

701—1102.5(99G) Bonds.

1102.5(1) *In general.* Any applicant or retailer whose credit history does not meet the guidelines described in subrules 1102.4(1) through 1102.4(5) must obtain a bond from a surety company authorized to do business in Iowa or offer a cash bond in the amounts generally described herein. The department may require any other applicant or retailer to obtain a bond if the department determines a bond is necessary to ensure the applicant or retailer remains in compliance with Iowa Code chapter 99G and these rules.

1102.5(2) *Bond amounts.* The amount of the bond will vary depending on the type of lottery products sold by the license applicant, the sales history of the retail location or the average volume of sales of lottery products at the location, or a combination of the above factors. The department's authority to require a bond is discretionary. When the department determines that a bond is necessary, the following minimum amounts will be required:

- a. Sale of pull-tab tickets only, \$2,500.
- b. Sale of instant tickets and scratch tickets with or without pull-tab tickets, \$5,000.
- c. Sale of online games with or without instant tickets, scratch tickets, and pull-tab tickets, \$10,000.

Additional bond amounts or a new bond may be required by the department at any time if the department determines that an existing bond becomes insufficient or the surety thereon becomes unsatisfactory.

1102.5(3) *Holding period for bond.* The department will hold the bond provided by a license applicant for a minimum time period of one year. Thereafter, the department will review the credit history of the licensed retailer. If the retailer's account history shows no delinquent payments, the lottery may release the bond.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), 99G.21(2), and 99G.24.

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