousand dollars per bet.~~

All information required by this subdivision must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the machine face;

(13) Equipment must be installed that enables the machine to communicate with the ~~lottery's~~ South Dakota Lottery's central computer system, as required in SDCL subdivision 42-7A-37(7), using a communications protocol provided to each licensed manufacturer by the ~~lottery~~ South Dakota Lottery for the information and control programs approved by the commission; and

(14) The legal age requirement in SDCL 42-7A-48 for a person to play a machine must be displayed on the machine face under glass or on an unremovable plate on the front exterior of the machine.

Source: 16 SDR 27, effective August 18, 1989; 17 SDR 51, effective October 8, 1990; 29 SDR 176, effective June 30, 2003; 37 SDR 215, effective May 31, 2011; 39 SDR 100, effective December 5, 2012; 39 SDR 220, effective June 26, 2013; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21~~(40)~~.

Law Implemented: SDCL ~~42-7A-1(16)~~, 42-7A-21, 42-7A-37, ~~42-7A-38~~.

CHAPTER 48:02:10

MAINTENANCE OF VIDEO LOTTERY MACHINES

Section

- 48:02:10:01 Training in machine maintenance required prior to placement.
- 48:02:10:02 Manufacturers and distributors required to provide training.
 - 48:02:10:02.01 Type I technician training requirements.
 - 48:02:10:02.02 Type II technician training requirements.
- 48:02:10:03 Availability of training.
- 48:02:10:04 Training requirements.
- 48:02:10:05 Operators required to have training in service and repair of video lottery machines.
 - 48:02:10:05.01 Repealed.
- 48:02:10:06 Machines to be maintained in operating condition.
- 48:02:10:07 Maintenance log forms required, Repealed.
- 48:02:10:08 Operators required to furnish keys to machines for inspection purposes.
- 48:02:10:09 Notification of repairs to the logic area.
- 48:02:10:10 Notification of broken seals on logic board.

48:02:10:03. Availability of training. Manufacturers and distributors shall notify operators who have ~~either purchased or expressed interest in purchasing their~~ approved machines at least three weeks in advance of scheduled training programs.

Training programs to qualify as a Type I technician must be scheduled ~~at locations and times within the state~~ to accommodate persons needing training. This rule does not mandate the scheduling of training programs at the location of each business licensed as an operator. Training may be conducted at the manufacturer's and distributor's principal place of business or at other locations to accommodate persons applying to qualify as a Type I technician.

Training programs to qualify as a Type II technician ~~are held within the state of South Dakota with lottery personnel assisting the manufacturer or distributor in the training shall~~ must be coordinated with the South Dakota Lottery. Training for Type II technicians ~~shall~~ must be scheduled to accommodate persons needing qualification. Manufacturers and distributors ~~must~~ shall provide subsequent training and inform operators and the ~~lottery~~ South Dakota Lottery of new developments in the service and repair of ~~it's~~ the manufacturer's machines.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(11)(13).

Law Implemented: SDCL 42-7A-2, 42-7A-21.

48:02:10:04. Training requirements. The manufacturer, ~~and distributor,~~ or South Dakota Lottery shall administer an examination at the conclusion of the training for Type I or Type II technicians and recommend for qualification ~~as a Type I technician~~ each person who successfully completes the training. ~~The lottery shall administer an examination at the conclusion of the training for Type II technicians and qualify each person as a Type II technician who successfully completes the training and examination.~~ Manufacturers and distributors shall maintain a list of the names of operators, employees, and service agents who attend and successfully complete each training and shall submit the list and examinations to the ~~lottery~~ South Dakota Lottery. The list must show the name of the person who completed the training; the type of technician; the date and location of the training; and the manufacturer's name and machine model for which training was provided.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(11)(13).

Law Implemented: SDCL 42-7A-2, 42-7A-21.

48:02:10:07. Maintenance log forms required. ~~A written maintenance log shall be kept in each video lottery machine located within the main cabinet access area. Every person, including lottery personnel, who gains entry into any internal space of a video lottery machine must sign the log, indicate the time and date of entry, indicate the mechanical meter readings, and list the areas inspected or repaired. The maintenance log forms must be obtained through the lottery and retained by operators for a period of three years from the date of the last entry. The maintenance logs must be available for inspection by the lottery upon request.~~ Repealed.

Source: 16 SDR 27, effective August 18, 1989.

General Authority: ~~SDCL 42-7A-21(11) to 42-7A-21(13).~~

Law Implemented: ~~SDCL 42-7A-21(11) to 42-7A-21(13).~~

48:02:12:02. Method of payment. The management of each licensed establishment shall designate employees authorized to redeem credits on ticket vouchers during the establishment's hours of operation. Credits must be immediately paid in cash or by check when a player presents a valid ticket voucher for payment before the close of the business day. ~~No credits may be paid in tokens, chips, or merchandise.~~

Source: 16 SDR 27, effective August 18, 1989; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(3).

Law Implemented: SDCL 42-7A-21, 42-7A-34, 42-7A-37(5).

48:02:12:03. Restrictions on payment of credits.~~Establishments~~ An establishment may ~~only~~ redeem ticket vouchers only for credits awarded on video lottery machines located on ~~its~~ the Establishment premises. ~~A ticket voucher must be presented for payment before the close of the business on the date the ticket voucher was printed.~~ The ~~lottery~~ South Dakota Lottery, the commission, and ~~the~~ this state of ~~South Dakota~~ are not liable for the payment of credits on valid winning ticket vouchers.

Source: 16 SDR 27, effective August 18, 1989; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(3).

Law Implemented: SDCL 42-7A-21, 42-7A-34.

Election of Chair and Vice Char



Annual Review of Open Meetings Laws



GLI® GAMING
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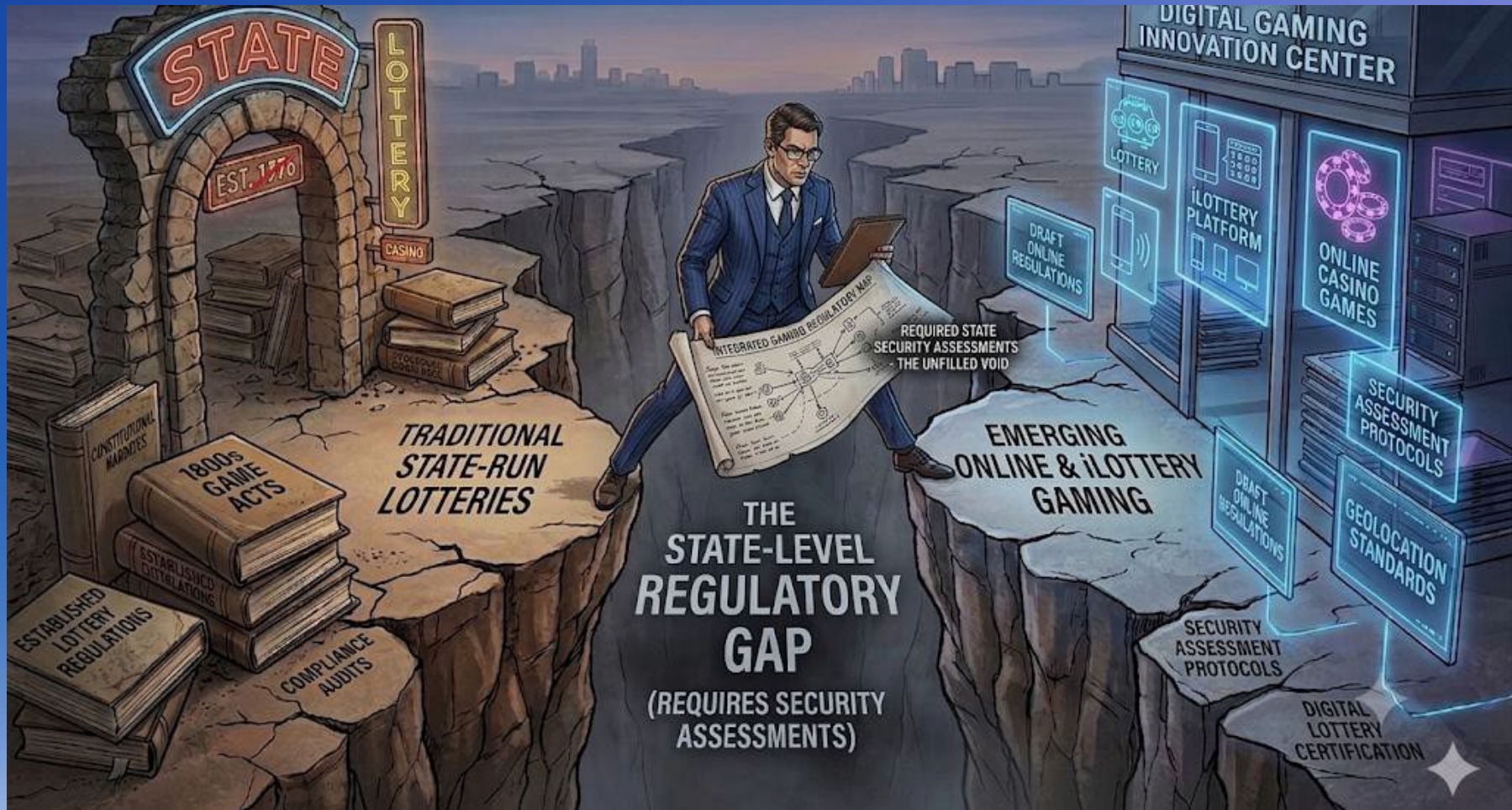


DON'T SCRATCH OFF SECURITY

September 2026







What You Will Learn



1

How the illusion of compliance impacts security.



2

What are Some of the Gaps



3

Leveraging the GLI-GSF for Cyber Resilience





**Compliance does not
equal security, but if
you are secure you will
be compliant.**



Our Team Shares This Belief and Principle

G.Fritschie@gaminglabs.com



The image shows a LinkedIn profile for Gus Fritschie. The header features a banner with the text "GLI SECURE" and a background image of a server rack with a glowing shield and padlock. To the left of the banner is a circular profile picture of Gus Fritschie. Below the banner are social media icons for LinkedIn and a pencil icon for editing. The profile name "Gus Fritschie" is followed by a verified badge. The headline reads "Cybersecurity Leader With Focus on Gaming Vertical and Other Highly Regulated Industries | SVP Information Security Services at GLI". The location is "Washington, District of Columbia, United States" with a link to "Contact info". It shows "500+ connections". Below this are buttons for "Open to", "Add section", "Add custom button", and a three-dot menu. At the bottom, there are two promotional cards: one for showcasing services and another for telling non-profits about getting involved.

GLI SECURE

Gus Fritschie ✓

Cybersecurity Leader With Focus on Gaming Vertical and Other Highly Regulated Industries | SVP Information Security Services at GLI

Washington, District of Columbia, United States · [Contact info](#)

500+ connections

[Open to](#) [Add section](#) [Add custom button](#) [...](#)

Showcase your services as a section on your profile so your business can be easily discovered. [Add services](#)

Tell non-profits you are interested in getting involved with your time and skills. [Get started](#)

Introducing GLI Secure



WE'RE EXHIBITING AT TRIBALNET 2026



September 20-24, 2026
Dallas, TX



Booth #320

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GLI[®] Secure: Smarter Cybersecurity for an AI-Driven World

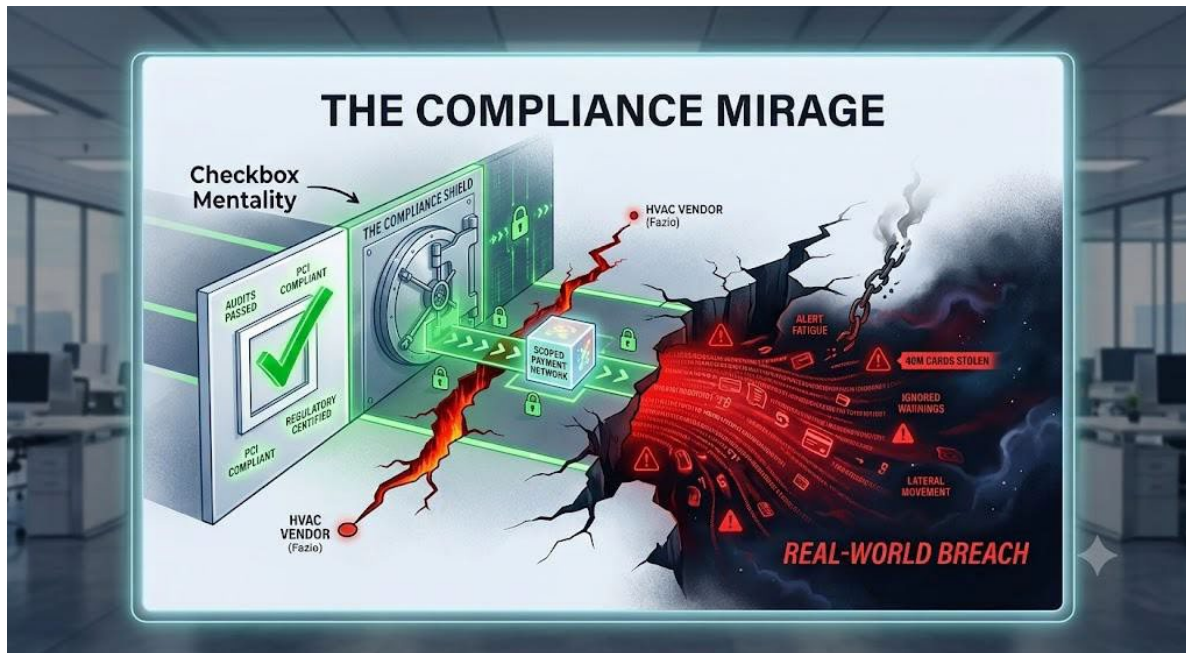
Cybersecurity is no longer just an IT function. It is a core business priority that protects revenue, reputation, and growth. GLI Secure helps local and global organizations secure their operations while confidently embracing cloud, data, and AI.



The Illusion of Compliance



Case Study: Target Corp. (2013) — The Compliance Mirage



Example Regulation - Lottery

Controlling requirement: ORS 461.180(6)

Oregon Revised Statutes § 461.180(6) requires the Oregon State Lottery Commission to retain an independent security firm to perform a comprehensive security study. After the initial assessment, the statute states that similar security studies must be conducted **biennially**, meaning once every two years.

[Oregon Legislat...](#) +1

Core requirements

Under ORS 461.180(6), the Lottery Commission must:

1. Engage an independent firm.

The assessor must be independent of the Lottery and experienced in security procedures, specifically including computer security and systems security.

2. Conduct a comprehensive study and evaluation.

This is broader than a conventional IT audit or penetration test. The review must evaluate "all aspects of security" in the operation of the Oregon State Lottery.

3. Repeat the study every two years.

The statutory language requires that similar security studies be conducted "biennially thereafter."

Required scope

The statute specifically identifies the following areas:

- Personnel security
- Lottery retailer security
- Lottery contractor security
- Security of contractor manufacturing operations
- Protection against ticket counterfeiting and alteration
- Protection against other fraudulent methods of winning
- Security of drawings involving entries or finalists
- Computer security
- Data communications security
- Database security
- Distribution security
- Prize validation and payment security
- Security involving unclaimed prizes
- Security requirements applicable to each particular lottery game
- Security of number-drawing processes
- Protection against insiders locating preprinted winning tickets
- Any other security aspect applicable to a lottery game or the Lottery's operations

WLA-SCS



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Security & Risk Management

Security Standard 2024

[Enterprise Risk Management](#)

[Affiliated Assessment Service
Entities](#)

[Certified Lotteries](#)

[Certified Suppliers](#)

[Security Standard 2020
\(Archive\)](#)

[FAQ](#)

Security Standard 2024

WLA-SCS:2024 now available

The WLA-SCS:2024, together with supplementary documentation including the WLA-SCS Guide to Certification, is now available.

For key WLA-SCS:2024 documents, please see the resource list provided immediately below.

Key WLA-SCS documents

MUSL Rule 2

MUSL RULE 2

Security and Control Standards

Requires MUSL licensees to implement robust security and internal control standards to protect lottery systems, data, and operations.



Protect Systems
and Data



Implement
Controls



Ensure Oversight
and Compliance



Recent Gaming Attacks

JULY 2019
MGM Resorts

Cloud Exposure

~10.6M guest records
exposed; disclosed publicly
Feb 2020.

NOV 2022
DraftKings

Credential Stuffing

~67,995 accounts
compromised, ~\$300K
reimbursed to customers.

DEC 2022
BetMGM

Data Breach

~1.5M customers affected;
PII including hashed SSNs
exposed.

APR 2023
Gateway Casinos

Ransomware

Province-wide casino
closures across Ontario
during recovery.

SEPT 2023
Caesars Entertainment

Ransomware / Data Theft

~\$15M ransom reported;
SEC 8-K confirms data
exfiltration incl. IDs/SSNs.

SEPT 2023
MGM Resorts

Ransomware / Outage

10-day operational
disruption; ~\$100M
financial impact;
ALPHV/Scattered Spider.

OCT 2023
Marina Bay Sands

Data Breach

~665K customers' data
accessed from loyalty
programme systems.

SEPT 2025
Boyd Gaming

Employee Data Breach

Disclosed via SEC 8-K;
employee and limited
individuals' data exposed.

Types Attacks Against Gaming Operators and Suppliers

01

Credential Stuffing & DDoS Attacks

Automated credential attacks and denial-of-service overwhelm systems, disrupting services and compromising user data.

02

Ransomware

Attackers encrypt critical systems and demand substantial ransoms. Growing complexity makes detection harder.

03

Account Cash-Out Schemes

Targeting online gambling accounts through brute forcing, botnets, and credential-stealing malware.

04

Fraudulent Account Creation

Fake accounts created for money laundering using advanced technologies and mobile proxies.

05

Third-Party Risks

Data leaks and internal attacks from compromised third-party vendor services and content.

Types Attacks Against Gaming Operators and Suppliers (Cont.)

06

DDoS Attacks for Extortion

Targeting major platforms like PokerStars and partypoker, causing significant disruptions and downtime.

07

Manipulation of Gaming Outcomes

Manipulation of gaming outcomes and financial systems, with AI-verified accounts posing added risk.

08

Supply Chain Attacks

Risks from supply chains and multiple game suppliers leading to data breaches and security issues.

09

Phishing Campaigns

Targeting both customers and employees to steal sensitive information or deploy malware.

10

Credential Theft & Abuse

Stolen credentials used to access gambling accounts and exploit security vulnerabilities.

Houston, we have a problem (not just in gaming)

World's Biggest Data Breaches & Hacks

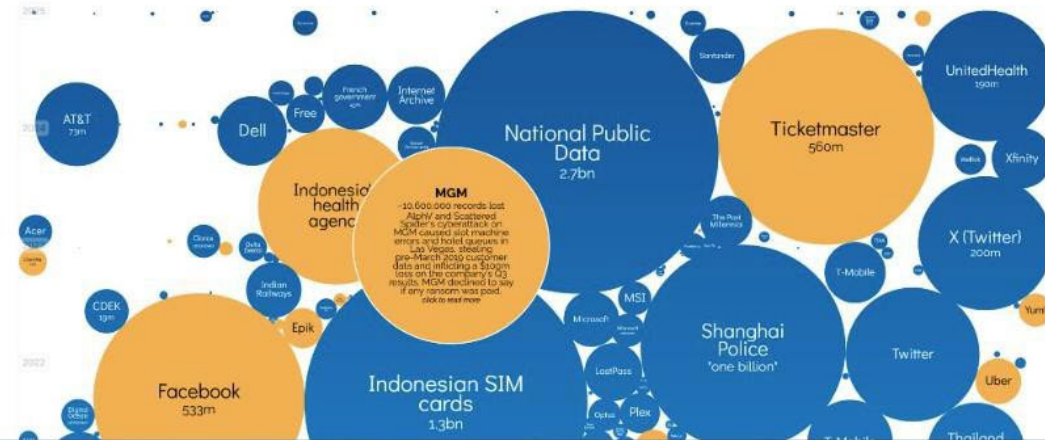
Selected events over 30,000 records stolen

UPDATED: Sep 2025

size: records lost

filter

search...



GLI

<https://informationisbeautiful.net/visualizations/worlds-biggest-data-breaches-hacks/>

Regulations in Action

7.2 System assessment.

(1) Each Sports Betting Operation shall, within ninety (90) days of commencing operations, and annually thereafter, perform a system integrity and security assessment of sports betting systems and online sports betting systems conducted by an independent professional selected by the licensee and subject to licensure and approval of the Director or Director's designee. Should a licensee be operating under a temporary license, they shall perform a system and security assessment within one year following the initial ninety (90) day assessment. The independent professional's report on the assessment shall be submitted to the Division and shall include:

Regulations in Action – North Carolina

24 NCAC 06B .0408 INTEGRITY AND SECURITY ASSESSMENTS

Operators shall, within 90 Days after commencing operations in North Carolina, and annually thereafter, have integrity and security assessments of the Sports Wagering System conducted by a third-party contractor experienced in security procedures, including, without limitation, computer security and systems security. The third-party contractor shall be selected by the Operator and shall be subject to approval by the Director.

- (1) Integrity and security assessments shall include a review of network vulnerability, application vulnerability, website vulnerability, wireless security, security policy and processes, security and privacy program management, technology infrastructure and security controls, security organization and governance, and operational effectiveness.
- (2) The scope of the integrity and security assessments is subject to approval of the Director and shall include:
 - (a) a vulnerability assessment of digital platforms, Internet websites, mobile applications, internal, external, and wireless networks with the intent of identifying vulnerabilities or potential vulnerabilities of devices, the Sports Wagering System, and applications transferring, storing, or processing Personal Information or other Sensitive Information connected to or present on the networks;
 - (b) a penetration test of digital platforms, Internet websites, mobile applications, and internal, external, and wireless networks to confirm if identified vulnerabilities of devices, the Sports Wagering System, and applications are susceptible to compromise;
 - (c) a review of the firewall rules to verify the operating condition of the firewall and the effectiveness of its security configuration and rule sets performed on the perimeter firewalls and the internal firewalls;

Regulations in Action – Quarterly Vulnerability Scans

24 NCAC 06B .0409 QUARTERLY VULNERABILITY SCANS

(a) Either a qualified employee of the Operator or a qualified third-party contractor selected by the Operator and subject to approval of the Director shall run internal and external network vulnerability scans at least quarterly and after significant changes to the Sports Wagering System or network infrastructure.

(b) Testing procedures shall verify that 4 quarterly internal and external scans took place in the past 12 months and that re-scans occurred until “High Risk” or “Critical” vulnerabilities were resolved or accepted via a formal risk acceptance program.

- (1) The Operator shall submit their documented vulnerability management program that describes their risk acceptance program to the Director.
- (2) Internal scans shall be performed from an authenticated scan perspective. External scans may be performed from an uncredentialed perspective.

(c) Verification of scans shall be submitted to the Director on a quarterly basis and within 30 Days of running the scan. The scan verifications shall include a remediation plan and risk mitigation plans for those vulnerabilities not able to be resolved. The severity of the vulnerabilities may be adjusted by the Operator if adhering to a formal, accepted vulnerability management plan.

(d) The Commission or Director may impose Disciplinary Action in the event of critical unresolved vulnerabilities or vulnerabilities that continue unabated that are not a result of the implementation of mitigating control.

Current Security Gaps in Gaming Regulations

Inconsistent Coverage

Many jurisdictions have security requirements for one form of gaming but not others (e.g. online vs land-based).

Jurisdictional Variation

Security requirements are not consistent across all gaming jurisdictions.

Vendor Security Gaps

Not all vendor solutions and systems have security requirements, leaving operators at risk.

Unassessed Layers

Significant layers like Cloud/Kubernetes, database, and phishing are not required to be assessed.

Network Visibility

Lack of visibility into supplier and operator corporate networks.

Undefined Terminology

Terminology and testing requirements are not fully understood or defined.

Static Assessments

Point-in-time assessments leave possible gaps open given the rapidly evolving threat landscape.

Bridging the Gap – GLI-GSF

Built for regulators. Trusted by operators and suppliers. Designed to elevate gaming security.

The GLI Gaming Security Framework (GLI-GSF) continues to evolve with the needs of the gaming industry. With the release of GLI-GSF-1 v1.1 and three new complementary modules, the framework now offers a more robust, clear, and flexible foundation for both regulators and operators worldwide.



Another tool in your (cyber) toolbox



GLI-GSF In Regulations

Lot 7211.03 GLI-GSF-1 Gaming Security Framework.

(a) A GOE may satisfy the requirement of conducting a cybersecurity risk assessment pursuant to Lot 7211.02 above by utilizing the standards and controls adopted by GLI in GLI-GSF-1 for a GIS control audit and GTS assessment. An assessment adhering to the standards of GLI-GSF-1 shall be presumed sufficient to meet the requirements and intent of this section.

(b) The risk assessment contemplated by this section shall include:

(1) A GIS control audit that conforms to:

a. GLI Gaming Security Framework Module 1: “GLI-GSF-1 Gaming Information Security (GIS) Controls Audit - Common Controls”;

b. When applicable:

1. GLI Gaming Security Framework Module 3: “GLI-GSF-3 Gaming Information Security (GIS) Controls Audit – Vendor Controls”; and

2. GLI Gaming Security Framework Module 4: “GLI-GSF-4 Gaming Information Security (GIS) - Landbased Gaming Controls”; and

(2) A gaming technical security (GTS) assessment in accordance with GLI Gaming Security Framework Module 2: “GLI-GSF-2 Gaming Technical Security (GTS) Assessment”.

(c) The GOE shall submit the results of the risk assessment to the commission no later than 90 days after it has been completed.

(d) If the GIS controls audit report recommends remediation, the game operator shall provide the commission with:

(1) A remediation plan and any risk mitigation plans which detail the game operator’s actions and schedule to implement the corrective action; and

(2) Once remediated, documentation evidencing completion.

What is The GLI Gaming Security Framework (GSF)?

GSF is a comprehensive set of gaming industry security standards developed by Gaming Labs International (GLI), which helps protect sensitive data and systems from cyber threats.



GLI-GSF



- **GLI Gaming Security Framework Module 1 (GLI-GSF-1)**
v1.1: Gaming Information Security (GIS) Controls Audit –Common Controls
- **GLI-GSF-2 (GLI-GSF-2) v1.1: Gaming Technical Security(GTS) Assessment**
- **GLI Gaming Security Framework Module 3 (GLI-GSF-3) v1.0:**
Gaming Information Security (GIS) Controls Audit –Vendor Controls
- **GLI Gaming Security Framework Module 4 (GLI-GSF-4)**
v1.0: Gaming Information Security (GIS) Controls Audit –Land-based Gaming Controls
- **GLI Gaming Security Framework Module 5 (GLI-GSF-5) v1.0:**
Gaming Information Security (GIS) Controls Audit –Online Gaming Controls

GLI Vendor Security Program



This is not a 'checkbox' exercise. The VSP is a deep-dive, multi-tiered evaluation tailored exclusively to the gaming industry.

GLI-GSF Project Roadmap



Summary



THANK YOU

WE VALUE YOUR TIME AND
INTEREST IN OUR
EXCEPTIONAL SERVICES

GUS FRITSCHIE | 202-903-5955
G.FRITSCHIE@GAMINGLABS.COM



Lotto Retailer Incentive Commission

A hand is holding a white lottery ticket with a large 'L' logo and a barcode. The ticket has some text and numbers on it, including 'POWERBALL', 'POWERPLAY', and 'Mega Millions'. In the background, a computer screen displays a lottery website with various buttons and numbers. The overall scene is a close-up of a person's hand holding the ticket, with the computer screen visible in the background.

Declaratory Ruling 26-1

Powerball Xs & Os Incentive Commission

Powerball Xs & Os

Jackpot	\$5,000	Pay 2; over 2 divide \$10,000 and pay all equally
\$20,000	\$2,000	Pay 5; Over 5 divide \$10,000 and pay all equally



IN RE:**DECLARATORY RULING
BY THE SOUTH DAKOTA
LOTTERY COMMISSION****RULING 26-1
ARSD 48:03:02:10
Lotto Retailer Incentive Commissions**

Ruling: Incentive commissions are authorized for on-line retailers who sell certain valid winning tickets for on-line games. Such incentive commissions are authorized in formula below. Retailers must be actively engaged in the sale of on-line tickets and current in Lottery obligations to qualify for incentive commissions which will be paid only after winning tickets have been claimed and paid. If multiple tickets eligible for incentive commissions to retailers are sold in the same drawing, incentive commissions will be paid, limited and divided equally per the formula below.

The incentives below are effective with the drawing held on September 13, 2026 and supersedes Ruling 25-4.

Prize	Commission	Pay, Limit, and Equal Division of Incentive Commission
-------	------------	--

Powerball®

Jackpot	\$50,000	Pay 1; over 1 divide \$50,000 and pay all equally.
\$1,000,000	\$20,000	Pay 1; over 1 divide \$20,000 and pay all equally.
\$50,000	\$1,000	Pay 2; over 2 divide \$2,000 and pay all equally.

Powerball Power Play®

\$2,000,000	\$25,000	Pay 1; over 1 divide \$25,000 and pay all equally.
\$50,000	\$1,000	Pay 2; (\$1,000 x the Power Play number) over 2 divide 2x (\$1,000x the Power Play number) and pay all equally.

Powerball Double Play

\$10,000,000	\$15,000	Pay 1: over 1 divide \$15,000 and pay all equally.
\$500,000	\$10,000	Pay 1; over 1 divide \$10,000 and pay all equally.
\$50,000	\$1,000	Pay 2; over 2 divide \$1,000 and pay all equally.

Mega Millions®

Jackpot	\$50,000	Pay 1; over 1 divide \$50,000 and pay all equally.
\$1,000,000	\$25,000	Pay 1; over 1 divide \$25,000 and pay all equally.
\$10,000	\$1,000	Pay 2; over 2 divide (2 x \$1,000) and pay all equally.

Lucky for Life®

Top Prize	\$5,000	Pay 2; over 2 divide \$10,000 and pay all equally
Second Prize	\$500	Pay 5; over 5 divide \$2,500 and pay all equally

Dakota Cash®

Jackpot	5% of prize	Pay 1; over 1 divide commission and pay all equally.
---------	-------------	--

Capped @ \$5,000.

Lotto America®

Jackpot	\$10,000	Pay 1: over 1 divide \$10,000 and pay all equally.
\$20,000	\$2,000	Pay 5; over 5 divide \$10,000 and pay all equally.
\$1,000	\$250	Pay 5: over 5 divide \$1,250 and pay all equally.

Lotto America All Star Bonus

\$20,000	\$2,000	Pay 2 (\$2,000 x the All Star Bonus number); over 2 divide 2 x (\$2,000 x the All Star Bonus number) and pay all equally.
\$1,000	\$250	Pay 2 (\$250 x the All Star Bonus number); over 2 divide 2 x (\$250 x the All Star Bonus number) and pay all equally.

Millionaire for Life®

Top Prize	\$5,000	Pay 2; over 2 divide \$10,000 and pay all equally
Second Prize	\$500	Pay 5; over 5 divide \$2,500 and pay all equally

Powerball Xs & Os

Jackpot	\$5,000	Pay 2; over 2 divide \$10,000 and pay all equally
\$20,000	\$2,000	Pay 5; Over 5 divide \$10,000 and pay all equally

Dated this 17th day of September, 2026.

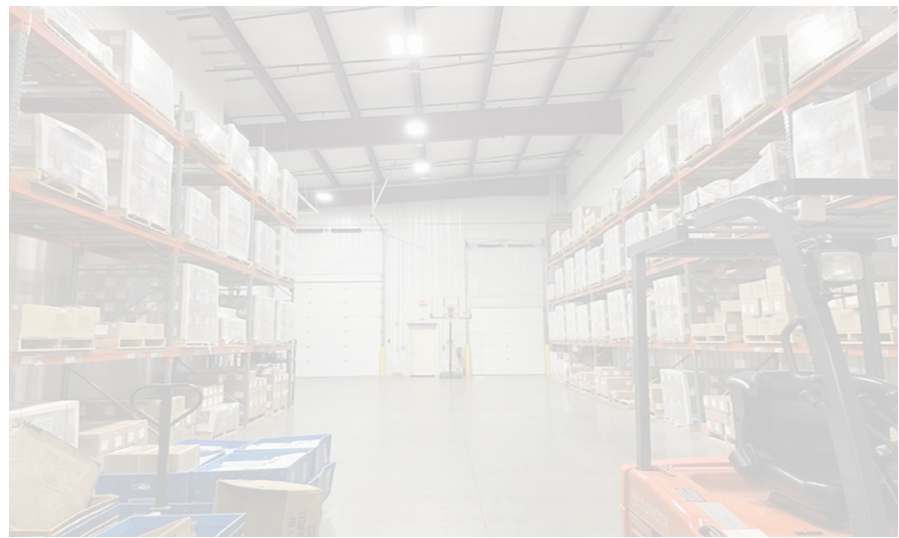
Steven G Harding, Chair

Instant Ticket Shipping



SOUTH DAKOTA
LOTTERY
good fun

Big Savings on Instant Ticket Shipping!



- A New Deliver Services for our Instant Ticket Products
 - July 2026- October 2027 (36 months extensions)
 - Improved Delivery Next Day to Two-day Delivery
 - Customer Service (Local Contact)
 - Pricing



- Improved Customer Service
 - Local contact
 - Expedition response
 - Tracking on undelivered packages
 - Reimbursement of lost packages
- Next day delivery statewide
- Cost savings

**Spee Dee
Delivery Service
Inc.**

Cost Comparison/Cost Savings

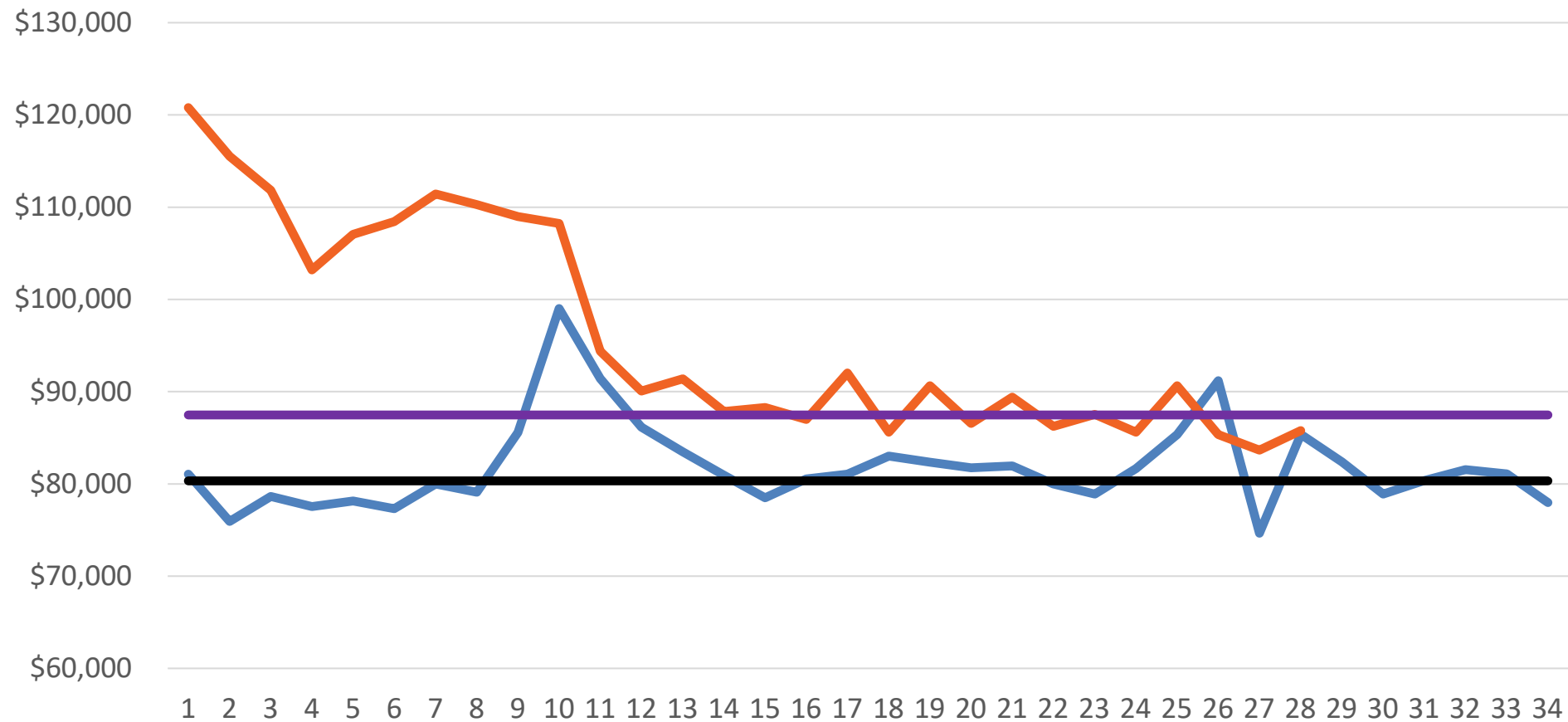
Period	Packages	\$5.05 SpeedDee Cost	\$14.03 UPS Cost*	Savings	Savings %
July 2026	1,671	\$8,438.55	\$23,444.13	\$15,005.58	64%
August 2026	2,975	\$15,023.75	\$41,739.25	\$26,715.50	64%
July + August	4,646	\$23,462.30	\$65,183.38	\$41,721.08	64%
*UPS Cost calculated using the average UPS Cost of \$14.03 per package.					
Key Takeaway					
Metric	Result				
Total Packages Shipped	4,646				
Cost with UPS	\$65,183.38				
Cost with SpeedDee	\$23,462.30				
Total Savings	\$41,721.08				
Savings per package	\$8.98				
Cost Reduction	64%				
SpeedDee cost per package	\$5.05				
UPS average cost per package	\$14.03				
Switching from UPS to SpeedDee reduced shipping cost by approximately \$41,721 over two months					

FY26 Highlights and Review

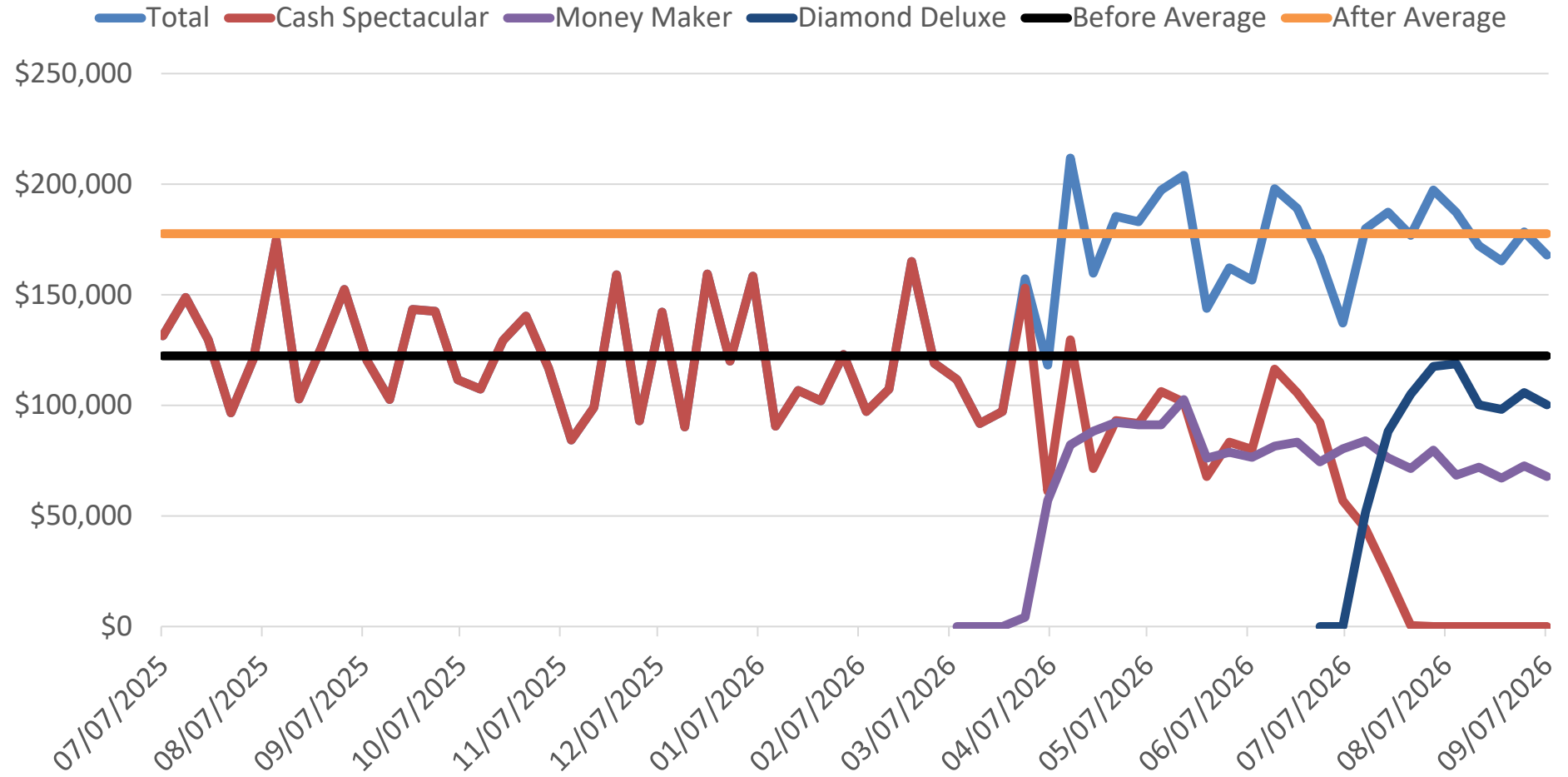


M4L Game Change Effect

L4L M4L L4L Average M4L Average

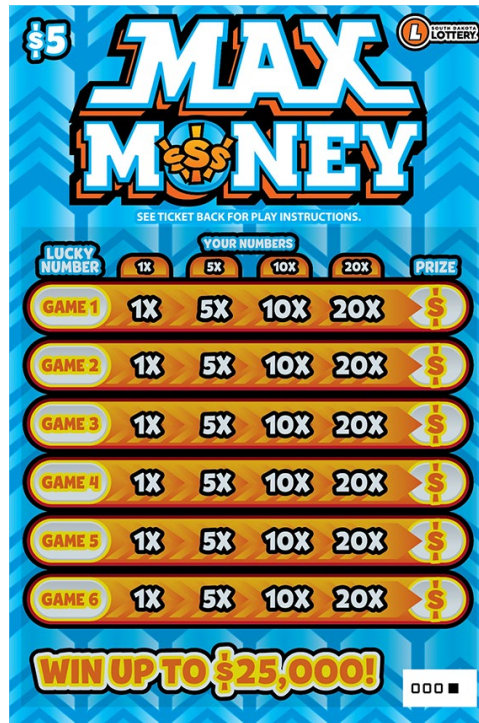


\$30 Ticket



Top Performing FY26 Tickets

Game Name	12 Week Average Sales	Average for Ticket Price	\$ Above Average	% Above Average
Jurassic Park	\$61,720	\$44,334	\$17,386	39.2%
Max Money	\$35,700	\$30,283	\$5,417	17.9%
Hidden Gems	\$35,467	\$30,283	\$5,184	17.1%



Video Lottery Report



SOUTH DAKOTA
LOTTERY
good fun

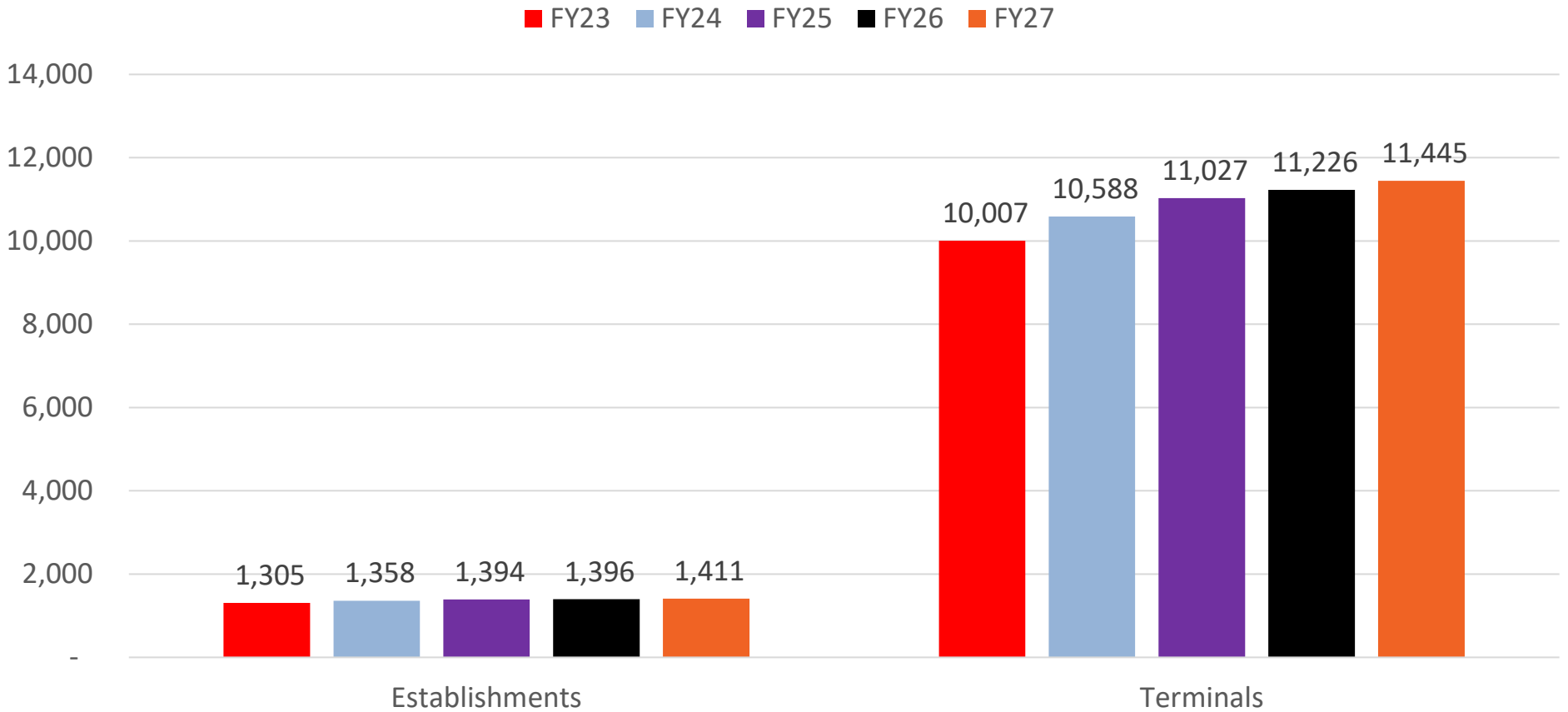


Rule 2 Annual Certification

- Certify the Lottery meets the security standards defined in Rule 2 and minimum game security standards.
- Approximately 120 questions to address
- Report any changes made to the Computer Gaming System or Internal Control System, or that no changes were made.

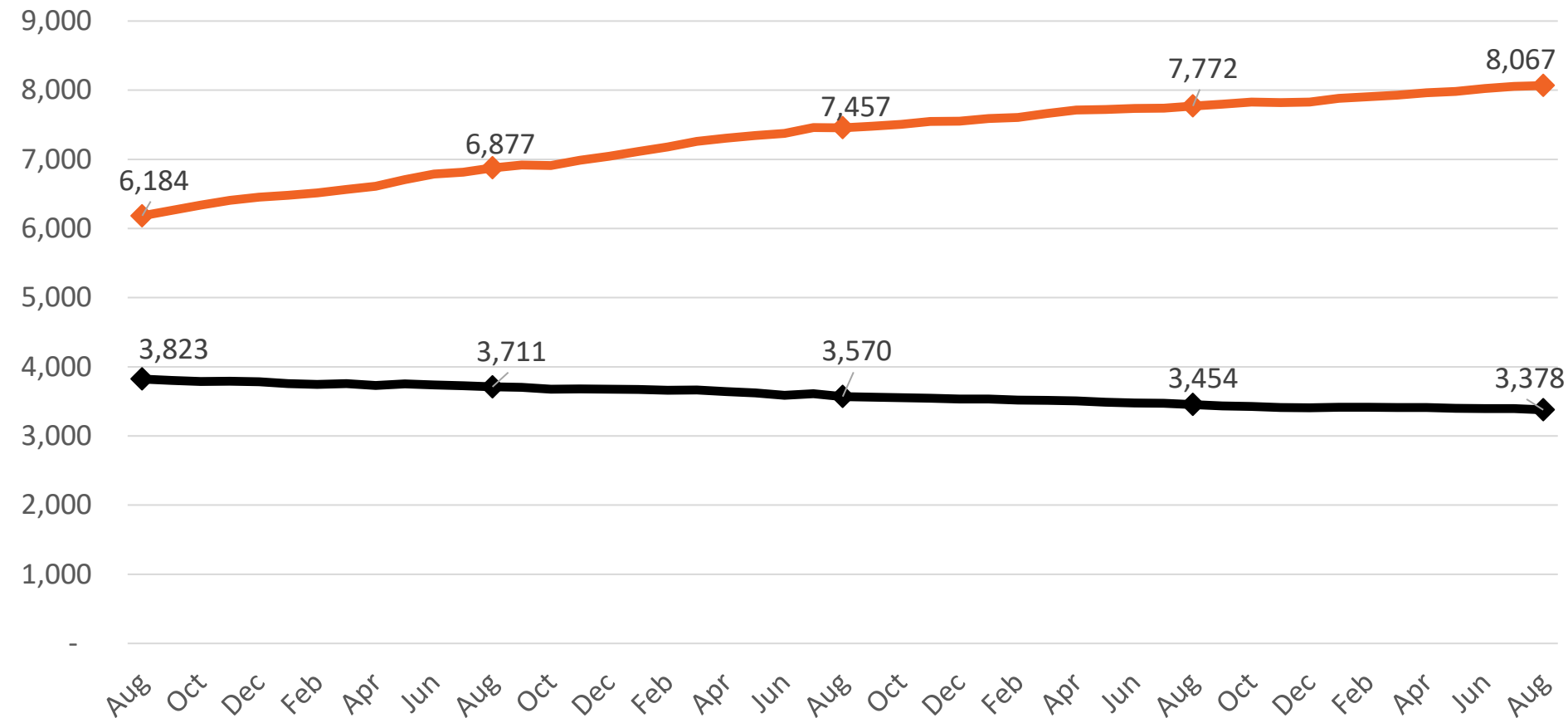


Number of Terminals and Establishments as of August 31, 2026



Terminal Counts - Legacy vs. Line

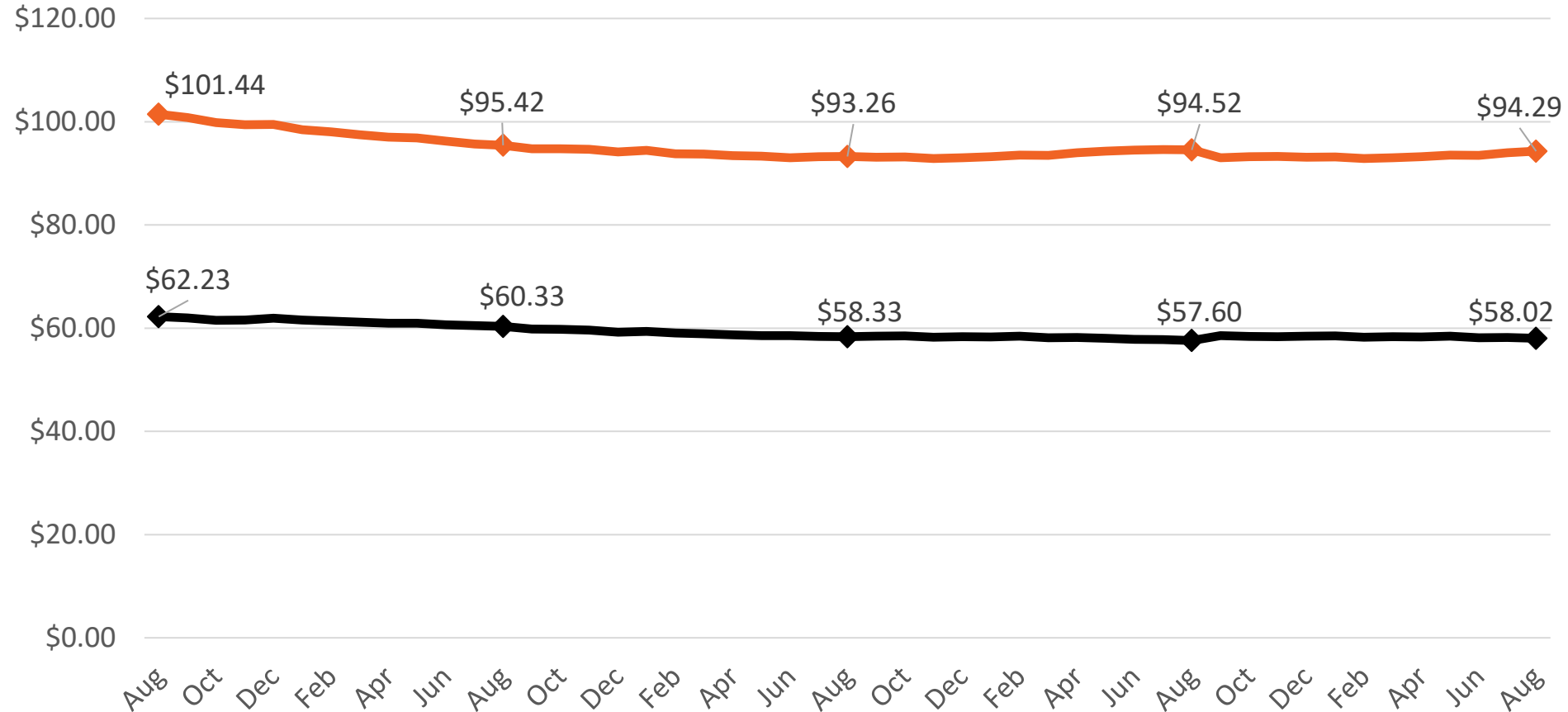
Legacy Line



NMI/Terminal/Day - Legacy vs. Line

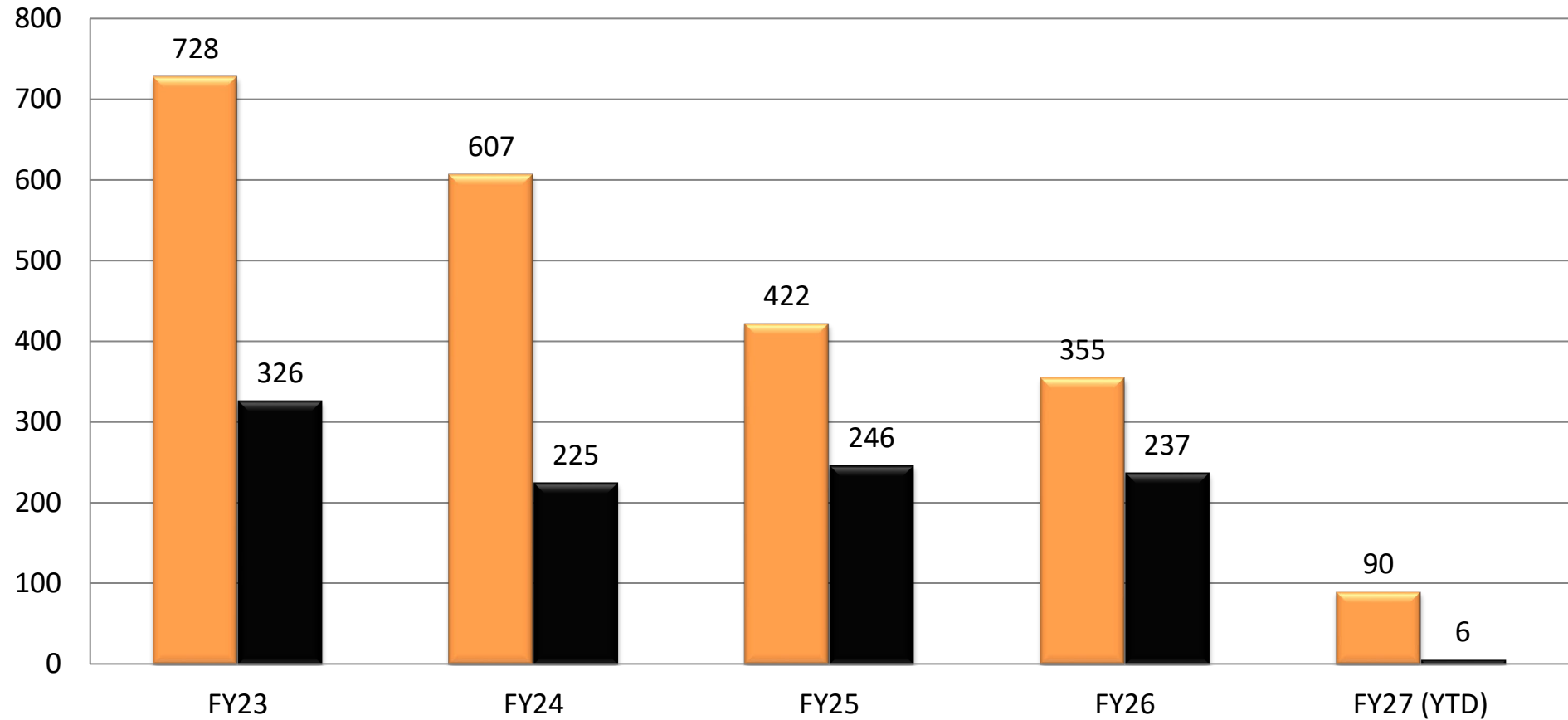
Legacy NMI per Machine per Day

Line NMI per Machine per Day



New & Destroyed Terminals

■ New ■ Destroyed



Sales Report



SOUTH DAKOTA
LOTTERY
good fun

Instant Sales

FY25

FY26

FY27

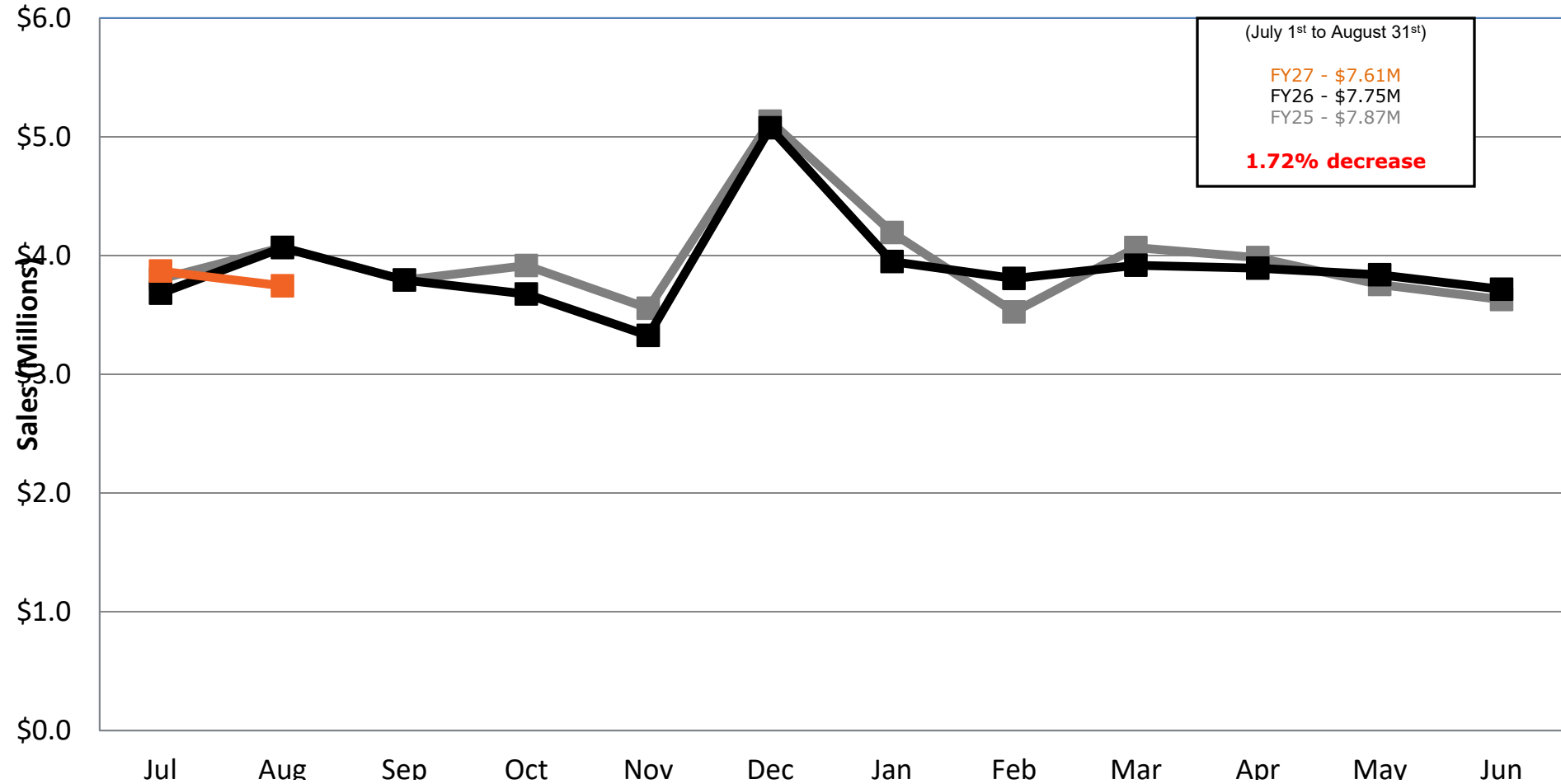
(July 1st to August 31st)

FY27 - \$7.61M

FY26 - \$7.75M

FY25 - \$7.87M

1.72% decrease



Plinko

- \$10 Ticket Launched Aug. 31, 2026.
- Licensed game with themes from The Price is Right.
- Scientific Games provides marketing support like other licensed games.
- Incorporates 2nd Chance Drawing.

The image displays a \$10 Plinko scratch-off lottery ticket from the South Dakota Lottery. The ticket features a vibrant pink and purple design with a grid of 20 numbered circles (1-20) for players to scratch off. Above the grid, it says "WINNING NUMBERS" and "YOUR NUMBERS". The ticket also includes a promotional message: "ENTER FOR YOUR CHANCE TO WIN A TRIP TO CALIFORNIA TO PLAY THE GAME SHOW EXPERIENCE!". At the bottom of the ticket, it states "WIN UP TO \$75,000 INSTANTLY!". To the right of the ticket is a large, stylized graphic that reads "IT'S YOUR TURN TO PLAY!" in bold, white letters with a red outline. Below this graphic is a logo for "GAME SHOW Experience" featuring a palm tree and a star. At the bottom of the graphic is a logo for "the Price is Right" with a large dollar sign. The background of the graphic is a blue and purple stage with spotlights and a crowd of people. At the very bottom, there is a blue banner with the text "PLAY TODAY!" in large, white letters with a red outline. To the right of the banner is the South Dakota Lottery logo, which includes a large "L" and the text "SOUTH DAKOTA LOTTERY". Below the logo, it says "Must be 18 years or older to play. Please play responsibly."

\$10

PLINKO

ENTER FOR YOUR CHANCE TO WIN A TRIP TO CALIFORNIA TO PLAY THE GAME SHOW EXPERIENCE!

WINNING NUMBERS

YOUR NUMBERS

WIN UP TO \$75,000 INSTANTLY!

the Price is Right

PLAY TODAY!

GAME SHOW Experience

SOUTH DAKOTA LOTTERY

Must be 18 years or older to play. Please play responsibly.

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Holiday Tickets

- Launches October 5
- Features \$1, \$2 and \$5 tickets
- Additional Scenes

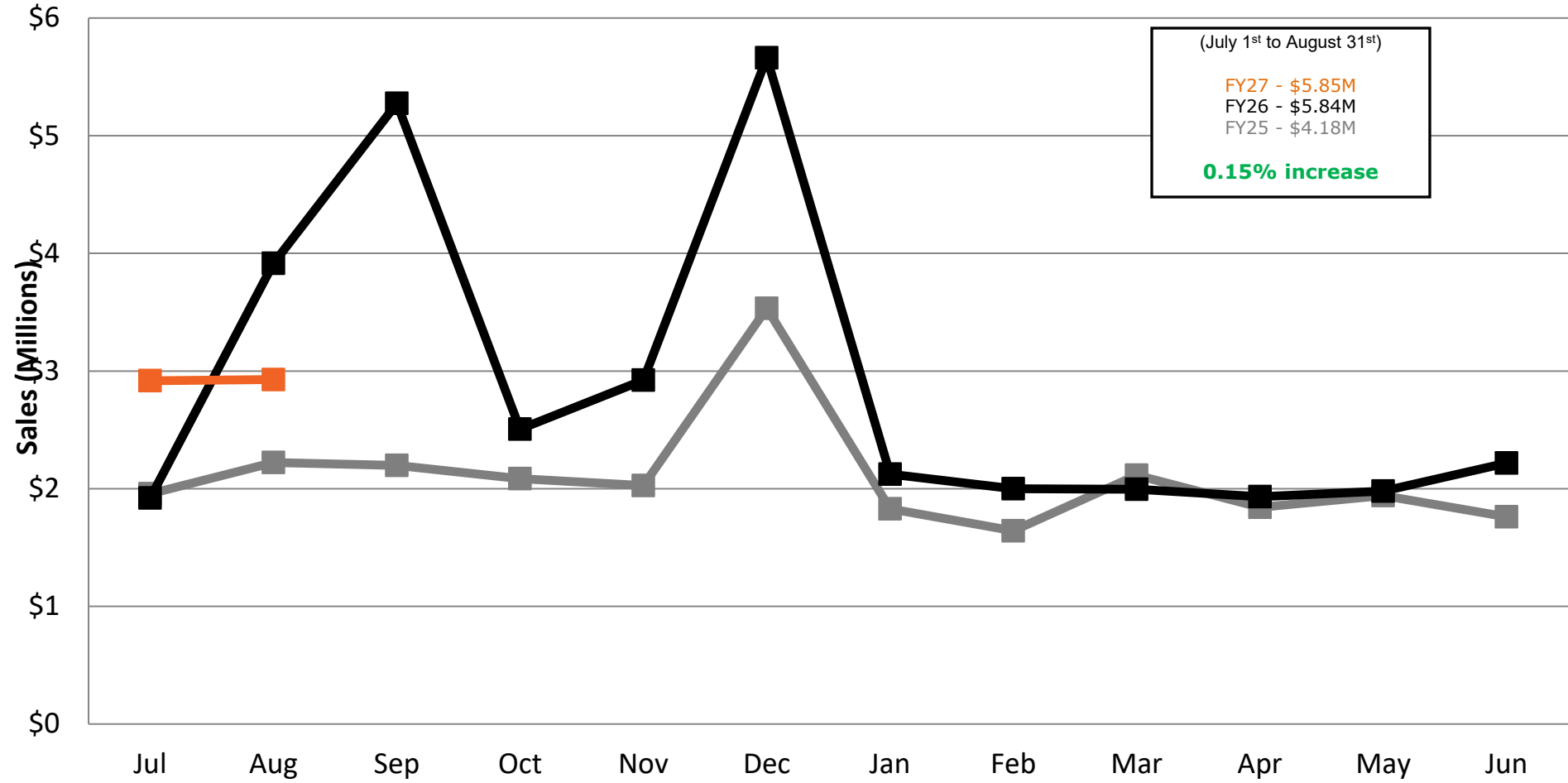


Lotto Sales

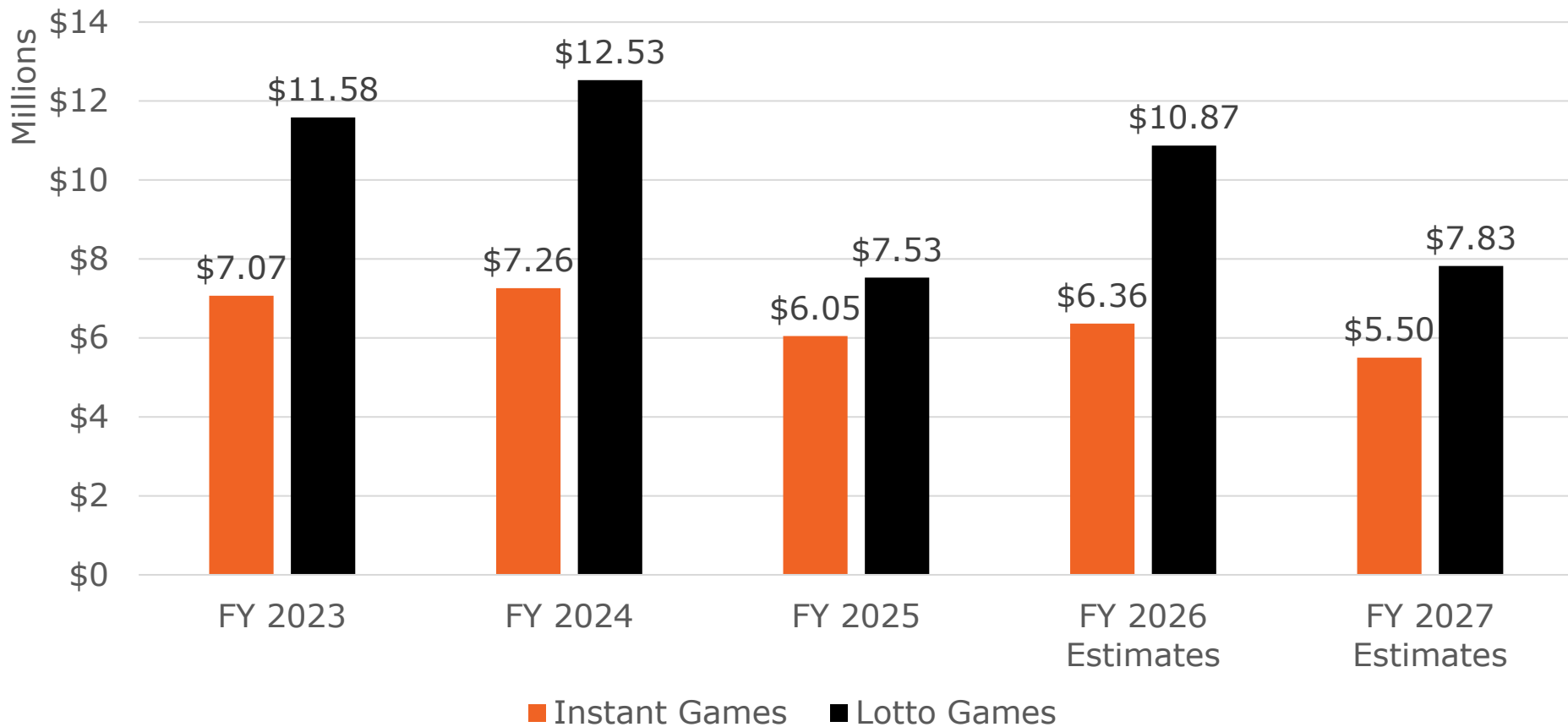
FY25

FY26

FY27



Instant and Online FY27 Revenue Projections as of August 31, 2026

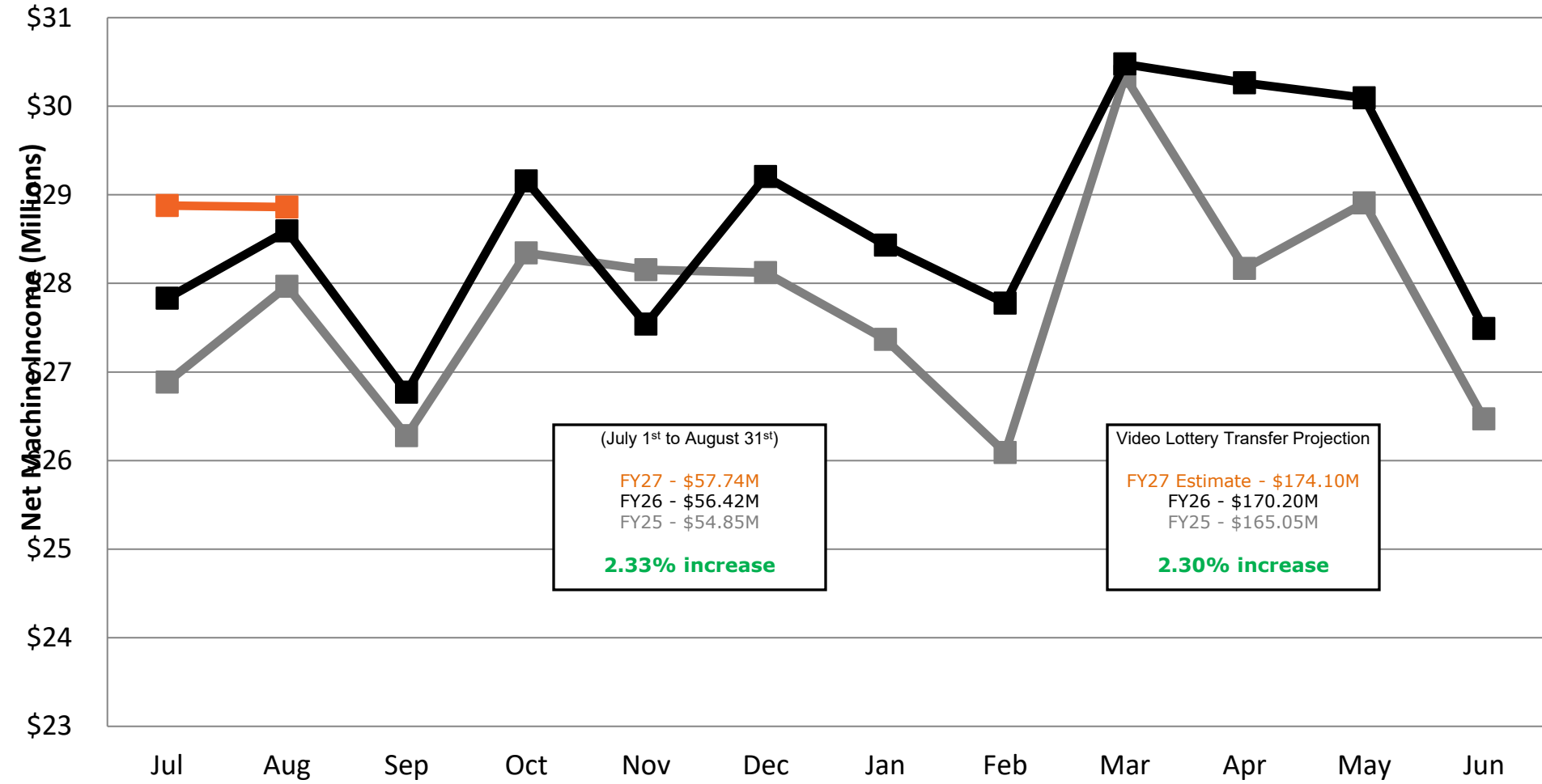


Video Lottery NMI

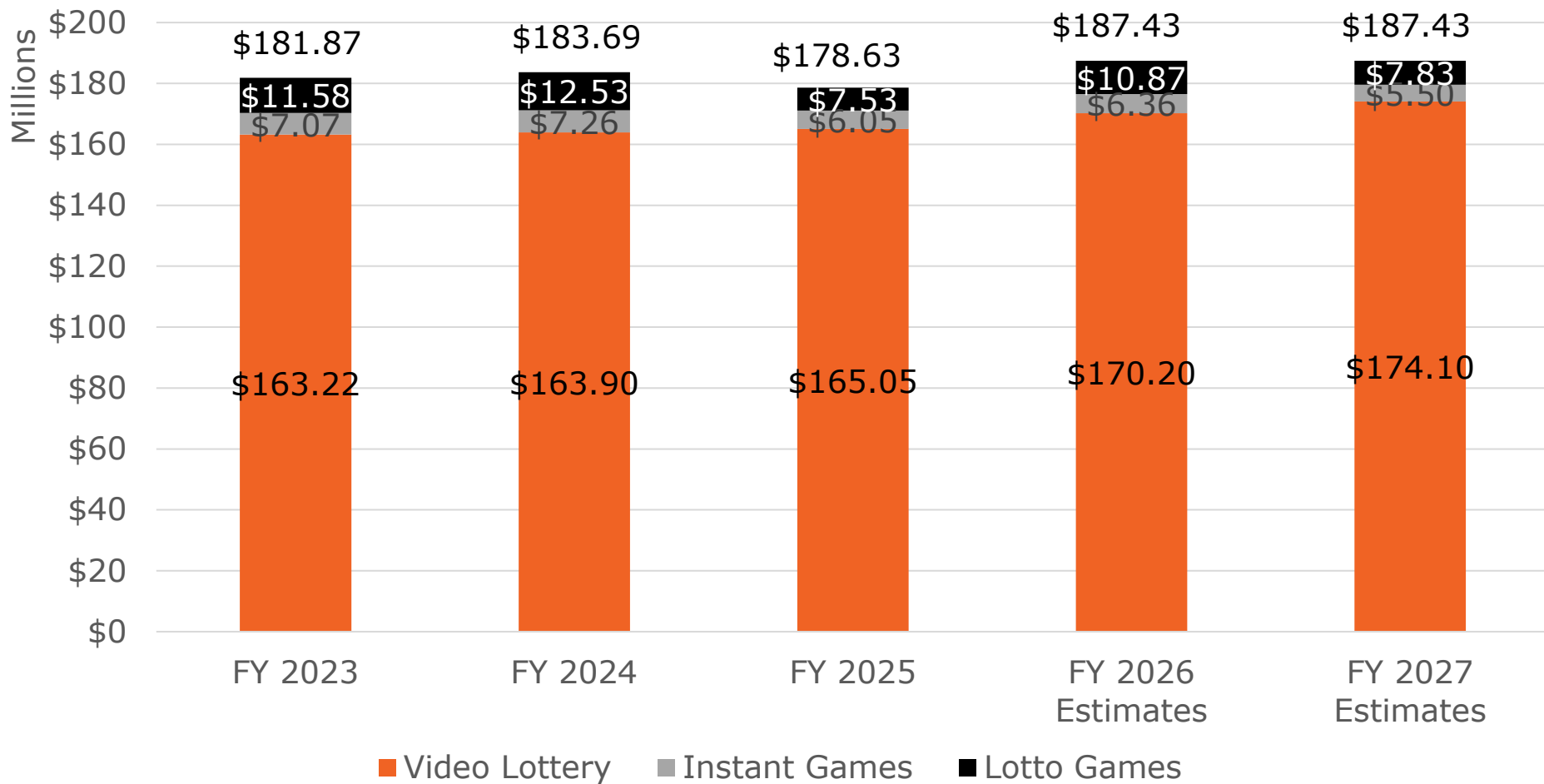
FY25

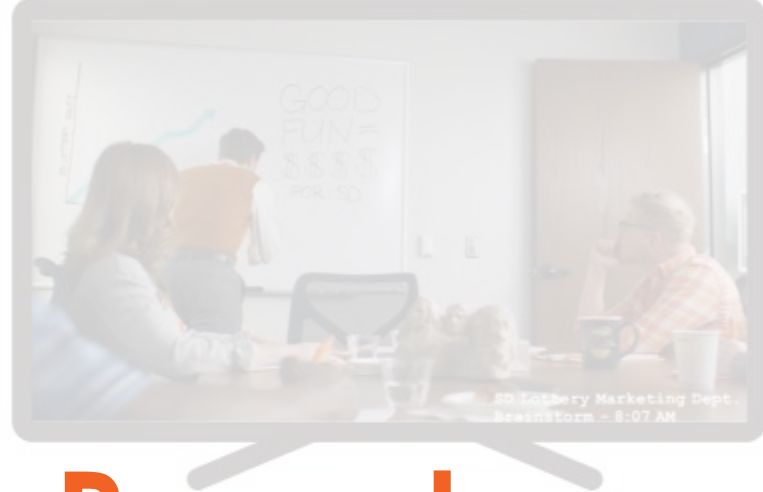
FY26

FY27



Total FY27 Revenue Projections as of August 31, 2026





Marketing Report



SOUTH DAKOTA
LOTTERY
good fun



Powerball Xs & Os

- Sales began Tuesday, Sept. 8 with the first draw Sunday, Sept. 13.
- The first week generated \$19,915 in sales.
- Paid media began Wednesday, Sept. 7 during the NFL's opening game.
- Paid media will continue throughout the fall season including television, billboards, point of sale, paid social media and more.



**GET YOUR
TICKET
TODAY!**

x

DRAWS EVERY SUNDAY

x



Enter tickets at

PowerballOfficial.com

for a chance to win a Super Bowl LXI trip.



Promotional Prizes

- Winning and non-winning tickets may be entered at www.PowerballOfficial.com.
- Players earn points through entering tickets. Those points may be allocated to drawings of the player's choice.
- Players have 90 days after the draw date to enter tickets.

**Prizes include NFL merchandise, gift cards,
NFL experiences, and a trip to Super Bowl LXI!**

Jurassic Park Second Chance Winner

- Katey Lukkes of Pierre was the winner of the Jurassic Park Second Chance drawing.
- Katey and a guest will receive a trip to Hawaii and a chance to win additional cash prizes.
- Katey noted that her Jurassic Park fandom led to her ticket purchase and second chance entry!



Powerball Jackpot Run



- The Aug. 12 drawing featured a \$1.04 billion jackpot.
- The jackpot run accumulated more than \$4 million in Powerball sales.
- The large jackpots also heightened interest in the Lottery. Our website had more than 272,000 visits from July 29 to Aug. 13.
- We also had more than 11,000 different users log into our app.

Questions?

