

2019

REPORT ON COMPLIANCE ACTIVITY MONITORING



AN AGENCY OF THE
STATE OF TEXAS

TEXAS LOTTERY COMMISSION

2019 Report on Compliance Activity Monitoring

The Texas Lottery Commission (TLC) exercises strict control and close supervision over all lottery games conducted in this state to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery. The TLC also regulates charitable bingo-related activities in the state of Texas ensuring charitable bingo is fairly conducted and the proceeds from charitable bingo are used for an authorized purpose. The agency's mission statements and core values reflect our commitment to maintaining the public trust through operations that reflect security, integrity, responsibility, and transparency.

Agency Mission

Texas Lottery: The Texas Lottery is committed to generating revenue for the state of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery will incorporate the highest standards of security, integrity, and responsible gaming principles, set and achieve challenging goals, provide quality customer service, and utilize a TEAM approach.

Charitable Bingo: Provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo. Determine that all charitable bingo funds are used for a lawful purpose. Promote and maintain the integrity of the charitable bingo industry throughout Texas.

Agency Core Values

Integrity and Responsibility: The Commission works hard to maintain the public trust by protecting and ensuring the security of our lottery games, systems, drawings, and operational facilities. We value and require ethical behavior by our employees, licensees, and vendors. We promote the integrity of charitable bingo in Texas for the benefit of charitable organizations.

Innovation: We strive to incorporate innovation into our products to provide the citizens of Texas with the best entertainment experience available through our products. We pursue the use of technology that enhances the services that we provide to our customers and reduces our operating expenses. All proposed innovations must be authorized by Texas law, and do not include video lottery, casino gaming, internet-based lottery sales, fantasy sports, or any other activities not authorized by law.

Fiscal Accountability: We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements,

improve customer service, and/or boost productivity. We recognize our responsibility in generating revenue for the state of Texas without unduly influencing players to participate in our games. We maximize benefits to charities through the continual examination and review of charitable bingo operations.operations.

Customer Responsiveness: The Commission takes pride in providing exemplary service to the people of Texas through the courteous dissemination of clear and accurate information about our products, services, and regulatory functions. We seek and respond to feedback expressed by our employees, retailers, licensees, and the playing and non-playing public. We apply this feedback in the development of our products and in the services that we provide.

Teamwork: We are committed to creating an environment of mutual respect where open, honest communication is our cornerstone. We embrace the diversity of our team and individual perspectives in working together to achieve our common goals.

Excellence: We strive for excellence by taking a position of leadership on issues that impact the Commission and achieve challenging goals by focusing on our core values.

Report on Compliance Activity Monitoring

This report is prepared in accordance with §467.111 of the Texas Government Code, which requires the Texas Lottery Commission to analyze complaints to identify any trends or issues related to violations of state laws under the agency's jurisdiction. The *2019 Report on Compliance Activity Monitoring* is designed to present data and analysis from fiscal year (FY) 2016 through FY 2019 on jurisdictional complaints received, the resolution of complaints, actions resulting from complaints, and retailer/bingo operator violations reported.¹ A previous report, *2017 Report on Compliance Activity Monitoring* (released in December 2017), presented data and analysis from FY 2014 through FY 2017. The Texas Lottery uses the findings from these reports to identify possible operational and procedural changes that may be required and to evaluate the effectiveness of the agency's enforcement process.

¹The fiscal year for the Texas Lottery is September 1 through August 31. This report encompasses the four-year period from 9/1/2015 through 8/31/2019.

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Executive Summary

The Texas Lottery receives, tracks, and addresses jurisdictional concerns from the public via the Compliance Activity Monitoring Program (CAMP) hotline. A jurisdictional complaint is one in which the Texas Lottery has the authority to interpret and apply the law in accordance with the State Lottery Act, the Bingo Enabling Act, and the Texas Lottery or Bingo administrative rules (see [Appendix](#) for links to these statutes and rules). The automated CAMP system allows for the maintenance and tracking of all complaints and violations from initial intake or discovery to final disposition.

Lottery

From FY 2016 through FY 2019, the Texas Lottery received 1,710 complaints involving lottery violations. The total number of complaints received increased from 407 in FY 2016 to 497 in FY 2019, an increase of 22 percent. A total of 1,729 complaints were resolved during the four years.² The average number of days for the resolution of these complaints declined from 82 in FY 2016 to 79 in FY 2019. Of the complaints resolved, 265, or 15 percent, resulted in a written reprimand being issued to a retailer, while 69, or four percent, resulted in license suspensions. Two of the complaints resolved led to license revocation.

The three lottery violations most frequently associated with complaints during the four years were: (1) “Licensee fails to pay a valid prize the licensee is required to pay”, (2) “Licensee intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game” and (3) “Licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer.” These three violations were reported in 604, 217 and 170 complaints, respectively. From FY 2016 through FY 2019, the number of complaints reporting the first violation decreased from 160 to 154, the number of complaints reporting the second violation increased from 15 to 78 and the number of complaints reporting the third violation increased from 26 to 61.

To maintain public confidence in the security and integrity of the Texas Lottery, the agency has implemented several consumer protection-related initiatives, including: dual validation receipts (one for player and one for retailer); a “Sign Your Ticket” public awareness campaign; player-activated terminals and a Texas Lottery mobile application for self-checking winning status of tickets; multimedia monitor (ESMM) displays that communicate validation messages to players; terminal inquiry/validation tones; retailer-facing bin topper signage placed on the top of scratch ticket dispensers with a message about avoiding lottery violations facing the clerk; Lottery violations brochure distributed to retailers that presented statistics and information on complaints and violations; and expansion of the Security Spotlight page on the Texas Lottery’s website to provide

² Please note that the number of complaints received is not the same as the number of complaints resolved. In each year, there may be complaints pending from prior years.

lottery players with additional information regarding what they can expect from a retailer when purchasing or redeeming a lottery ticket. In addition, a survey was included in the monthly retailer newsletter *RoundUp* that asked retailers if they needed additional information about violations. The Texas Lottery will also continue working to educate the retailer base on lottery violations by including information on violations in retailer training and by providing relevant information in retailer communications, including the *RoundUp* newsletter and the agency website.

Bingo

Charitable Bingo is an important fund-raising activity for a variety of Texas nonprofit organizations. The Charitable Bingo Operations Division (CBOD) of the Texas Lottery Commission (Commission) is charged with the strict control and close supervision of bingo conducted in this state so that bingo is fairly conducted and the proceeds from bingo are used for an authorized purpose. The CBOD's goal is to achieve voluntary compliance and assist licensees through training and education.

The CBOD strives for the highest levels of professionalism in conducting regulatory activities fairly, competently and consistently. Clear regulatory requirements are developed in an open environment, encouraging two-way communication.

The Bingo Advisory Committee was reestablished in November of 2018 to advise the Commission on the needs and problems of the state's bingo industry³; and to collaborate with the bingo industry on topics related to rules and to review challenges to improving the operations of the bingo charities in the state. To assist further with compliance with the Bingo Enabling Act and the Charitable Bingo Administrative Rules (Act and Rules), the various complaints—common violations committed by licensed organizations—were identified and included in the statewide training material. The CBOD promotes voluntary compliance and encourages a self-evaluation of organizations' bingo operations. The licensed authorized organization is responsible for compliance with the Act and Rules. It is important that organizations establish and monitor controls and processes to ensure that charitable bingo games are conducted fairly.

Compliance Activity Monitoring Program (CAMP)

In keeping with our mission, the Texas Lottery incorporates the highest standards of security and integrity. The Texas Lottery receives, tracks, and addresses jurisdictional concerns from the public via the CAMP hotline, which was formally established in 2004. Awareness of the hotline is supported through placement of the toll-free 800 number on the TLC website, in retail locations, and in venues where bingo games are conducted.

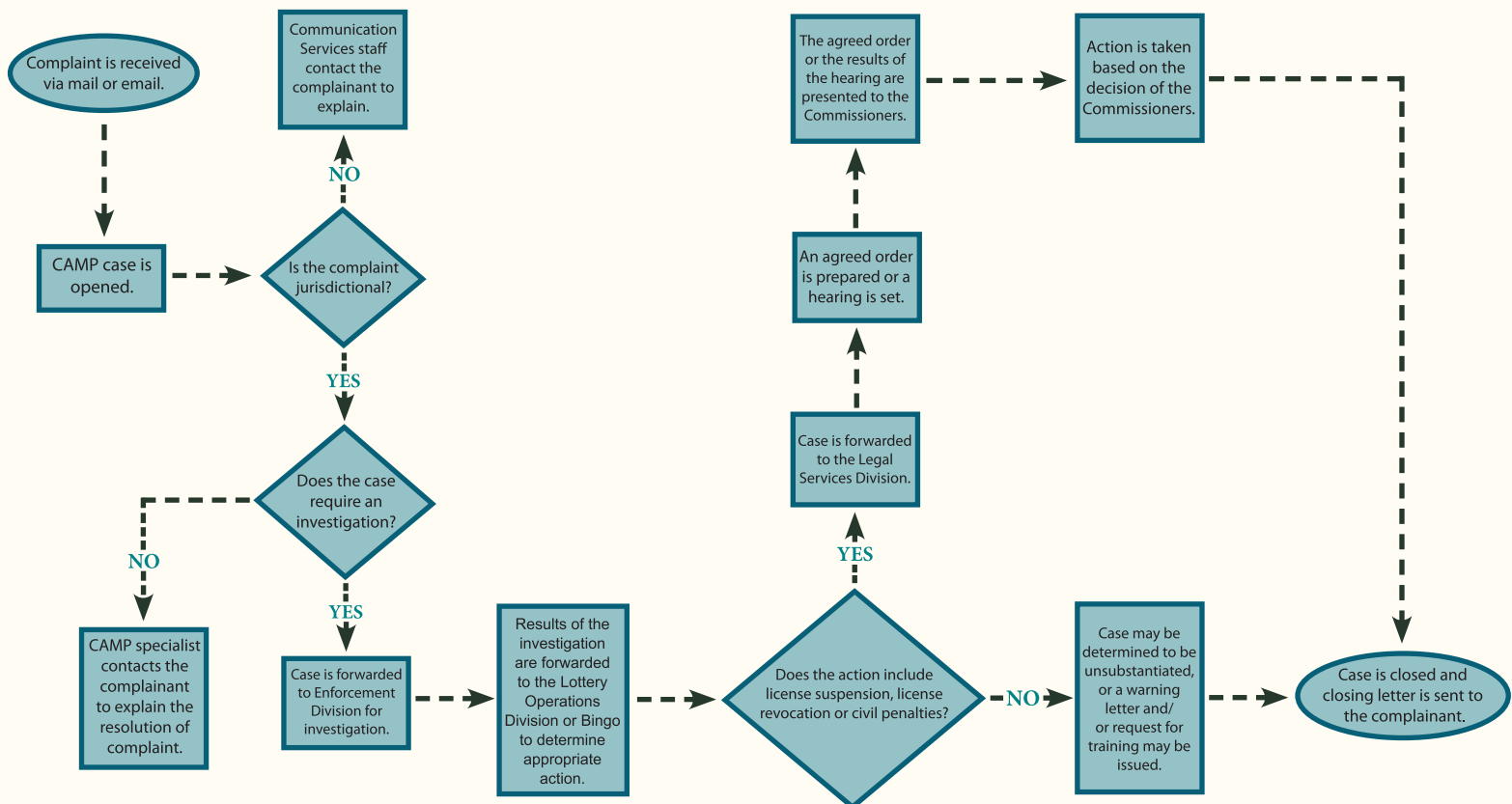
³Title 16 Tex. Admin. Code §402.102 (a)(1)(A)

The Compliance Hotline Section of the Retailer Services Department is responsible for monitoring the life cycle of complaints and violations of the Bingo Enabling Act, the State Lottery Act, and the respective administrative rules. The Compliance Hotline Section is a centralized intake unit for complaints, which also monitors violations that are discovered internally. Compliance staff is responsible for maintaining the standards set by the Texas Lottery Commission relating to complaints.

The automated CAMP system has been developed to provide the capability to track all complaints and violations from initial intake or discovery to final disposition. The system allows the Compliance Hotline Section to monitor the compliance resolution process as work flows among the Enforcement, Legal Services, Charitable Bingo Operations and/or Lottery Operations Divisions. The section maintains a comprehensive database on complaints, violations, and dispositions to facilitate trend analysis and reporting. The information allows the Texas Lottery to make informed decisions relating to licensees by reviewing compliance history when considering license issuance and/or administrative action. The Texas Lottery has enhanced the CAMP system over time to allow the agency to: 1) produce reports showing the resolution of complaints by the type of allegation, and 2) report statistics about complaints received and resolved each year.

The complaint life cycle, from receipt of a complaint to its resolution, is diagrammed in **Figure 1.**

Figure 1. Complaint Life Cycle



The beginning of the cycle is the initiation of a complaint. A complaint may be filed by phone, mail, email, in person, or fax. Complaint intake is handled primarily by the Compliance Hotline Section. Other divisions of the agency may also enter a complaint in the CAMP system without going through the CAMP intake process. A case is opened in the CAMP system and the CAMP Specialist determines if the complaint is jurisdictional or non-jurisdictional.³

If the complaint is determined to be a customer service inquiry as opposed to a jurisdictional complaint, a Texas Lottery Communications Services representative makes contact to assist the customer and address their concerns. If the complaint is determined to be jurisdictional, and the complaint can be resolved by researching the matter and making the appropriate contacts (i.e., licensee and complainant) the CAMP Specialist will document the resolution and provide information to the complainant. If the complaint requires an investigation, the case is forwarded to the Enforcement Division, which conducts the investigation. The results of the investigation are then forwarded to the Lottery Operations Division or Charitable Bingo Operations Division (CBOD), based on the subject of the complaint, to determine the appropriate action. If the complaint is found to be unsubstantiated or there is insufficient evidence to prove the facts associated with the complaint, the case is closed and a closing letter is sent to the complainant. The Lottery Operations Division and CBOD utilize a penalty matrix and a progressive disciplinary approach to determining the appropriate action in relation to a particular violation.

For lottery-based complaints the appropriate actions range from a warning letter to license revocation. In the majority of cases that result in a warning letter, additional training of retailer staff related to the subject of the complaint is required. This training is performed by the Lottery Operator vendor. Once a warning letter is sent or training is requested, the case is closed and a closing letter is sent to the complainant. If suspension or revocation of a Lottery retailer's license is being sought, the case is forwarded to the Legal Services Division. Based on communication with the retailer and their response, an informal conference may be held. If the matter is resolved at this stage, an Agreed Order is prepared. If the matter is not resolved in the informal conference, the Legal Services Division schedules a formal hearing with the State Office of Administrative Hearings and the Administrative Law Judge will prepare a Proposal for Decision (PFD). Either an agreed order or an order based on the PFD is prepared for presentation to the Texas Lottery Commissioners at a Commission Meeting and the appropriate action is taken based on the decision of the Commission. The case is then closed and a closing letter is sent to the lottery retailer and complainant.

For bingo-based complaints the appropriate actions range from a warning letter or civil penalty to license suspension or revocation. In some instances, an audit may be initiated based on the findings associated with a complaint. Once a warning letter is issued, the case is closed, and a closing letter is sent to the complainant. If a civil penalty, suspension or

⁴ A *jurisdictional complaint* is one in which the Texas Lottery has the authority to interpret and apply the law in accordance with the State Lottery Act, the Bingo Enabling Act, or the Texas Lottery or Bingo administrative rules.

revocation of a bingo license is being sought, the case is forwarded to the Legal Services Division. Based on communication with the licensee and their response, an informal conference may be held. If the matter is resolved at this stage, a settlement offer and/or agreed order may be prepared. If the matter is not resolved in the informal conference, the Legal Services Division may schedule a formal hearing with the State Office of Administrative Hearings and the Administrative Law Judge will prepare a Proposal for Decision (PFD). Either an agreed order or an order based on the PFD is prepared for presentation to the Texas Lottery Commissioners at a Commission Meeting, and the appropriate action is taken based on the decision of the Commission. The case is then closed, and a closing letter is sent to the bingo licensee and/or complainant.

Enforcement

The Enforcement Division at the Texas Lottery Commission investigates violations of the State Lottery Act, Bingo Enabling Act and administrative rules based on priorities established by the Commission. Enforcement staff works closely with the Charitable Bingo and Lottery Operations Divisions, as well as state and local law enforcement agencies, to effectively conduct their investigations. Complaints submitted to the Texas Lottery via the CAMP intake process are the primary source of information on matters that require investigation. Investigations conducted include field investigations on possible administrative and criminal violations, including efforts to assist local law enforcement agencies. Investigators regularly engage with licensees and the public during the conduct of their investigations. They provide information to licensees on how to prevent violations related to the licensed activity, as well as consumer protection information to the public who play lottery and bingo games. The engagement on preventive measures and consumer protection are aimed at gaining voluntary compliance by licensees and improving the overall experience for players who participate in lottery and bingo games.

Data and Analysis (Fiscal Years 2016 – 2019)

Lottery

Table 1 presents a summary of complaints against regulated persons or entities received each year over the four-year period from FY 2016 through FY 2019, along with the four-year total.

Table 1. Summary of Complaints Received by Fiscal Year - Lottery

MEASURE	FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
Number of complaints received from public	407	358	448	497	1,710

During the four-year period from FY 2016 through FY 2019, a total of 1,710 complaints reporting lottery violations were received from the public. The number of complaints received increased by 90, or 22 percent, from FY 2016 to FY 2019. An increase in complaints over time is consistent with the agency's continued growth in sales resulting in significant increases in the number of transactions between lottery players and licensed retailers.

Table 2 presents a summary of the lottery complaints resolved each year over the four-year period from FY 2016 through FY 2019, along with four-year totals.

Table 2. Complaints Resolved by Fiscal Year - Lottery

MEASURE	FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
Number of external and internal complaints resolved	403	358	431	537	1,729
Complaints with no disciplinary action required	318	285	341	449	1,393
Complaints resulting in disciplinary action	85	73	90	88	336
Reprimand	72	60	75	58	265
Suspension	13	12	15	29	69
Revocation	0	1	0	1	2
% of complaints resulting in disciplinary action	21.1%	20.4%	20.9%	16.4%	19.4%
Average number of days for complaint resolution	82	85	85	79	-

The average number of days for complaint resolution remained relatively stable from FY 2016 to FY 2019, with a high of 85 in FY 2017 and FY 2018, and a low of 79 in FY 2019. During this four-year period, 265, or 15 percent, of the complaints resolved resulted in a written reprimand being issued to a retailer, while 69, or four percent, resulted in license suspensions. Two of the complaints resolved led to license revocation.

Table 3 presents the number of reported lottery violations for each of the four years from FY 2016 through FY 2019 by lottery violation code and totals over the four years for each code. The table is organized from highest to lowest according to four-year totals.

Table 3. Complaints by Lottery Violation Code, FY 2016 – FY 2019

LOTTERY VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
2012	Licensee fails to pay a valid prize the licensee is required to pay.	160	137	153	154	604
2030	Licensee intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game.	15	38	86	78	217
2013	Licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer.	26	42	41	61	170
2005	Licensee and/or its employee(s) exhibit discourteous treatment including, but not limited to abusive language toward customers, commission employees or commission vendors.	31	36	43	36	146
2007	Licensee endangers the security and/or integrity of the lottery games run by the commission.	74	20	21	27	142
2002	Licensee conditions redemption of a lottery prize upon the purchase of any other item or service.	20	35	25	28	108
2023	Licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set by the executive director.	13	19	23	32	87
2010	Licensee sells a scratch ticket from a game that has closed after the date designated for the end of the game.	24	12	20	25	81
2004	Licensee fails to follow instructions and procedures for the conduct of any particular lottery game, lottery special event or promotion.	13	20	29	17	79

LOTTERY VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
2016	Licensee fails to keep accurate and complete records of all tickets from confirmed, active, and settled packs that have not been sold.	15	9	16	12	52
2011	Licensee fails to pay a valid prize in the amount specified on the validation slip generated on the licensee's terminal or to pay the authorized amount.	11	3	5	28	47
2015	Licensee fails to return an exchange ticket to a prize claimant claiming a prize on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal.	10	10	9	9	38
2032	Licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission property.	4	7	8	5	24
2025	Licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket.	9	0	5	6	20
2026	Licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years.	9	2	4	4	19
2003	Licensee imposes a restriction upon the redemption of a lottery prize not specifically authorized by the director.	4	2	3	9	18

LOTTERY VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
2019	Licensee fails to meet any requirement under §401.368, Lottery Ticket Vending Machine rule if the licensee has been supplied with a lottery ticket vending machine by the commission.	1	4	3	9	17
2033	Licensee: (A) induces another person to assign or transfer a right to claim a prize, (B) initiates or accepts an offer to sell the right to claim a prize, (C) initiates or accepts an offer of compensation from another person to claim a lottery prize, or (D) purchases a lottery ticket from a person who is not a licensed lottery retailer.	4	1	5	7	17
2027	Licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act.	5	0	4	7	16
2014	Licensee refuses to and/or fails to properly cancel a <i>Pick 3</i> or <i>Daily 4</i> ticket.	2	3	7	3	15
2006	Licensee fails to establish or maintain reasonable security precautions with regard to the handling of lottery tickets and other materials.	7	3	2	0	12
2031	Licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation.	3	1	2	4	10

LOTTERY VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
2028	Licensee sells tickets over the telephone or via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the licensee intentionally or knowingly: (A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or (B) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement.	4	1	0	1	6
2037	Licensee intentionally or knowingly makes a material and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a commission rule.	1	3	0	0	4
2020	Licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding the ADA.	0	0	0	3	3
2024	Licensee sells tickets issued to a licensed location at another location that is not licensed.	1	2	0	0	3
2029	Licensee intentionally or knowingly alters or forges a ticket.	1	2	0	0	3

LOTTERY VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
2036	Licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act.	0	2	0	0	2
2008	Licensee violates any directive or instruction issued by the director of Lottery Operations.	1	0	0	0	1
2021	Licensee fails to prominently post license.	0	1	0	0	1
2034	Licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report.	1	0	0	0	1
2043	Sale of Ticket by Unauthorized Person	1	0	0	0	1

*Multiple violations can be assigned to one complaint.

Note: Any violation codes for which there were no complaints over the four-year period are not presented in the table.

As shown in [Table 3](#), the violation most commonly associated with the complaints received from FY 2016 through FY 2019 was “Licensee fails to pay a valid prize the licensee is required to pay” (code 1012). A total of 604 complaints received during the period involved this violation. The number of complaints reporting this violation fluctuated over the four years, with a high of 160 in FY 2016 but declining to 154 in FY 2019. Current training materials instruct retailers on the need to pay prizes up to \$599 when they validate winning tickets. To further stress the importance of paying valid prizes, the Texas Lottery has continued to include information on this topic in retailer communications, including the monthly retailer newsletter RoundUp and the agency website. This violation has also been featured on retailer facing bin-toppers that provide retailers with information about violations to avoid. The bin-toppers are placed on the top of scratch ticket dispensers with the message, in English or Spanish depending on the retailer, facing the clerk. The Texas Lottery will continue to focus on improving education on this issue throughout the growing retailer base.

The second most frequently reported violation was “Licensee intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game.” (code 2030). A total of 217 complaints received during the four-year period involved this violation. The number of complaints during this period reached a high of 86 in FY 2018 but declined to 78 in FY 2019. System reports to identify patterns in transactions that may indicate this activity have been developed and are monitored by agency staff. When complaints are received or reports indicate that an investigation is appropriate, the Enforcement Division may conduct a field investigation.

The third most frequently reported violation was “Licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer.” (code 2013). A total of 170 complaints received during the four-year period involved this violation. The number of complaints involving this violation increased from 26 in FY 2016 to 61 in FY 2019. The Texas Lottery has included information on this violation in the retailer newsletter *RoundUp* and in the Security Spotlight section of the agency website. In addition, this violation was featured on bin-toppers placed at retailer locations. The Texas Lottery will continue to educate retailers on the benefits of making tickets available for sale during all normal business hours.

Consumer Protection Initiatives - Lottery

Maintaining public confidence in the security and integrity of the Texas Lottery is core to the mission of the Texas Lottery. The Texas Lottery has implemented several consumer protection-related initiatives, including: dual validation receipts (one for player and one for retailer); a “Sign Your Ticket” public awareness campaign; player-activated terminals and a Texas Lottery mobile application for self-checking winning status of tickets; multimedia monitor (ESMM) displays that communicate validation messages to players; terminal inquiry/validation tones; retailer-facing bin topper signage placed on the top of scratch ticket dispensers with a message about avoiding lottery violations facing the clerk; Lottery violations brochure distributed to retailers that presented statistics and information on complaints and violations; and expansion of the Security Spotlight page on the Texas Lottery’s website to provide lottery players with additional information regarding what they can expect from a retailer when purchasing or redeeming a lottery ticket. In addition, a survey was included in the retailer newsletter *RoundUp* that asked retailers if they needed additional information about violations.

Bingo

The Charitable Bingo Operations Division (CBOD) was established to enforce the Bingo Enabling Act, Tex. Occ. Code § 2001 (Act) and the Charitable Bingo Administrative Rules, 16 Title Tex. Admin. Code § 402 (Rules) to ensure that bingo games are conducted fairly, and the proceeds are used for authorized purposes (see [Appendix](#)). The CBOD consists of Licensing, Accounting, Compliance, Education, and Audit sections.

A bingo occasion that is fairly conducted by a licensed authorized organization is one that is impartial, honest, and free from prejudice or favoritism. It is also conducted competitively, free of corrupt and criminal influences, and follows applicable provisions of the Act and Rules.

A person filing a complaint must allege a possible violation of the Act and/or Rules. The complainant may include name, mailing address and contact phone number; however, an anonymous complaint may also be filed. The information reported assists the Enforcement and CBOD divisions in investigating complaints and possible violations of the Acts and/or Rules.

The CBOD Director administers sanctions including administrative penalties to organizations or persons that violate the Act and/or Rules. The objectives for applying sanctions are to protect the public, encourage compliance with Act and/or Rules, offer opportunities for rehabilitation, sanction violators, and act as a deterrence. The CBOD coordinates and shares information with local law authority within applicable jurisdictions to assist in the protection and safety of the public with regard to substantiated complaints, as appropriate. If it is determined that a complaint is jurisdictional but found to be without merit; CBOD may issue an advisory letter to the organization stating violations alleged in the complaint. The issuance of an advisory letter does **not** constitute the beginning of a contested case proceeding against the organization. If the CBOD decides to take further administrative action against the organization for any alleged violation, proper notice will be issued in accordance with the Act and/or Rules.

The Education section provides training and information to licensees and the public. The CBOD provides online training to assist in areas of importance to the industry which include emphasizing the responsibilities of a licensee. Through education and training, the CBOD strives to meet overall voluntary compliance of bingo licensees in Texas.

The CBOD has strengthened its compliance and education sections by developing a statewide training program for the bingo industry. These efforts combined with the bingo operator services system (BOSS) and an ongoing robust audit and inspection program has provided for increased voluntary compliance with governing statutes and rules; as well as oversight of game operations.

Table 4 is a summary of complaints against regulated persons or entities for Bingo received each year over the four-year period from FY 2016 through FY 2019, along with four-year totals.

Table 4. Summary of Complaints Received by Fiscal Year - Bingo

MEASURE	FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
Number of complaints received from public	133	153	143	146	575

During the four-year period from FY 2016 through FY 2019, a total of 575 complaints reporting bingo violations were received from the public as compared to over a half million occasions held over the four-year period. From FY 2016 to FY 2019 the number of complaints received fluctuated, with an average yearly increase of just over four complaints.

Table 5 is a summary of the bingo complaints resolved each year over the four-year period from FY 2016 through FY 2019, along with four-year totals.

Table 5. Complaints Resolved by Fiscal Year - Bingo

MEASURE	FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
Number of external and internal complaints resolved	172	137	121	152	582
Complaints closed with no disciplinary action required	156	125	113	134	527
Complaints resulting in disciplinary action	16	12	2	7	37
Administrative's Penalty	9	4	0	0	13
Reprimand	7	8	2	7	24
% of complaints resulting in disciplinary action	9.3%	8.8%	1.6%	4.6%	6.4%
Average number of days for complaint resolution	185	115	108	124	-

The number of complaints received, and the availability of the complainant, suspect, or witnesses affect the number of investigations resolved. CBOD continues to resolve cases more quickly, and attention to this goal is evident in the reduction in the average number of days from 185 in FY 2016 to 124 in FY 2019, **a decrease of 61 days.**

Table 6 is a summary of the number of bingo violations for each of the four years from FY 2016 through FY 2019 by bingo violation code and total over the four years for each code. The table is organized from highest to lowest per four-year totals.

Table 6. Complaints by Bingo Violation Code, FY 2016 – FY 2019

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1002	Same Winners	15	25	21	29	90
1201	A person knowingly participated in the award of a prize to a bingo player in a manner that disregarded the random selection of numbers or symbols.	30	29	10	13	82
1006	The play of the game	7	12	23	24	66
1007	Failure to pay a prize	11	9	9	14	43
1720	The organization offered or provided to a person the opportunity to play bingo without charge.	4	13	17	8	42
1001	House Rules	14	9	11	5	39
1204	A person conducted, promoted, or administered bingo without a license.	4	12	9	7	32
1405	The bingo worker played bingo or the organization failed to prohibit bingo workers from playing bingo.	10	9	7	2	28
1764	The organization failed to adhere to its house rules.	6	3	12	6	27
1008	Caller did not hear bingo.	6	5	5	10	26
1719	The organization reserved or allowed to be reserved, bingo cards or a card-minding device for use by a particular person.	4	6	6	9	25
1000	House Player	1	6	6	4	17
1315	A game of chance other than bingo, or a raffle conducted under Chapter 2002, was allowed or conducted during an occasion when bingo was being played.	4	1	7	3	15

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1203	A person falsified or made false entries in books and records.	2	5	5	1	13
1417	The organization failed to break apart a multiple part event ticket and sell in sections.	10	1	0	0	11
1717	A registered worker or operator for an organization did not wear, present, visibly display, or list the individuals name and unique registration number in a legible manner on his/her prescribed identification card, while on duty.	3	2	5	1	11
1718	A person was denied admission to a bingo game or the opportunity to participate in a game because of race, color, creed, religion, national origin, sex, or disability or because the person was not a member of the licensed authorized organization conducting the bingo game.	2	1	2	5	10
1005	Pull-Tabs/Instant Tickets/Event Tabs	0	0	1	7	8
1781	The caller used a cell phone, personal digital assistant (PDA), computer, or other personal electronic device to communicate information that could affect the outcome of the bingo game to someone during the bingo occasion.	0	4	1	3	8
1716	Prizes with an aggregate value of more than \$2,500 for bingo games other than pull-tab bingo were offered or awarded on a single bingo occasion.	3	3	0	1	7
1727	The organization comingled different serial numbers of the same form number of pull tab bingo tickets.	0	2	4	1	7

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1774	The caller failed to call all numbers and make all announcements in a manner clear and audible to all of the playing areas of the bingo premises.	1	3	1	2	7
1319	An individual not listed on the registry of approved bingo workers or provisionally employed acted as an operator, manager, cashier, usher, caller, bingo chairperson, bookkeeper or salesperson an organization.	3	2	0	0	5
1731	The organization failed to verify winning bingo cards by someone at another table or location other than the winners, or by an electric verifier system, winning cards were not shown on a monitor visible to all players, or the disposable card(s) or electronic representation of the card, was not posted for inspection for at least 30 minutes after the completion of the last game of that organization's occasion.	2	0	0	3	5
1209	A person listed or requesting to be listed on the registry of approved workers was convicted of a felony, a gambling offense, criminal fraud, or a crime of moral turpitude and less than ten years have elapsed since the termination of the sentence, parole, mandatory supervision, or community supervision served for the offense.	1	0	2	1	4
1732	The organization failed to properly verify the numbers drawn and verify the balls remaining in the receptacle that were not drawn, at the request of a player.	1	1	1	1	4

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1757	A registered bingo worker failed to inspect the bingo balls prior to the first game of each bingo occasion to ensure that all of the balls are present, not damaged or otherwise compromised.	2	2	0	0	4
1221	Deduct any cash or portion of a winning prize other than the prize fee without the player's permission.	2	1	0	0	3
1509	The organization failed to withhold the correct amount of prize fees.	2	0	1	0	3
1715	The limit of \$750.00 was exceeded on a single prize for regular or pull-tab bingo.	0	2	1	0	3
1721	Individuals(s) under the age of 18 years were allowed to play a game of bingo without being accompanied by their parent or guardian.	1	1	1	0	3
1767	The organization sold a pull-tab bingo event after the occurrence of the event without having a policy and procedure in their house rules to address the sale and redemption of pull-tab bingo event tickets after an event has taken place.	0	1	1	1	3
1785	The organization failed to maintain or properly maintain a final game schedule for a bingo occasion.	1	0	1	1	3
1908	The organization, or lessor, failed to conspicuously display the license issued at the place where the game was conducted at all times during the conduct of the game.	1	0	2	0	3

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1205	The organization or unit manager failed to pay prize fees, penalty and interest.	2	0	0	0	2
1213	By express or implied agreement with another manufacturer or distributor, a manufacturer, distributor or supplier fixed the price at which Bingo equipment, devices or supplies were used or intended to be used in connection with Bingo conducted under this chapter.	0	0	2	0	2
1308	The organization conducted bingo outside of the licensed time.	1	0	0	1	2
1311	The organization that is a member of a unit did not conduct its bingo games separately from the bingo games of the other members of the unit.	0	2	0	0	2
1317	The organization failed to have an authorized operator present at the bingo occasion.	1	0	0	1	2
1320	The organization allowed a person under the age of 18 to conduct or assist in the conduct of bingo.	1	1	0	0	2
1322	The organization allowed bingo equipment to be modified or tampered with in a manner which affected the randomness of the numbers chosen.	0	1	0	1	2

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1323	Paid pull-tab prize that was not in compliance with the amount of the of the approved payout structure.	1	1	0	0	2
1758	A registered bingo worker failed to inspect the bingo console and flashboard to ensure proper working order prior to the first game of each bingo occasion.	0	1	0	1	2
1763	The organization failed to make its house rules available to anyone upon request.	0	0	2	0	2
1776	The caller failed to announce that the game, or a specific part of a multipart game, was closed after asking at least two times whether there are any other bingo and pausing to permit additional winners to identify themselves.	0	2	0	0	2
1777	The caller failed to announce whether the bingo was valid.	1	1	0	0	2
1778	After the caller announced that the bingo was not valid, the caller failed to announce that the game shall resume; and repeat the last number called before calling any more numbers.	0	2	0	0	2
1780	The caller failed to return the bingo balls to the bingo receptacle only upon the conclusion of the game.	1	0	0	1	2
1786	The organization's house rules conflicted with the Bingo Enabling Act or the Charitable Bingo Administrative Rules.	0	0	2	0	2

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1909	The organization failed to conspicuously display during a bingo occasion a sign indicating the operator in charge, the sign contained letters less than (1) inch in height, the sign failed to inform the players that they should direct any questions or complaints regarding the conduct of bingo occasion to the operator listed on the sign, or the sign failed to state that if the players is not satisfied with the operators response that the player has the right to file a formal complaint with the commission.	1	0	1	0	2
1921	The organization failed to record all sales and prizes on the records for the occasion on which they occurred.	2	0	0	0	2
1003	Bingo Equipment	0	0	1	0	1
1010	Rude Workers	0	0	1	0	1
1101	The organization failed to provide proof of adequate charitable activity for 3 years.	0	1	0	0	1
1124	An application for a distributor's license is an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor.	1	0	0	0	1

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1309	Except under a temporary license, the organization sold pull tab bingo tickets during an occasion in which it failed to conduct regular bingo.	1	0	0	0	1
1310	The organization conducted Bingo at an unauthorized location.	0	0	1	0	1
1316	The organization allowed a person other than a bona fide member of the licensed organization conduct, promote, or administer, or assist in conducting, promoting or administering, Bingo.	0	0	0	1	1
1333	A game of chance, other than bingo conducted under chapter 2001 of the Occupations Code, a charitable raffle conducted under 2002 of the Occupations Code and a door prize game conducted under §2001.420 (c) of the Occupations Code, may not award bingo equipment, as defined in §2001.002(5) of the Occupations Code, or entry into a Bingo game as a prize.	0	0	0	1	1
1432	The organization failed to record the actual selling price of each card minding device and electronic bingo card sold.	0	1	0	0	1
1702	The organization obtained by purchase or other manner bingo equipment, devices or supplies from a person other than a licensed distributor.	0	1	0	0	1

BINGO VIOLATION CODES/DESCRIPTIONS*		FY 16 TOTAL	FY 17 TOTAL	FY 18 TOTAL	FY 19 TOTAL	4-YEAR TOTAL
1770	The organization failed to make the following information available to all patrons: the order in which the games will be played; the patterns needed to win; the prize(s) to be paid for each game; whether the prize payout is based on sales or attendance; the entrance fee and the number of cards associated with the entrance fee, if any; and the price of each type of bingo card offered for sale.	0	1	0	0	1
1787	The organization displayed or sold a pull-tab bingo ticket which had been marked, defaced, tampered with, or which otherwise deceived the public or affected a person's chances of winning.	0	1	0	0	1
1906	The organization failed to announce separately the name of each organization when two organizations conduct Bingo in one place on the same day.	0	0	1	0	1
1907	A door prize with a value of more than \$250.00 was offered or awarded.	0	1	0	0	1
1915	The organization failed to participate in collectively reconciling the gift certificates purchased, sold, expired, redeemed or remaining during the month to the cash on hand.	0	1	0	0	1

*Multiple violations can be assigned to one complaint

Over the four-year period from FY 2016 through FY 2019, *the top 10 bingo violations represented approximately two thirds of all violations reported.*

The violation most commonly associated with complaints received for Bingo over the four years was “Same Winners” (code 1002). A total of 90 complaints received during the four-year period involved this violation.

The second most frequently reported violation was “A person knowingly participated in the award of a prize to a bingo player in a manner that disregarded the random selection of number or symbols” (code 1201). A total of 82 complaints received during the period involved this violation.

The third most frequently reported violation was “The play of the game” (code 1006). A total of 66 complaints received during the period involved this violation.

All complaints are taken seriously and are investigated by the Enforcement Division in consultation with the CBOD.

Conclusion

The Texas Lottery Commission is fully committed to maintaining the public trust through operations that reflect security, integrity, responsibility, and transparency. The agency will continue to provide the systems and communications resources necessary to support the CAMP program. The agency applies a process of continual review and improvement related to this program’s policies and procedures. The agency’s goal is to realize a reduction in complaints and violations related to the regulated population while acting to ensure that the general public is aware of the channels available to contact the agency regarding its concerns.

For more information, please contact:

Lottery – Retailer Services – (800)375-6886

Bingo – CBOD – (800)246-4677

Appendix – State Lottery Act, Bingo Enabling Act, and Texas Lottery and Bingo Administrative Rules - Links

State Lottery Act

GOVERNMENT CODE

TITLE 4. EXECUTIVE BRANCH

SUBTITLE E. OTHER EXECUTIVE AGENCIES AND PROGRAMS

CHAPTER 466. STATE LOTTERY

See <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.466.htm>

Bingo Enabling Act

OCCUPATIONS CODE

TITLE 13. SPORTS, AMUSEMENTS, AND ENTERTAINMENT

SUBTITLE A. GAMING

CHAPTER 2001. BINGO

See <http://www.statutes.legis.state.tx.us/Docs/OC/htm/OC.2001.htm>

Texas Lottery Administrative Rules

TEXAS ADMINISTRATIVE CODE

TITLE 16. ECONOMIC REGULATION

PART 9. TEXAS LOTTERY COMMISSION

CHAPTER 401. ADMINISTRATION OF STATE LOTTERY ACT

See [http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=4&ti=16&pt=9&ch=401](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=16&pt=9&ch=401)

Charitable Bingo Administrative Rules

TEXAS ADMINISTRATIVE CODE

TITLE 16. ECONOMIC REGULATION

PART 9. TEXAS LOTTERY COMMISSION

CHAPTER 402. CHARITABLE BINGO OPERATIONS DIVISION

See [http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=4&ti=16&pt=9&ch=402](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=16&pt=9&ch=402)

