



Serving the counties of District 2:

Kaufman, Navarro, Rockwall, Van Zandt and parts of Dallas, Ellis and Collin County

Ethics. Integrity. Credibility. Honesty. Trust.

These five words should define Texas government. Instead, at the Texas Lottery Commission, they have been replaced with **lies, cheating, theft, deception, and cover-ups.**

When we established the Texas Lottery Commission (TLC), our goal was to give local Texans a fair chance to play and win—not to let out-of-state or overseas entities manipulate the system. It's time to put a stop to this.

Senate Bill 28 (SB28) sends a strong message—not just to the TLC but to **every state agency** that believes it can defy the Legislature and create rules that violate the law.

This bill alone may not fully restore integrity to the Texas Lottery, but it will ensure that **lottery couriers and their associated retailers are shut down permanently**—in language so clear that even the TLC should understand it.

I want to thank Lt. Governor Dan Patrick for recognizing the severity of an organized crime ring potentially operating within our state government.

A Dark Day for Texas

After hearing damning testimony at the Texas Lottery Commission (TLC) Finance Committee hearing on February 19, Lt. Governor Patrick was so outraged that he personally visited an illicit courier facility near Austin—one that had recently sold a winning Lotto Texas ticket. If you haven't yet watched his report on X, [I urge you to do so.](#)

The Betrayal of the Texas Lottery Commission

In 1992, Texas established a state lottery with strict safeguards to protect the public from fraud, underage gambling, and organized crime. The Legislature laid out clear principles, expecting the TLC to uphold integrity, security, and fairness. Nowhere in the law was the agency authorized to rewrite these safeguards or create loopholes. In fact, the Legislature specifically prohibited selling tickets to minors or over the phone.

Yet, the TLC has deliberately ignored its responsibilities. Instead of enforcing the law, it has actively created loopholes that have enabled illegal gambling, underage participation, and the operation of unregulated lottery courier services.

Let me be clear: **the illegal lottery operation we now have was not devised by outsiders exploiting the system—it was built from within.** While external actors may have influenced rule changes, it was the **TLC staff and commissioners** who authorized couriers, changed rules to accommodate them, and then falsely claimed they lacked the authority to stop the illicit operation.



CAPITOL HALL REPORT



Serving the counties of District 2:

Kaufman, Navarro, Rockwall, Van Zandt and parts of Dallas, Ellis and Collin County

Ethics. Integrity. Credibility. Honesty. Trust. *(continued)*

A History of Corruption

The decline of the Lottery Commission's integrity began years ago. In 1995, when a New Jersey police officer attempted to claim a Texas Lottery jackpot he had purchased through an unauthorized courier, the TLC rightly rejected his claim. This was the standard of integrity the Legislature expected.

But by 2015, the TLC quietly changed course. It introduced administrative rule changes that redefined how tickets could be purchased, removing previous safeguards. Initially, these changes only applied to Mega Millions, but by 2017, they were expanded to Powerball. This was the first step in enabling lottery courier services to flourish under the false premise that they were merely "taking orders" over the phone.

Then the TLC took another step, authorizing third-party sales systems. Again, this was presented as a simple change for grocery store sales, but in reality, it further enabled couriers to operate without oversight. In 2020, during a Zoom meeting at the height of the COVID pandemic, the Commission made its most damaging rule changes. It eliminated the requirement for in-person ticket purchases, allowed sales to occur 24/7 (even when stores were closed), and removed restrictions on phone-based purchases. **These changes directly enabled the criminal enterprise we are now uncovering.**

The \$95 Million Jackpot Scandal

In April 2023, these corrupt rule changes culminated in a massive fraud. A group using a sophisticated algorithm and multiple courier-run "sweatshop" facilities was able to generate nearly all 26 million possible Lotto Texas combinations in just 72 hours—something that should have been logistically impossible.

With the TLC's cooperation, four Texas Lottery-licensed retailers—Hooked on Montana (MT)(Colleyville), [Lottery.com](#) (Spicewood), Luck Zone (Round Rock), and ALTX Management (Waco)—were equipped with last minute extra terminals and communication systems to process these tickets.

As a result, one of these locations, Hooked on Montana (MT), "won" the \$95 million jackpot. The transactions were suspicious, yet the TLC took no action. Instead, they enabled and legitimized the payout, despite clear indications of fraud, money laundering, and illegal activity.



Serving the counties of District 2:

Kaufman, Navarro, Rockwall, Van Zandt and parts of Dallas, Ellis and Collin County

Ethics. Integrity. Credibility. Honesty. Trust. *(continued)*

TLC's Last-Minute Attempt at Cover-Up

On Monday morning, just before the committee hearing, the TLC issued a [press release](#) attempting to justify their actions. This so-called “corrective action” was nothing more than a **Cliffs Notes version of their years of illegal activity**.

In this release, they conveniently listed 13 violations of statute or rule that they **knowingly allowed** to continue for years, including:

- **Selling tickets by phone** (SLA §466.015(b)(4))
- **Unduly influencing purchases through advertising** (SLA §466.110)
- **Allowing TLC employees and vendors to buy tickets** (SLA §466.254)
- **Selling tickets above fixed prices** (SLA §466.302)
- **Allowing unauthorized sales and locations** (SLA §§466.303, 466.304)
- **Permitting credit purchases** (SLA §§466.305, 466.3052)
- **Facilitating underage gambling** (SLA §466.3051)
- **Allowing group purchases for financial gain** (SLA §466.3054)
- **Influencing lottery winners** (SLA §466.307)
- **Enabling fraudulent prize claims** (SLA §§466.308, 466.310)
- **Using unauthorized QR codes for ticket purchases** (TLC Rule 401.304(b)(1)(F))

This release came **only after** three years of repeated discussions with my office, the Sunset Commission, and the Legislature about the agency’s failure to regulate lottery couriers. It came **only after** the TLC **lied under oath** on February 12, 2025, before the Senate Finance Committee, claiming they lacked authority to take action.



Serving the counties of District 2:

Kaufman, Navarro, Rockwall, Van Zandt and parts of Dallas, Ellis and Collin County

Ethics. Integrity. Credibility. Honesty. Trust. *(continued)*

A Call for Accountability

The Texas Lottery Commission has betrayed the trust of Texans. Their deliberate rule changes have not only facilitated fraud but have also encouraged organized crime to infiltrate our state's gaming system.

The TLC has ignored the law, misled the public, and allowed criminals to manipulate the system. Their actions must be investigated at the highest levels. This is not just a case of negligence—it is an orchestrated, systemic corruption that must be stopped.

It is time for real accountability. Senate Bill 28 is a critical step in restoring integrity to the Texas Lottery. I urge every Texan to demand action and put an end to this fraud once and for all.