

Georgia Lottery Corporation (GLC)
Request For Information For GLC Branded Redemption/Gift Card

The Georgia Lottery Corporation (GLC) administers the licensing and operation of Class B coin operated amusement machines (COAMs) in the state of Georgia. Class B COAMs allow players to accumulate wins/points from play to play, and those points may be used to redeem for merchandise or lottery products in the store in which the Class B COAM is located; or those points may be redeemed for gift certificates to later redeem for merchandise in that store. While O.C.G.A. 16-12-35 (h) generally requires that gift certificate prizes be limited to gift certificates for that particular store in which the COAM is located, O.C.G.A. 16-12-35 (h) exempts GLC products from the scope of this limitation. Further information concerning COAM rules and laws can be found on the GLC COAM website at www.gacoam.com.

Based on feedback from businesses that provide the COAMs and those locations where these machines are being played by the public, the GLC is considering issuing a GLC branded product such as a gift card, open, closed, affinity, or any variation thereof, for which COAM points/wins may be redeemed. Such a gift card may allow players to redeem their Class B COAM points/wins in a manner consistent with ordinary purchasing/consumption patterns rather than all at one time or all in one place.

Accordingly, the GLC is issuing this Request For Information (RFI) to receive feedback from potential card issuers, payment processors or any other party that may be interested in providing a gift card described in this document.

The schedule for this RFI process is as follows

- Questions From Interested Parties Due By 4:00 p.m. on Monday, March 16, 2020
- Answers from GLC Due By 4:00 p.m. on Monday, March 30, 2020
- Information From Interested Parties Due By 4:00 p.m. on Monday, April 27, 2020

NOTE: While questions and answers will be shared with all parties participating in this RFI process, the GLC will not identify the parties participating; and the GLC will not identify who is asking what question(s).

Please address all inquiries in writing to: **Michael Parham, Vice President of the GLC COAM Division, at mparham@galottery.org and include "RFI" in the subject line.**

In order to encourage potential vendors to provide all pertinent information, if respondents designate information as proprietary or trade secret, that information will remain non-public pursuant to O.C.G.A. 50-27-25 and O.C.G.A. 50-18-72(a)(34).

Size Of The Market/Potential Business Opportunity

- FY19 Revenues- Over \$2.6 billion into Class B COAMs and \$1.8 billion out in noncash redemption which includes lottery products, replays, and in-store merchandise.
- According to the COAM industry's assessment, replays may be anywhere between 35% to 50% of prize redemption; therefore, \$900 million to \$1.17 billion theoretically could be placed on redemption cards over the course of a fiscal year.
- There are currently approximately 4,800 Class B Location Licensees where Class B COAMs are located. State law allows each location to have up to nine (9) Class B COAMs (unless further restricted by local government ordinance).

Section 1 - The GLC Expects That It Would Require At Least The Following of Any Card Provider. In Section 1 Of Your Response, the GLC Seeks Feedback From Potential Card Providers Regarding Their Ability Or Willingness To Meet These Requirements

- Card provider will work with all Class B location licensees/store owners to provide these gift cards. GLC will not act as a guarantor of payment by the location licensees/store owners.
- Card provider will describe licensing opportunities, if any.
- Branding and appearance of the gift cards shall be subject to final approval of GLC. Branding will include (but not be limited to) prominently displaying the GLC logo and possibly other wording related to redemption compliance.
- Card provider will provide a gift card that cannot be used to receive cash from any retailer, bank, ATM, or any other source.
- Card provider must supply gift cards to all of the approximately 4800 Class B COAM location licensees.
- Card provider will be responsible for securing financial institution backing and will be responsible for the entire transaction process from load to spend.
- Card provider will develop a system to activate/load these gift cards at the location/store at which the Class B COAMs are played and will be responsible for all equipment used to activate and load COAM credits onto the gift card.

Section 2 - In Section 2 Of Your Response, Potential Card Providers Should Also Address The Following Subject Matters

- What is the estimated time frame to roll out and implement gift cards to 4800 Class B COAM location licensees/store owners throughout the state of Georgia? Please provide a rollout and implementation plan.
- Is the gift card reloadable?
- If the gift card is not reloadable, what are the prize value increments (or ranges of prize value increments) in which individual gift cards could be issued?
- What are the costs associated with the gift card, regarding fees or possible income (e.g., activation fee, load fee, breakage fee, maintenance fee, reload fee, etc)? Please provide all-inclusive costs and income to be imposed on received by any party.
- Which financial network(s) would the gift card use?
- What is the flexibility of the number of merchants that can be part of this gift card system?
- How would the card provider maximize access for spending at other merchants?
- Can the gift card be used for online purchases to include sales tax for those purchases?
- Does the vendor or financial network require that the issuance of the gift card be to persons 18 years of age or older?
- Can the vendor exclude the issuance of a gift card to persons under 18 years of age?

- Does the gift card have the ability to automatically block purchases by product code or merchant code to prevent purchase of alcohol, tobacco, or firearms or ATM use?
- Can the card provider provide GLC and/or the Georgia Department of Revenue access to reporting that can track the individual gift card from point of prize redemption/load at the location licensee all the way through to actual spend? If so, how much spend detail can be provided? If so, can sales tax collected from purchases made using the gift card be itemized and reported?
- Can the card provider report total COAM prize redemption per location licensee for any given time period?
- Does the card provider track the identity or provide for registration of recipients of the gift cards or will the card recipients remain anonymous?
- Does the card provider perform tax reporting if a redemption or the value of prizes loaded on the card exceed certain amounts?
- Since the card provider must supply Class B COAM location licensees/store owners with adequate inventory of redemption cards so that loadable cards are always present for activation, how will the card provider ensure adequate inventory of cards at COAM locations?
- Are there infrastructure or technology requirements for the retailers (location owners where COAMs are played) to load and utilize the gift card and what are the costs for this function?
- Does the vendor have any other innovative options such as apps or virtual cards? If so, please provide details.
- Describe the card provider's dispute resolution for errors or disputes regarding the funds on the card.
- Describe the card provider's risk mitigation for fraudulent redemption as well as loss or theft of equipment and/or cards.
- Describe the card provider's customer support for all card services (i.e. issues loading card, missing/stolen cards, etc.).
- Describe the card provider's protection of data services and data storage.
- Describe the card provider's backup data facility for all card services.
- Does the card provider have a PCI DSS compliant solution for their card product/services?
- Does the card provider's solution/card system integrate with other systems? Please describe prior projects where your card system integrated with another company's information systems.
- How does the card provider manage cardholder data breaches?
- Does the card holder have insurance that covers data breaches?

Section 3 – In Section 3 Of Your Response, Potential Card Providers Should Provide Information On Other Subject Matters They Deem Pertinent That GLC Has Not Covered