



BULK SALES & UNREGULATED COURIER SERVICES

TEXAS 2023 \$95 MILLION WIN

The events in Texas concerning a \$95M win in February 2023 highlight the red flags that can arise from unregulated courier activities, specifically in situations where the game's jackpot exceeds the game matrix (number of possible combinations); meaning that the purchase of all or nearly all of the possible combinations all but guarantee a positive return on their investment.

The Lotto Texas \$1 game (pick 6 numbers from 54) has 25.8 million number combinations. When the jackpot was at \$74M - bulk purchasing through unregulated couriers began and raised the jackpot to \$95M in a few days.

The winning ticket was part of a bulk (syndicate) purchase scheme organized by Ade Repcenko from Malta with Bernard Marantelli and Zelyko Ronagajec (Colossus Betting, White Swan data) from London putting together the finances with a 25.8 million dollar spend won the 95-million-dollar jackpot plus several million in lower tier wins.

Working with 4 courier affiliated retailers (2 connected to Lottery.com and 2 pop-up operations set up for the February draw), the White Swan Data group purchased 99.3% of the possible combinations. It claimed the winning ticket through a Delaware based company named RookTX. The ticket was purchased at a LotteryNow storefront office which printed nearly \$11M worth of tickets in 72 hours; the other 3 involved retailers printed \$14.8M worth in that time.



In order to realize this high volume of sales the Texas Lottery Commission, in the 3 days prior to the draw, provided the 4 courier related stores fronts with 40 additional terminals as well as a continual supply of pallets of paper. (These terminals were withdrawn two weeks after the draw). In order to process the large number of tickets (estimated at an average of 100 per second) the couriers converted each number combination into a QR code and scanned them into lottery terminals using iPads and iPhones.

This situation was examined in detail during a legislative Sunset review on the Texas Lottery Commission activities calling into question the appropriateness (legality) of the Texas Lottery Commission activities which are deemed to have facilitated courier activities. *(The Texas Sunset Act requires that all its government agencies be subject to periodic review to evaluate if the agency is still needed and if so, what improvements should be brought to enhance efficiency. Upon completion, the legislator must adopt legislation either prolonging the agency's life as is or with modifications until its next review, or abolishing it.)*

The Texas Senate and House of Representatives Committee hearings established that:

- Courier services in Texas represented 10% of draw game sales (3.3% of its total sales);
- Even though the Texas lottery Commission law requires that terminals only be placed in viable brick-and-mortar business the non-lottery sales of the courier stores front represented less than 1% of their total sales, and 99% of their lottery ticket sales were by courier service (only 1% in person).
- The couriers also offer Texas Lottery Commission scratch tickets digitally (which Texas Lottery Commission is not authorized to do).



In April, following the legislative hearings, after initially claiming that it did not have the authority to control the courier services, the Texas Lottery Commission adopted rules to ban and limit, amongst other things, the number of terminals per retailer to 5, and it took the excess terminals out of retailers (42 were withdrawn from Winners Circle Corner owned by Jackpocket/DraftKings). The Executive Director also resigned.

Jackpot.com, Jackpocket/DraftKings suspended their activities in Texas. Lottery.com did not. Lotto.com filed a suit against the Texas Lottery Commission contesting the ban on its operations.

The Texas Rangers and Attorney General are investigating whether crimes were committed by the couriers, the lottery or the 2023 lottery CEO.

On May 15, 2025, the Senate, having concluded that the Texas Lottery Commission had not respected the rules governing its operations, unanimously adopted a Bill that amongst other things:

- Abolishes the Texas Lottery Commission and moves the lottery operations to the Texas Department of Licensing and Regulation. (This provision takes effect September 10, 2025)
- Bans courier services and online ticket sales.
- Prohibits the purchase of more than 100 tickets at a time.
- Fixes criminal penalties for the non-respect of the rules.
- Requires that there be a sunset review in 2029 to determine whether to continue the lottery or abolish it.

On June 10, 2025, the Texas Governor signed the Bill into law.



EXAMPLE OF OTHER INCIDENTS *(All have been publicly reported. The list is not exhaustive)*

While there was a time when couriers purchased their tickets individually, recent technological advances have facilitated both the identification of susceptible games and the movement of funds so that, in just the last few years, unregulated courier bulk purchases have occurred in multiple jurisdictions. Often it is the same people who are either orchestrating or putting together the financial backing for these activities.

For example:

- In 2022 in Germany the Punters Club, a syndicate from Australia, created by David Walsh in partnership with Zelyko Romagajec, won a 60-million-dollar jackpot on a 11 million dollar spend.
- In January 2025 in Switzerland, a syndicate undertook a bulk purchase operation for all the combinations of the “Joker” game (pick 1 number from 999 999). It did not succeed in purchasing all combinations as Loterie Romande spotted the unusual purchase volume activity at retailers and blocked ticket sales. Upon purchase of 65% of the combinations, the syndicate won the 3.3 million (jackpot and secondary prizes). Payment has not yet been made.
- A graduate group from Princeton University operating in the US under the name of Black Swan, had numerous known wins including: \$1M in Washington DC in 2019, \$5M in Missouri in 2020, \$10M in North Carolina in 2022, and \$2.6M in Maryland, as well as an unsuccessful attempt for the \$5M instant ticket jackpot in Oklahoma in 2024.



A claim in Texas is also being investigated as to whether the win of results from a bulk sale or not. On February 17, 2025, there was a \$83.5M win of Lotto Texas. The ticket was purchased through the Jackpocket app (owned by DraftKings). The ticketholder claims the win was not a result of bulk purchasing, but was part of \$20 worth of tickets that she purchased. However, due to the ongoing political debate in Texas as to the legality and integrity of courier operations, winnings have been withheld, and the Texas Rangers are investigating. The ticket holder is suing for payment of the jackpot.

OPERATIONAL MODELS USED BY COURIERS FOR BULK SALES

While the operating model to purchase tickets can vary, the four most commonly used by the unregulated couriers to obtain their tickets are:

- i. Affiliated partnership. Couriers partner, with licensed lottery retailers to purchase tickets at specific retail locations for customer orders.
- ii. Shared company ownership. Couriers wholly own a licensed lottery retailer as a subsidiary company or hold a controlling interest in the retailer subsidiary. (often co-locate)
- iii. Direct purchase from Lottery (e.g. used for instant games) or,
- iv. In person purchases at large number of retailers.

WLA POSITION ON BULK SALES

As seen with the various civil lawsuits instituted against the Texas Lottery Commission and the criminal investigations undertaken, and the legislative changes brought to limit the lottery's activities, the negative impact of bulk sales on a lottery is not theoretical.



It has an adverse effect on its credibility, as well as the integrity of its products and operations, leaving it open to accusations of:

- False or fraudulent advertising of jackpots, as the purchase of all possible combinations means others could only win half of announced jackpot. Some legislators have even characterized the activity as theft/fraud.
- Facilitating money laundering, as there is no knowledge as to the source of funds used to make purchases.
- Not enforcing prohibition of purchases by underaged players.
- Allowing the unauthorized use of lottery's trademark on website used internationally.
- Facilitating the non-respect of gambling laws of out-of-state jurisdictions.
- Allowing uncontrolled increase of price of tickets for players when compared to purchase price set by lottery at retail.

RECOMMENDED BEST PRACTICE

The WLA recognized that the use of courier services is a policy decision to be made by the competent authorities in each jurisdiction. However, if a decision is to permit/tolerate these services, the WLA recommends a three-pronged approach:

- 1) On the courier level, the activity be regulated either through legislative or lottery rules providing for:
 - Ticket ordering, digital delivery, retention and redemption requirements,
 - Identification of retailer with whom courier has relationship, to purchase tickets the same background checks for couriers as required for retailers,
 - Geolocalisation allowing to attest that individual purchaser is located within the jurisdiction,



- Age verification of players and responsible gaming rules (see norms of WLA RG certification),
 - Respect of trademarks by requiring their owner's authorization,
 - Respect of the lottery's advertising rules,
 - Prohibit bulk sales.
- 2) On the retailer level:
- Require that retailer meet viable level of non-lottery sales to obtain terminal,
 - The number of terminals per retailer be limited to respond to walk-in needs plus for retailers who have relationship with courier, an additional dedicated terminal,
 - Normal sales level be established at level which takes into account jackpot roll sale volumes, so that can be flagged when exceeded, enabling the lottery to shut off terminal or stop ticket sale until the cause is investigated (as done by Loterie Romande),
 - Prohibit attachment of all non-lottery approved equipment to terminal.
- 3) On the lottery level:
- Identify when designing a product if a vulnerability exists and adjust the matrix to alleviate as much as possible.
 - Monitor the sales patterns of vulnerable products when jackpot reaches critical level to enable rapid intervention if needed.
 - Not directly collaborate with syndicates for bulk sales purchase of tickets.
 - Use encrypted bar codes to prevent couriers creating QR codes.