

TEXAS LOTTERY COMMISSION POLICY STATEMENT ON THE PROHIBITION OF LOTTERY TICKET COURIER SERVICES

EFFECTIVE FEBRUARY 24, 2025

The Texas Lottery Commission (TLC) is issuing this policy statement to advise the public how it will exercise its discretionary authority under the State Lottery Act (SLA)¹ to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the Texas Lottery² by prohibiting lottery ticket courier services (couriers). The TLC intends to exercise this authority through administrative enforcement proceedings to revoke the lottery ticket sales agent license of a retailer that works in concert with a courier, whether under a common ownership arrangement or otherwise.

This statement is effective this date and will be followed by an administrative rulemaking proceeding initiated by the TLC board at an open meeting of the TLC in which public comment will be solicited.³

Background on couriers. Couriers are unregulated companies that take lottery ticket orders from customers online. Upon receipt of funds from a customer, the courier purchases lottery tickets from a licensed lottery retailer with whom the courier has a private business arrangement. In practice, the courier and the retailer are often located in the same building or office. The courier transmits a scanned image of the ticket to the customer and retains the ticket until it is determined to be a winning or non-winning ticket. Couriers charge a fee for their service to purchase and manage their customers' tickets. These activities all occur without the oversight of a regulating authority to ensure that the public is protected from potential crime and other harms.

Last week, a high profile Lotto Texas® jackpot win involving a courier service that purchased the winning ticket for a customer intensified discussion about whether these businesses should be permitted to operate in Texas. This jackpot win led to investigations by the agency amid continued focus by the public and our stakeholders.

Policy Statement. The TLC has broad authority to exercise strict control and close supervision over lottery games in Texas to ensure integrity, security, honesty, and fairness in the operation of the lottery. The proliferation of couriers in the state has raised serious concerns that the integrity, security, honesty, and fairness of lottery games is being undermined by the continued activity of courier services. Furthermore, the policies and restrictions underpinning the SLA and the TLC's rules can be circumvented by the operation of these unregulated gambling operations, including the following prohibitions:

¹ Chapter 466, Texas Government Code.

² SLA Sections 466.014(a) (Powers and Duties of Commission and Executive Director) ("The commission and executive director have broad authority and shall exercise 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"), and 466.151(e) (License Required) ("The director may issue a license to a person only if the director finds that the person's experience, character, and general fitness are such that the person's participation as a sales agent will not detract from the integrity, security, honesty, and fairness of the operation of the lottery.")

³ See SLA Section 466.015(c)(15)(A) (Rules).

- Prohibitions on a person playing a lottery game by telephone (SLA Section 466.015(b)(4);
- Prohibitions on advertisements that unduly influence a person to purchase a lottery ticket (SLA Section 466.110);
- Prohibitions on the purchase of a ticket by officers and employees of TLC vendors, TLC employees, and the immediate family members of those individuals (SLA Section 466.254);
- Prohibitions on selling a ticket at a price greater than that fixed by the TLC (SLA Section 466.302);
- Prohibitions on the sale of a ticket by an unauthorized person (SLA Section 466.303);
- Prohibitions on selling a ticket at an unauthorized location (SLA Section 466.304);
- Prohibitions on the sale of lottery tickets on credit or using other unauthorized methods of payment (SLA Sections 466.305, 466.3052);
- Prohibitions on the sale of lottery tickets to persons younger than 18 years of age (SLA Section 466.3051);
- Prohibitions on establishing a group purchase or pooling arrangement for financial gain (SLA Section 466.3054);
- Prohibitions on influencing the selection of a winner of a lottery game (SLA Section 466.307);
- Prohibitions on claiming a lottery prize by fraud (SLA Section 466.308);
- Prohibitions on inducing another person to assign or transfer a right to claim a prize (SLA Section 466.310); and
- Prohibitions on using an unauthorized quick response (QR) code to enter draw game plays (TLC Rule 401.304(b)(1)(F)).

In addition, unregulated courier operations provide opportunities for other illegal and fraudulent activities to flourish, including money laundering, the sale of fictitious tickets, and false representations of a courier's association with the TLC. If couriers are allowed to continue to operate, these critical safeguards will continue to be circumvented and the public will be harmed.

For all these reasons, in order to more fully promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery, the TLC believes couriers are not legal under Texas law and the TLC will exercise its discretion under the SLA to take all appropriate action to stop this activity from occurring, including identifying and investigating any licensed lottery retailer suspected of working in concert with a courier and initiating an enforcement action to revoke the retailer's sales agent license.

Ryan Mindell
Executive Director