

CLC files complaint against retailers skirting lottery rules

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Texas Baptists' Christian Life Commission filed a complaint with the state attorney general's office last month against three lottery retailers for selling scratch-off tickets in violation of the Texas Lottery Commission's rules.

"Texas' rules for the lottery prohibit the sale of lottery tickets over the phone or other similar devices," the CLC explained in its latest newsletter.

The CLC sent letters to committee members in both the Texas House of Representatives and the Texas Senate outlining the complaints and noting these online sales of scratch-off lottery tickets violate Texas law.

"Unlike the controversial changes in 2020 to the Texas Lottery draw game rules that introduced new processes and definitions in 401.304 (b) 'Entry of Plays' to obscure the sale of Texas Lottery draw games via couriers, there are no such provisions in the Scratch Ticket Game Rules to allow the so-called 'ordering' of scratch tickets," the letter reads.

In recent testimony before the [Senate Committee on State affairs](#), CLC Consultant Rob Kohler explained how the retailers named in the letter "and the so-called 'couriers' they share common ownership with are acting in defiance of the legislature and the will of the people of Texas," the CLC newsletter stated.

This type of lottery ticket sale constitutes an unauthorized expansion of gambling in Texas contrary to the lottery statutes and rules established when the lottery was put to a vote and established in 1991, Kohler explained in a phone call.

The Texas Lottery rules stipulate lottery players must be “physically present” at a licensed terminal location. The language used in the rule specifically prohibits the sale of lottery tickets “by mail, phone, fax, or other similar method of communication.”

Rule changes made by Zoom

But in 2020, during COVID, the lottery commission [met by Zoom and changed the rules](#) to delete the “present at the terminal” language and change the definition of what it meant to sell lottery tickets, opening the door to lottery ticket sales by phone or online.

The commission also deleted a rule that said a retailer “shall not accept telephone or mail-in requests to issue a ticket,” Kohler explained, among other changes.

The Texas Lottery Commission has claimed they made the 2020 changes to provide clarity and did not see them as substantive. The commission also claims it has no control over the “couriers.”

But Kohler provided testimony before the [Texas Lottery Commission, Oct. 29](#), explaining the commission has dealt with the sale of Texas lottery tickets through means other than in person at a physical retailer very differently in the past.

Kohler argued a 1995 case of a dispute between the Texas Lottery Commission and “Pick-a-State,” involving phone sales—conducted in the same fashion the online “couriers” utilize—shows the claims Texas Lottery Commission is now making of having no control of couriers doesn’t line up with their history.

Kohler explained in the 1995 case a New Jersey police officer, Scott Wenner, used the vendor Pick-a-State to win a \$10.4 million Texas Lottery jackpot, by phone purchase.

The case went all the way to the Supreme Court, Kohler noted. And at the time, the Texas Lottery Commission took a very different stance, threatening to revoke the lottery license of the liquor store that sold the ticket.

In 1995, the lottery commission argued the ticket was sold over the phone across state lines for more than face value, violating regulations requiring that all aspects of the lottery sale happen at the licensed retail location.

The Texas Lottery Commission challenged the win and refused to pay it, before eventually settling with Wenner, Kohler explained.

But in 2023, when an [international syndicate](#) bought up almost every possible combination and scored a \$95 million Texas Lotto jackpot using online “couriers” the Texas Lottery Commission added extra machines to retail locations to print out mass tickets, making the rigged win achievable. And the commission made no argument against paying out the purse.

“How these actions did not violate [Sec. 466.307](#) prohibiting the influence of the selection of winners is a question I still haven’t gotten the answer to,” Kohler said.

This is a marked contrast to the 1995 case when the commission fought against remote purchase of tickets across state lines, he noted.

While the Texas Lottery Commission legal counsel was familiar with the 1995 case, it appeared the lottery commission was not. That is a significant miss because its relevance is clear, and—as such—the case should have been included in documents submitted to the Sunset Advisory Board in connection with its ongoing [Sunset review](#) of the Texas Lottery Commission, Kohler explained.

‘Couriers’ and retailers a turn-key operation

The retailers specifically cited as being “commonly owned” with a courier in the CLC letter are located in Austin. But the companies that own these gambling-specific locations (not typical convenience stores)—Winners Corner and Players Café—are owned by “courier” companies Lotto.com and Jackpocket.com.

These “couriers” are under domestic ownership in New Jersey and Boston, but other “couriers” are owned by companies operating from offshore locations, Kohler explained.

The “courier” companies acquire lottery licenses for a retail location in order to purchase the tickets they sell online. Though they say they don’t sell the tickets online, they just provide a service to then go buy the ticket for the customer who wants one, Kohler explained and public testimony by “courier” representatives confirms.

The “couriers” claim to operate like Uber eats, where when a purchase is made online, it’s not really a purchase until the courier goes to pick up the ticket at a retail location. But that is not what happens in reality, as a [CLC video](#) of purchasing an online scratch-off ticket shows.

The “couriers” and the retailers with the lottery license are one-and-the same. Tickets are being sold against the legislative intent of in-person, face-to-face sales as only could have been contemplated by voters in 1991, Kohler noted.

Even so, Texas Lottery Commission Executive Director Ryan Mindell acknowledged to Texas State Senator Mayes Middleton, Oct. 15, not one lottery license was revoked last year.

Texas Baptists’ public policy arm continues to push back against the illegal expansion of gambling in Texas by the Texas Lottery Commission.

“There’s one person that could stop this. And that’s Gov. Greg Abbott,” Kohler asserted. “He appoints those commissioners. He could call those commissioners and say: ‘Knock it off,’ and they’d knock it off. But that hasn’t happened.”

The governor’s office did not respond to email or voicemail requests for comment.