

THE LOTTO REPORT

P. O. Box 495033
Garland, Texas 75049-5033
www.lottoreport.com

Contact Dawn Nettles
(972) 686-0660
(972) 686-1188 Fax
E-mail: lottoreport@home.com

July 23, 2001: For Immediate Release:

If All Obligations Were Met Under 6/54 ... The TLC Is Short by \$8,215,531!

If the TLC disburses Lotto Texas funds according to the written rule, then someone will not receive their fair share. By taking the percentage of sales due each category, then tallying the amount actually paid to just the 6 of 6 winners alone, one will discover a shortage of funds in the amount of \$8,215,531.

There have been 105 drawings since July 19, 2000 - the day they began using the 54 balls. From Lotto Texas sales, this is how the funds are allocated for division:

	6/50	6/54
6 of 6 Winners Share	32%	37.532%
5 of 6 Winners Share	2.5% of sales	2.7885% of sales
4 of 6 Winners Share	9% of sales	6.8805% of sales
% of Sales Withheld for 3 of 6 Winners (Guaranteed Prize - Increased from \$3 to \$5)	5.5%	6.699%
Schools	38%	33%
TLC	7%	7%
Retailers	5%	5%
Reserve	1%	1.1%
	100%	100%

The Division of Funds Since 6/54

Last 105 draws under 6/50 and first 105 Draws under 6/54

Total Sales: 6/54 - \$718,714,398 vs 6/50 - \$582,810,892

Category	6/54	% of Sales For	Actual Paid Out
*6 of 6 winners -Winners List Attached (Pari-mutuel)	37.532%	\$269,747,888	\$282,006,009
**Top Prize Carry Over From 6/50 - Credit			<\$8,017,485>
**Top prize Carry-over - End 105 Draws -Consider Paid Out			\$4,572,073
5 of 6 (6/50 - \$14,586,079)	2.7885%	\$20,041,351	\$20,041,357
4 of 6 (6/50 - \$52,516,449)	6.8805%	\$49,451,144	\$49,451,788
3 of 6 (6/50 - \$28,802,760)	6.699%	\$48,146,678	\$47,548,850
***Reserve Fund - (6/50 - \$5,828,109)	1.1%	\$7,905,858	\$7,905,858
Reserve was not needed for its intended purpose			
17,000 Retailers (6/50 - \$29,140,545)	5%	\$35,935,720	\$35,935,720
Schools (6/50 - \$221,468,139)	33%	\$237,175,751	\$237,175,751
TLC (6/50 - \$40,796,762)	7%	<u>\$50,310,008</u>	<u>\$50,310,008</u>
	100%	\$718,714,398	\$726,929,929
		Total	\$726,929,929
		Lotto Texas Income	-\$718,714,398
		Negative Balance	<\$8,215,531>

Question - Who won't receive their share of sales? The players? The TLC? The schools? It's evident, the TLC is committed to \$8,215,531 more than what they brought in from Lotto Texas sales. Incidentally, it is not in the rule that the reserve fund be used to fund overpayments to the 6 of 6 winners - it clearly states the reserve fund is intended for the 4th prize and to carry funds rounded down from the 4 of 6 and 5 of 6 prizes categories. The 6 of 6 share is pari-mutuel too - when there is a winner, all funds in the prize pool are suppose to be divided by the winners - also funds from each category are suppose to be kept separate.

Have you noticed that the percentage allocated for the players prize pool does not equal 55%. That's because the 55% includes monies placed in the "reserve fund." Notice too how equally the TLC divides the 4 of 6 and 5 of 6 winners share of sales. There are no overpayments to these players. Nor did the TLC need any monies from reserve to pay the 3 of 6 winners.

The Retailers - It doesn't appear the retailers came out ahead since the change to 6/54 either. Retailers received 5% of total sales under both 6/54 and 6/50. This equates to an increase of \$6,795,175 for Retailers in just the last 105 draws. Let's calculate. There's approximately 17,000 retailers - so we divide the increase by 17,000. Each retailer averaged a \$400 increase in their income from Lotto Texas sales. This is a dollar and a penny increase per day per retailer. Do you think Retailers consider this successful? We must also take into consideration how much they may have lost due to the fact that overall, all lottery rev-

enues are down. Does this \$400 increase offset those commissions lost? Is this why lottery signs are coming down?

Since 6/54, the TLC sold 135,903,506 **MORE** Lotto Texas tickets ...a 19% increase ... but there's fewer winners thanks to those 4 new balls.

Prize	6/50	6/54
6 of 6	39	23
5 of 6	9387	7769
4 of 6	510,124	462,611
3 of 6	<u>9,600,920</u>	<u>9,509,770</u>
	10,120,470	9,980,173

Successful? Is this successful? If yes, for whom?

The TLC brought in \$146,062,038 in sales during 7 drawings under 6/54.

9-2-00	\$36 Million Jackpot	\$11,097,011	2-24-01	\$36 Million Jackpot	\$10,433,683
9-6-00	\$46 Million Jackpot	\$15,271,203	2-28-01	\$45 Million Jackpot	\$13,939,229
9-9-00	\$60 Million Jackpot	<u>\$24,467,736</u>	3-3-01	\$56 Million Jackpot	\$20,327,827
			3-7-01	\$85 Million Jackpot	<u>\$50,525,349</u>
Total		\$50,835,950	Total		\$95,226,088

* The winners. A complete list of 6 of 6 winners since 6/54 and the amount paid to each is attached.

** Because of the carry over that belongs to the 6 of 6 winners - these figures must be included for us to arrive at the true bottom line. To begin with, 37.532% of total sales is the pari-mutuel amount allocated to the 6 of 6 winners. That amount for 6/54 was \$269,747,888. However, at the beginning, on July 19, 2000, there was a carryover from 6/50 that belonged to the first 6 of 6 winner under 6/54. The carry-over amount for the 6 of 6 winner was \$8,017,485. We must issue a credit in the "paid out" column above. By the same token, at the end of the 105 draws on July 19, 2001, there was \$4,572,073 in the 6 of 6 prize pool that belongs to the first 6 of 6 winner after the 105 draws. So, again, to be fair, we must count this amount as paid in order to see how the TLC actually came out in exactly 105 draws.

For the record, there is a carryover for the 4 of 6 and 5 of 6 prizes too but it is miniscule. Lotto Texas is a "pari-mutuel" game - this means the prize amounts are based upon a percentage of sales and is then divided among the winners. This is suppose to apply to the 6 of 6 winners as well.

*** The Reserve Fund, the written rule states: "Rule §401.305 "Lotto Texas" On-Line Game Rule. (4) Prize reserve fund. (A) The Lotto Texas prize reserve is 2.0% of the prize pool. (B) The Lotto Texas prize reserve fund may be increased or decreased by any amounts allocated to the prize pool and **not paid to the winners**. The Lotto Texas prize reserve fund may be increased or decreased, for example, by rounding down, paying Lotto Texas prizes, and roll-over amounts from the **fourth prize**. The Lotto Texas prize reserve fund may be used only for the Lotto Texas game." As you can see, the TLC didn't need any of the reserve fund to pay the 3 of 6 winners in the last 105 draws.

Total sales in these 7 draws were \$146,062,038 ... yet the entire 6/54 sales increase was only \$135,903,506. The truth is, the entire sales increase came during a total of 6 different "rolls." (To see the rolls, review the attached "Total Sales Report" for the 105 drawings.)

Last year, when proposing to add the 4 balls to Lotto Texas, the TLC projected they would contribute an additional \$26 million to the school fund. They failed to reach that goal. Under 6/54, Lotto Texas sales generated an additional \$15,707,612 for the school fund - short of projections by \$10,292,388 - **BUT** - after all the overpayments to the 6 of 6 winners, one can't help but wonder if the school fund will ever see their FULL share of sales.

The TLC itself receives 7% of Lotto Texas sales - this came out to be an additional \$9,513,246 for them under 6/54. I wonder how much their expenses increased - they had to replace all playslips before the game could be played, they had to re-do all their promotional pieces to explain the 6/54 game not to mention all the advertising that was necessary too. Did this \$9 million increase cover these costs - if, of course, the TLC received their full share of sales!

The TLC must make adjustments to cover the over payments to the 6 of 6 winners. The funds have to come from either the reserve fund (which is the players money), the school fund or the TLC's share.

Attached are total sales for the first 105 drawings under 6/54 and the last 105 drawings under 6/50. Take just a minute to compare sales for "like jackpots." For instance, see where sales on 12-6-00 with a \$38 million jackpot were \$10,681,750 but sales on 10-23-99 with a \$38 million jackpot were \$14,754,335. Does this imply players are happy as a lark? Also, keep in mind that sales began declining in August 1999 because this was when the TLC first proposed to add 4 balls and this angered players. The numbers speak for themselves.

In conclusion, YES, the TLC increased their sales but it would seem, they have absolutely nothing to show for it except frustrated and angry Texans. As the *Corpus Christi Caller Times* summed, the Texas Lottery is truly an embarrassment to Texas.

The Jackpot Winners Since 6/54

<u>Date of Win</u>	<u>Jackpot Amount And Winners Name</u>	<u>Amount Paid OR Invested For 6 of 6 Winner</u>	<u>Amount in Prize Pool 37.532%</u>	<u>Cost for Exact Return of the Adv. Jackpot Figure</u>	<u>Total Sales In Roll</u>	<u>Amount Overpaid</u>
7-18-01	Carryover for next winner This draw ends the first 105 draws	\$4,572,073	\$4,572,073	\$4,572,073	\$12,181,800	-0-
7-7-01	\$13M - CSF Partnership	\$7,541,024	\$6,513,661	*\$7,541,024	\$17,354,953	\$1,027,365
6-23-01	\$13M - Winner Not Collected	\$7,302,952	\$6,636,059	*\$7,302,952	\$17,681,070	\$666,893
6-9-01	\$21M - Omar Elizondo, Trustee	\$11,648,801	\$11,070,604	*\$11,648,801	\$29,496,440	\$578,197
5-19-01	\$28M - Mayflower Enterprises Glen Karisch, Agent	\$15,299,536	\$14,955,112	*\$15,299,536	\$39,846,297	\$344,424
4-25-01	\$4M - Christie Barnes	\$2,206,643	\$1,457,946	*\$2,206,643	\$3,884,541	\$748,697
4-21-01	\$25M - 4 Winners Jack Yother (\$3,430,672) Robby Setser (\$3,430,672) & Gordon Wheaton Bonnie Barbato (\$3,430,672) & Phylis Horan William R. Glover (\$3,430,672)	\$13,722,690	\$12,865,035	*\$13,722,690	\$34,277,519	\$857,655
3-31-01	\$4M - Tristan Tamez	\$2,240,449	\$1,753,457	*\$2,240,449	\$4,671,899	\$486,992
3-28-01	\$26M - Gary Ennis	\$14,493,887	\$14,465,655	*\$14,402,689	\$38,542,190	-0-
3-7-01	\$85M - Robert & Beverly Chody	\$51,214,323	\$51,214,323	*\$48,786,362	\$136,455,086	-0-
1-27-01	\$23M - Paul C. Looney, Trustee	\$12,671,990	\$12,421,990	*\$12,671,749	\$33,097,064	\$249,759
1-6-01	\$40M - Dorothy Ramirez/Mary Martinez	\$22,637,040	\$22,637,040	*\$22,222,400	\$60,313,971	-0-
12-6-00	\$38M - Two Winners Elvester Benson \$10,564,403 Cynthia Higgins \$10,564,403	\$21,128,806	\$19,878,718	*\$21,128,806	\$52,964,720	\$1,250,088
11-8-00	\$48M - 2 Winners Jodi & Jeffery Eads \$12,521,184 James Vincent & Terrence Como \$12,521,184	\$25,042,368	\$24,482,080	**\$25,042,368	\$65,229,890	\$560,288
10-7-00	\$10M - J.R. Lloyd	\$5,301,654	\$5,301,652	*\$5,242,040	\$14,125,689	-0-
9-27-00	\$19M - John Robert Peveto	\$9,923,244	\$9,817,843	*\$9,947,336	\$26,158,597	\$129,493
9-8-00	\$60M - Lois Loden & John Osorio	\$34,121,101	\$34,121,101	*\$31,998,672	\$90,912,042	-0-
8-5-00	\$9M - Linden Interests	\$5,035,303	\$5,035,303	*\$4,734,988	\$13,416,027	-0-
7-26-00	40M - Sweet 16 Partnership Carryover from 6/50 - 32%	\$20,545,440	\$10,548,153 \$8,017,483	*\$20,545,440	\$28,104,426 \$25,054,633	\$1,979,804

Notice how some winners received the exact amount that was in the prize pool while other winners received the exact amount that it cost to receive a return of the advertised jackpot amount. Did you know that last year, some winners didn't even receive the full amount that was in the prize pool? Some winners were actually shortchanged! (This is only the first page of the list of winners. I'm only posting this one page for now because it shows the amount paid to support my claim regarding how much the 6 of 6 winners were actually paid. I will be issuing another press release involving the winners in the coming weeks.)

Total Sales - Lotto Texas

The first 105 Draws Under 6/54			The Last 105 Draws Under 6/50		
07/18/01	\$4,227,390	\$9	7/15/00	\$6,503,436	\$16
07/14/01	\$4,376,620	\$6	7/12/00	\$5,454,008	\$12
07/11/01	\$3,577,790	\$4	7/8/00	\$5,041,336	\$9
07/07/01	\$5,211,833	\$13	7/5/00	\$3,923,839	\$6
07/04/01	\$4,071,613	\$9	7/1/00	\$4,132,024	\$4
06/30/01	\$4,463,161	\$6	6/28/00	\$8,033,706	\$21
06/27/01	\$3,608,346	\$4	6/24/00	\$6,345,367	\$16
06/23/01	\$5,345,910	\$13	6/21/00	\$5,275,092	\$12
06/20/01	\$4,354,042	\$9	6/17/00	\$5,004,585	\$9
06/16/01	\$4,403,490	\$6	6/14/00	\$4,177,326	\$6
06/13/01	\$3,577,628	\$4	6/10/00	\$4,137,605	\$4
06/09/01	\$6,275,505	\$21	6/7/00	\$4,691,184	\$9
06/06/01	\$5,320,858	\$16	6/3/00	\$4,672,388	\$6
06/02/01	\$5,405,539	\$13	5/31/00	\$3,697,672	\$4
05/30/01	\$4,407,534	\$10	5/27/00	\$5,067,312	\$9
05/26/01	\$4,412,294	\$6	5/24/00	\$4,259,413	\$6
05/23/01	\$3,674,710	\$4	5/20/00	\$4,241,370	\$4
05/19/01	\$7,889,700	\$28	5/17/00	\$4,436,518	\$6
05/16/01	\$6,754,373	\$22	5/13/00	\$4,331,865	\$4
05/12/01	\$6,169,170	\$18	5/10/00	\$5,953,933	\$13
05/09/01	\$5,308,558	\$14	5/6/00	\$5,406,451	\$9
05/05/01	\$5,237,578	\$10	5/3/00	\$4,446,270	\$6
05/02/01	\$4,304,019	\$6	4/29/00	\$4,270,944	\$4
04/28/01	\$4,182,899	\$4	4/26/00	\$3,919,156	\$4
04/25/01	\$3,884,541	\$4	4/22/00	\$5,629,796	\$10
04/21/01	\$7,761,398	\$25	4/19/00	\$4,561,341	\$6
04/18/01	\$6,302,124	\$19	4/15/00	\$4,474,369	\$4
04/14/01	\$6,063,706	\$15	4/12/00	\$9,406,257	\$23
04/11/01	\$5,060,233	\$10	4/8/00	\$7,350,381	\$17
04/07/01	\$4,906,585	\$7	4/5/00	\$6,106,704	\$13
04/04/01	\$4,183,473	\$4	4/1/00	\$5,682,128	\$9
03/31/01	\$4,671,899	\$4	3/29/00	\$4,484,542	\$6
03/28/01	\$8,528,600	\$26	3/25/00	\$4,202,520	\$4
03/24/01	\$7,826,169	\$20	3/22/00	\$10,460,057	\$28
03/21/01	\$6,475,282	\$15	3/18/00	\$8,519,451	\$22
03/17/01	\$6,150,053	\$11	3/15/00	\$6,574,917	\$17
03/14/01	\$4,893,936	\$8	3/11/00	\$5,954,418	\$13
03/10/01	\$4,668,150	\$4	3/8/00	\$4,858,839	\$9
03/07/01	\$50,525,349	\$85	3/4/00	\$4,893,348	\$7
03/03/01	\$20,327,827	\$56	3/1/00	\$4,024,080	\$4
02/28/01	\$13,939,229	\$45	2/26/00	\$4,421,200	\$4
02/24/01	\$10,433,683	\$36	2/23/00	\$4,028,369	\$4
02/21/01	\$8,264,974	\$29	2/19/00	\$4,523,834	\$4
02/17/01	\$7,488,039	\$23	2/16/00	\$4,099,501	\$4
02/14/01	\$6,029,392	\$18	2/12/00	\$4,515,653	\$4
02/10/01	\$5,864,280	\$14	2/9/00	\$7,239,394	\$18
02/07/01	\$4,833,521	\$9	2/5/00	\$6,642,655	\$14
02/03/01	\$4,856,889	\$6	2/2/00	\$5,307,559	\$10
01/31/01	\$3,891,903	\$4	1/29/00	\$4,975,603	\$7
01/27/01	\$7,693,993	\$23	1/26/00	\$3,957,492	\$4
01/24/01	\$6,234,740	\$18	1/22/00	\$5,717,552	\$10
01/20/01	\$5,859,661	\$14	1/19/00	\$4,493,078	\$7
01/17/01	\$4,770,903	\$9	1/15/00	\$4,420,680	\$4
01/13/01	\$4,776,828	\$6	1/12/00	\$3,947,997	\$4
01/10/01	\$3,706,939	\$4	1/8/00	\$4,974,567	\$7

In August of 1999, the TLC proposed to add 4 balls to Lotto Texas. But in October 1999, they cancelled the plan stating they were listening to their players! But in less than one year - on March 14, 2000 - the TLC proposed to add 4 balls to Lotto Texas again.

Then, on May 14, 2000, the Commissioners approved adding the 4 balls even though players still opposed the plan.

This chart shows how sales were affected.

Total Sales Continued

	6/54	
01/06/01	\$12,073,564	\$40
01/03/01	\$8,611,363	\$33
12/30/00	\$8,061,343	\$27
12/27/00	\$6,088,519	\$22
12/23/00	\$6,597,874	\$17
12/20/00	\$5,422,619	\$13
12/16/00	\$5,078,256	\$9
12/13/00	\$4,067,646	\$6
12/09/00	\$4,312,787	\$4
12/06/00	\$10,681,750	\$38
12/02/00	\$9,305,844	\$30
11/29/00	\$7,335,005	\$23
11/25/00	\$6,160,311	\$19
11/22/00	\$5,604,627	\$14
11/18/00	\$5,239,768	\$10
11/15/00	\$4,360,216	\$6
11/11/00	\$4,277,199	\$4
11/08/00	\$13,904,265	\$48
11/4/00	\$11,044,369	\$37
11/1/00	\$8,430,921	\$29
10/28/00	\$7,398,192	\$22
10/25/00	\$5,900,971	\$18
10/21/00	\$5,520,497	\$13
10/18/00	\$4,545,743	\$9
10/14/00	\$4,649,526	\$6
10/11/00	\$3,835,406	\$4
10/7/00	\$5,282,323	\$10
10/4/00	\$4,414,022	\$6
9/30/00	\$4,429,344	\$4
9/27/00	\$6,453,517	\$19
9/23/00	\$6,042,188	\$14
9/20/00	\$4,956,715	\$9
9/16/00	\$4,868,317	\$6
9/13/00	\$3,837,860	\$4
9/9/00	\$24,467,736	\$60
9/6/00	\$15,271,203	\$46
9/2/00	\$11,097,011	\$36
8/30/00	\$8,633,758	\$29
8/26/00	\$7,391,580	\$23
8/23/00	\$5,822,593	\$17
8/19/00	\$5,447,972	\$13
8/16/00	\$4,521,523	\$9
8/12/00	\$4,456,804	\$6
8/9/00	\$3,801,862	\$4
8/5/00	\$5,075,592	\$9
8/2/00	\$4,266,603	\$6
7/29/00	\$4,073,832	\$4
7/26/00	\$12,102,843	\$40
7/22/00	\$8,886,969	\$30
7/19/00	\$7,114,614	\$21
105 Draws	\$718,487,008	

Total Winners
9,980,173

	6/50	
1/5/00	\$3,892,975	\$4
1/1/00	\$5,711,475	\$10
12/29/99	\$4,697,823	\$7
12/25/99	\$4,117,450	\$4
12/22/99	\$4,089,185	\$4
12/18/99	\$5,121,041	\$7
12/15/99	\$4,014,211	\$4
12/11/99	\$10,083,191	\$29
12/8/99	\$8,335,522	\$23
12/4/99	\$6,949,642	\$17
12/1/99	\$5,858,113	\$13
11/27/99	\$5,419,095	\$10
11/24/99	\$4,734,552	\$7
11/20/99	\$4,447,701	\$4
11/17/99	\$4,055,863	\$4
11/13/99	\$4,565,059	\$4
11/10/99	\$7,165,836	\$18
11/6/99	\$6,691,578	\$14
11/3/99	\$5,442,768	\$10
10/30/99	\$5,063,668	\$7
10/27/99	\$3,900,308	\$4
10/23/99	\$14,754,335	\$38
10/20/99	\$10,498,276	\$29
10/16/99	\$8,521,898	\$22
10/13/99	\$6,484,407	\$18
10/9/99	\$6,009,462	\$14
10/6/99	\$4,973,386	\$10
10/2/99	\$4,909,878	\$7
9/29/99	\$3,812,600	\$4
9/25/99	\$4,341,583	\$4
9/22/99	\$5,102,742	\$10
9/18/99	\$5,015,375	\$7
9/15/99	\$4,007,266	\$4
9/11/99	\$6,226,194	\$14
9/8/99	\$4,830,423	\$10
9/4/99	\$5,224,800	\$7
9/1/99	\$4,073,409	\$4
8/28/99	\$8,910,268	\$23
8/25/99	\$6,875,186	\$18
8/21/99	\$6,388,456	\$14
8/18/99	\$5,257,373	\$10
8/14/99	\$5,143,976	\$7
8/11/99	\$4,060,704	\$4
8/7/99	\$5,953,942	\$10
8/4/99	\$4,919,244	\$7
7/31/99	\$4,687,003	\$4
7/28/99	\$5,593,598	\$10
7/24/99	\$5,367,609	\$7
7/21/99	\$4,185,971	\$4
7/17/99	\$14,453,390	\$37
105 Draws	\$582,810,892	

Total Winners
10,120,470