



Publisher
Dawn Nettles

www.lottoreport.com
www.texaslottoreport.com

Where drawing results
& payouts are posted
after each drawing
and where you can
read about
the games
of Texas

P. O. Box 495033
Garland, Texas
75049-5033
Phone: (972) 686-0660
Fax (972) 681-1048
lottoreport@lottoreport.com

June 13, 2015

Executive Director Gary Grief
Texas Lottery Commission
P. O. Box 16630
Austin, Texas 78761-6630

Dear Mr. Grief,

Thank you for responding to my letter that was referred to you by the Governors office. Because it is extremely rare that I hear from you personally and directly, I wanted to take this golden opportunity to respond to your very kind letter. Perhaps you can still help me with some issues that I feel requires your assistance to resolve. I'll be frank and thorough.

Your letter sounds as if the TLC provides responses to my numerous inquiries relating to the Fun 5's games and "*on the other frequent inquiries and open records requests on various matters.*" I'm afraid our viewpoints differ on the agency's willingness to provide both public and media information to me.

Yes, some "ritual" information comes absolutely problem free while other requests involve AG Opinions, denials and extreme expenses. To refresh your memory, let me share just a few examples ...

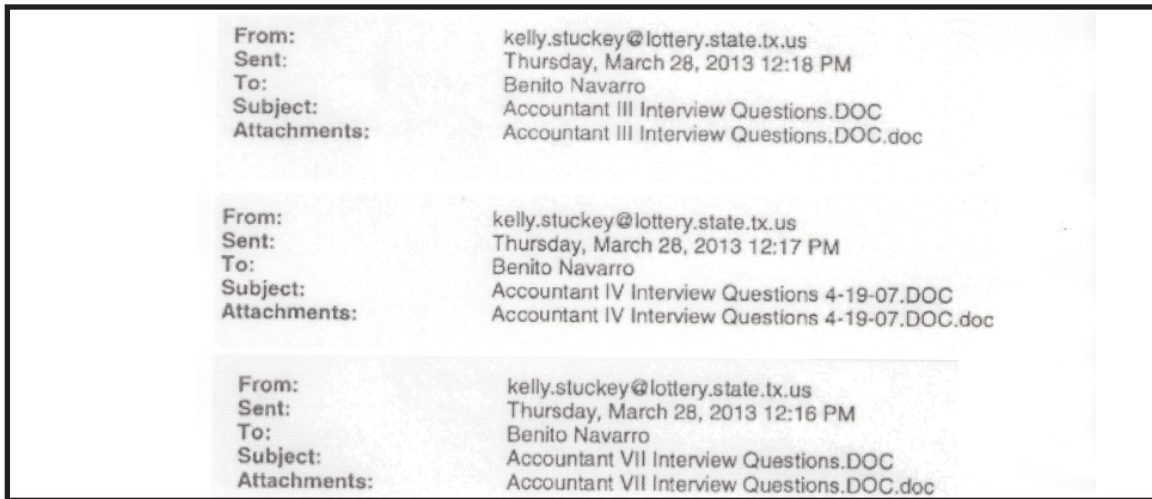
Examples of Public/Media information that was NOT problem free ...

1) My request for communications the TLC received from our elected officials regarding the Fun 5's tickets was met with an AG opinion. The AG allowed the TLC to withhold some/most of the communications.

2) I requested "December 2014 communications" between the TLC and MUSL with respect to the Monopoly game. It required an AG opinion too. The AG ruled June 1 that the TLC could withhold some documents but must release other documents. I have not received the information the TLC was suppose to release. Why is that? (OR2015-10606)

3) On April 8, 2013, I requested Interview Questions. On April 24, 2013, I asked if I was going to receive a response to this request. The reply was that the agency was going to file for an AG Opinion. On June 30, 2013, I received a letter from the AG stating that the TLC had to release the documents. On July 14, 2013, I asked the TLC when I could expect to receive those documents. They arrived on or about July 18, 2013.

Oddly, not everyone is required to make an open records requests to obtain Interview Questions from the TLC (see box below). Imagine ... to obtain the same type documents I requested, some people actually receive one day service with no AG opinion required.



(Note: Mr. Navarro resigned on June 12, 2012)

4) Then there was the Sept 17, 2013 request made for a voucher showing a stop payment on a prize check. If you will recall, this was a \$35,000 uncashed prize check. The TLC had decided to keep the monies rather than to turn the funds over to the Comptroller as required by law.

My request required many communications including a clarification, a denial that the record existed then a charge of \$103 to produce documents responsive. To obtain this document, I finally provided the date the TLC stopped payment. This was a costly day for the TLC - the agency did not want this document released. Complete details including the communications involved can be found in the green box- roughly 3/4 down on this web page - <http://www.lottoreport.com/AuditPart6.htm>.

5) Then there's a current issue - I did not receive the last two Commission meetings notices (agenda's) that I've been receiving "problem free" for the past 13 years. Apparently Ms. Cripe, Director of Media Relations, has decided to exclude me. It also appears that neither you nor Commissioner Krause has intervened on my behalf. I am hopeful though that you will NOT allow my name to be deleted from the list since I did request to receive the notices (agenda's) at least 13 years ago.

Let me summarize the situation ... Ms. Cripe explained that she now uses a mail list purchased from Texas Media Directory titled "Statewide Media" to send out TLC meeting notices. *The Lotto Report*, however, is listed in the "Special Interest Media" category in the Media Directory. Therefore, Ms. Cripe explained, I will no longer receive the notices unless I change my listing category. Further, Ms. Cripe expects or demands that Texas Media Directory allow the category change for *The Lotto Report*.

In an email dated May 26, 2015, Ms. Cripe said, "We do not and will not send to the special interest list. It is for niche media and with the exclusion of Dawn, the recipients would not be interested." FYI - The "Statewide Directory" lists newspapers, radio and TV stations, magazines, news services and some political blogs and newsletters. Are we to believe that these people want to receive Texas Lottery meeting notices? Is the meeting room large enough to accommodate this many people?

While it's not really my place to train staff at the Texas Lottery, I feel strongly that you should determine if Ms. Cripe is aware of the unique features offered to Texas Media Directory's clients with reference to building their initial mail lists. There are short tutorials showing how to build each list and how to save their lists so their customers have records of who they sent what to.

Ms. Cripe fails to recognize the consequences of her new requirements. First, she's jeopardizing the credibility of the Texas Media Directory's reputation. Their clients expect to purchase waste free lists to reach their intended markets. Secondly, Ms. Cripe is failing to consider the ill effects I would encounter by receiving hundreds of emails and faxes per day consisting of advertising and press releases from businesses where I do not disseminate their news. I am listed in the proper category and I've been there since 2002. I currently receive other mailings, not all, sent by the Texas Lottery. I wonder - how can this be?

6) Finally, regarding the Feb 11, 2015 Powerball win where the lotteries failed to pay out a whopping <\$26.7 million.> Because there was a TX winner, I made requests to receive the jackpot payment document that should have come the day after the win from the TX Comptroller. This document should have been posted on the TLC website but it wasn't. I requested the policies and procedures the TLC used to compute the winners prize amount, the factor on the day after the win and a copy of the wire transfer to TX.

AG opinions were sought on these very public information requests.

After 3 months and much ado, I determined the **Feb 10, 2015** procedures were vague and allusive thereby giving the lotteries a freehand to pay whatever they **wanted** to pay. Texas procedures uses the phrase "*dividing the funds "available" in the grand prize pool*" yet the Powerball rule is very clear - 0.3197555% is allocated from total sales to pay jackpot winners. (The rule actually says 63.9511% of the "prize pool" which is 50% of sales). Specifically, the rule says the jackpot is a "pari-mutuel" prize and "*the prize money allocated to the Grand Prize category shall be divided equally by the number of plays winning the Grand Prize.*" It appears the policies and procedures do not comply with the rule. Who determines how much is "available?" Why would this determination need to be made on a pari-mutuel prize?

Bottom line - the MUSL Group overpays winners when sales won't support the advertised jackpot but winners who win larger jackpot's are shortchanged - larger jackpot's are purposely underestimated. It appears "the advertised amount" is being honored rather than the "pari-mutuel" prize amount that "**shall**" be paid.

FYI - I also found an inexcusable error in OC-WP-001, Feb 2013, #75. It states "25" years rather than "30" years. This indicates that OC must not be following procedures or this error would've been caught.

These are just a few examples of extreme hardships I've encountered in requesting information from the TX Lottery. I'm certain you can understand why I would respectfully disagree with your implication to the Governors office that the TLC responds to my requests for both public and media information.

With reference to my pending Fun 5's litigation -

Yes, I bought and possess winning Fun 5's tickets that I cannot collect so I am taking my case to a court of law to settle my dispute. I've seen many, many players either not receive their winnings or face an unreasonable length of time to collect their winnings so I vowed many years ago, that IF it ever happened to me, I would not let the issue drop. I fully intend - or pray - to have a jury trial.

But my question to the Governor ...

was not necessarily relating to the Fun 5's case as you implied or interpreted. Rather, it was a general question prompted by Monopoly players who won a chance to win \$1 million in Las Vegas. Three weeks after announcing their names, the TLC forced these players to accept \$10K and sign an agreement with the Texas Lottery or get nothing at all. This was nothing short of bullying and blackmail.

In my letter to the Governor and my elected officials, I was attempting to find out what recourse lottery players have to resolve differences that can't be resolved amicably by all parties concerned. As you know, I've been trying to get consumer protection for lottery players for many years - we appear to be the only

group of people who can NOT call the Attorney General for consumer assistance.

Your two recommendations on how players can resolve issues with the Lottery ...

You were kind enough to suggest two ways players could resolve issues they may have with the lottery. With all due respect, my opinion of your suggestions are not favorable nor acceptable. Here's why ...

1) File a complaint via the TLC compliance hotline. To me, this is a joke in itself. The hotline "may" be good for reporting dishonest store clerks and the such, but it doesn't seem effective in the area of misprint tickets, deceptive tickets, winning tickets, disputed claims, trick tickets and player dissatisfaction and/or their comments and opinions regarding the games offered.

2) Contact the TX State Auditors Office to report fraud, waste or abuse. This is a useless outlet as well. I can say this based on personal experiences. I've filed complaints to no avail. Fun 5's complaints were rejected by the State Auditors Office (SAO) too.

A very good example of how the SAO handles lottery complaints ... In Dec 2010, an unnamed TLC employee - who intended to file an "anonymous" complaint - alleged missing money, embezzlement and fraud among other things. These allegations were extremely troubling.

The action taken by the SAO ... well, as you know, they turned that complaint over to the TLC and allowed the TLC's to investigate itself. Most allegations turned out to be true. The initial report completed by the TLC took one year to complete - it was later called a Draft - but was rejected by executive staff. It required another full year to complete and release a final report.

Among the many things revealed ... 1) Confirmation that TLC staff failed to balance the prize payment checking account for 5 years. 2) The failure resulted in a loss of state revenues from fraudulent transactions. 3) A balance amount could never be determined. 4) The Executive Director failed to report suspected fraud as required by Gov Code 321.022 (rather he blamed the Internal Auditor who ultimately lost her job while he and the other employees who failed to do their jobs remained employed). 5) The TLC kept prize monies (uncashed checks) that should have been turned over to the Comptrollers office - a violation of state law. This is just a sampling of what we eventually learned. Someday soon, I will complete my story.

SAO Complaints: <http://www.lottoreport.com/auditpart2.htm>

Draft Report: <http://www.lottoreport.com/AuditPart7.htm>;

In closing, I respectfully request that you address the current issue of my not receiving meeting notices and would you please release the documents the AG said the TLC had to release.

Thank you again for responding to my letter to the Governor and for your consideration in the new issues.

Sincerely,

Dawn Nettles
Publisher

cc: The Honorable Governor Gregg Abbott
Senator Bob Hall
State Auditors Office

Dede Keith, Office of the Governor
Representative Kenneth Sheets