

# TEXAS LOTTERY® RETAILER VIOLATIONS PENALTY CHART

The following violations apply to retailers and their employees. Examples provide brief descriptions and are not comprehensive.

Visit [txlottery.org/retailers](http://txlottery.org/retailers) for the current list of violations. For clarification, contact Texas Lottery Retailer Services at **800-375-6886**.

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	DESCRIPTION OF VIOLATION	Example	1 <sup>ST</sup> OCCURRENCE	2 <sup>ND</sup> OCCURRENCE	3 <sup>RD</sup> OCCURRENCE
<b>1<sup>ST</sup> TIER VIOLATIONS</b>					
1	Licensee engages in telecommunication or printed advertising that the director determines to have been false, deceptive or misleading.	<i>Retailer produces lottery-related advertising without approval and/or input from the Texas Lottery.</i>	Warning Letter (Notification in writing to the licensee of the detected violation, including a warning that future violations will result in more severe administrative penalties including Suspension and/or revocation of the license.)	10-90 day Suspension	30-90 day Suspension to Revocation
2	Licensee conditions redemption of a lottery prize upon the purchase of any other item or service.	<i>Retailer requires customer to purchase a product, service or additional lottery tickets in order to receive prize payment.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
3	Licensee imposes a restriction upon the redemption of a lottery prize not specifically authorized by the director.	<i>Retailer requires customer to pay a fee for a money order used to pay a prize.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
4	Licensee fails to follow instructions and procedures for the conduct of any lottery game, lottery special event or promotion.	<i>Retailer fails to provide player a free ticket when a qualifying promotional purchase is made or fails to follow instructions for a lottery promotion.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
5	Licensee and/or its employee(s) exhibit discourteous treatment including, but not limited to, abusive language toward customers, commission employees or commission vendors.	<i>Retailer shouts at, threatens or uses abusive language when speaking with players, lottery staff or IGT employees.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
6	Licensee fails to establish or maintain reasonable security precautions regarding the handling of lottery tickets and other materials.	<i>A pack of scratch tickets is left on the counter or stored in an unlocked space. Lottery tickets should be treated like cash.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
7	Licensee fails to deface a validated ticket.	<i>The validation barcode is not torn or marked through top to bottom after a prize is paid.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
8	Licensee sells a draw game ticket for a draw that has already taken place.	<i>A ticket is printed for a drawing before draw break and then sold after the drawing occurs.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
9	Licensee fails to follow validation procedures, including, but not limited to, paying a claim without validating the ticket, failing to pay a valid prize after validating a customer's winning ticket, or retaining a customer's winning ticket that has not been validated.	<i>Retailer pays a prize after just looking at the ticket.</i>  <i>A prize is paid to player without scanning the validation barcode and retailer keeps the winning ticket.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
10	Licensee violates any directive or instruction issued by the director of Lottery Operations.	<i>Retailer fails to follow any rules, game closing procedures or instructions from the Texas Lottery.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
11	Licensee violates any express term or condition of its license not specifically set forth in this subchapter.	<i>Retailer fails to inform the Texas Lottery within 10 days when information provided in their current application has changed.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
12	Licensee sells a scratch ticket from a game that has closed after the date designated for the end of the game.	<i>Retailer sells a game after being notified to stop sales and/or the game is past the 180-day end of validations period.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
13	Licensee refuses to refund or properly cancel a Pick 3 or Daily 4 ticket.	<i>Pick 3 and Daily 4 tickets can be canceled within one hour after the ticket is generated and before draw break. Retailers must comply if a player asks for cancellation during this time period.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
14	Licensee fails to return an exchange ticket to a prize claimant claiming a prize on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal.	<i>Validation of a prize winning Multi-Draw ticket may produce an exchange ticket that must be given to the player along with the correct prize amount.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
15	Licensee fails to keep accurate and complete records of all tickets that have not been sold from confirmed, active, and settled packs.	<i>Retailer fails to keep inventory records to allow for accurate reporting of stolen scratch tickets and to assist in identifying internal theft.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
16	Licensee fails to meet any requirement under §401.368, Lottery Ticket Vending Machines rule, if the licensee has been supplied with a self-service lottery ticket vending machine by the commission.	<i>Retailer fails to assist a player when a vending machine malfunctions or a refund is required.</i>  <i>Retailer fails to monitor the machine as required to prevent sales to minors.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation

17	Licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding ADA.	<i>For lottery purposes, individuals with a disability must be able to enter the business and conduct lottery transactions.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
18	Licensee fails to prominently post license.	<i>License is not displayed in a publicly visible location.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
19	Licensee sells tickets that were assigned to another licensed location.	<i>Tickets are sold at a location different than the location the tickets were issued to and confirmed, even within the same company or chain.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
20	Licensee knowingly sells a ticket or pays a lottery prize to another person who is (A) an officer or an employee of the commission; (B) an officer, member, or employee of a lottery operator; (C) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games; (D) the spouse, child, brother, sister, or parent of a person described by (A), (B), or (C) who resides within the same household as that person.	<i>Retailer sells a ticket to an IGT or Texas Lottery employee.</i>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation

## 2<sup>nd</sup> TIER VIOLATIONS

21	Licensee endangers the security and/or integrity of the lottery games operated by the commission.	<i>Retailer sells a draw game ticket after the drawing for that ticket has taken place.</i>  <i>Retailer pays a prize without following the required validation procedures.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
22	Licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set by the executive director.	<i>Retailer charges a fee for lottery - purchases or charges more than the price listed on a ticket.</i>  <i>Retailer requires a minimum purchase of product or service for a lottery purchase and does not require a minimum purchase for non-lottery items.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
23	Licensee charges a fee for lottery ticket purchases using a debit card and/or requires a minimum dollar amount for debit card purchases of only lottery tickets.	<i>Retailer requires customer to make a minimum purchase to pay for lottery tickets with a debit card, but does not require the same minimum for non-lottery purchases with a debit card.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
24	Licensee sells tickets at a location that is not licensed.	<i>Lottery tickets are sold at any location not licensed to sell Texas Lottery tickets.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
25	Licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket.	<i>A ticket is given to a player who says they will pay later.</i>  <i>Retailer allows a player to run a tab, play games and pay later.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
26	Licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years.	<i>Retailer knowingly sells lottery tickets to a person who is under 18 years of age.</i>	10-90 day Suspension to Revocation	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation
27	Licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act.	<i>Retailer allows customer to pay for a ticket with rewards points, food stamp benefits, 8-liner coupons or a credit card.</i>  <i>The only approved forms of payment are cash, debit card, check or Texas Lottery issued coupon.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
28	Licensee sells tickets over the telephone or, via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the licensee intentionally or knowingly: (A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or (B) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement.	<i>Retailer allows customer to call in their numbers and pay over the phone.</i>  <i>Retailer charges a handling fee for tickets purchased.</i>  <i>Retailer charges a fee on a winning ticket purchased for a pool.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
29	Licensee intentionally or knowingly alters or forges a ticket.	<i>Retailer marks on a non-winning ticket to make it appear to be a winning ticket or erases or covers up a player's name written on the front or back of a ticket.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation

30	Licensee intentionally or knowingly influences or attempts to influence the selection of a winner of a lottery game.	<i>Retailer or their employee scratches a portion of a ticket in an attempt to identify winning and non-winning tickets.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
31	Licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation.	<i>Retailer tells a player that their prize winning ticket is not a winner and keeps the ticket.</i>  <i>Retailer validates the ticket and keeps the prize money or attempts to claim the prize and represents they were the original purchaser of the ticket.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
32	Licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission property.	<i>Retailer purposely damages or breaks lottery equipment or does not take reasonable care of the lottery equipment assigned to their store.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
33	Licensee (A) induces another person to assign or transfer a right to claim a prize, (B) initiates or accepts an offer to sell the right to claim a prize, (C) initiates or accepts an offer of compensation from another person to claim a lottery prize, or (D) purchases, for anything of value, a lottery ticket from a person who is not a licensed lottery retailer.	<i>Retailer pays a player for a prize winning ticket then takes the ticket to a claim center to redeem the prize.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
34	Licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report.	<i>Retailer provides false or misleading information in their business records related to lottery ticket sales or prize payments.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
35	Licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report.	<i>Retailer fails to record information in their business records related to lottery ticket sales or prize payments.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
36	Licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, the lottery operator, the employees or agents of the lottery operator, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act.	<i>Retailer does not allow Texas Lottery or Texas State Auditor employees to review their business records. Retailer refuses to answer questions related to lottery ticket sales or prize payments during an audit.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
37	Licensee intentionally or knowingly makes a material and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a commission rule.	<i>Retailer does not tell the truth to a Texas Lottery investigator or provides false information in a written statement required as part of an investigation.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
38	Licensee commits an offense of conspiracy as defined in the State Lottery Act.	<i>Retailer agrees with other people to engage in activities that result in a violation of Texas Lottery laws or administrative rules.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
39	Licensee sells or offers for sale any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest.	<i>Retailer buys lottery tickets in another state and sells them at a store located in Texas.</i>  <i>Retailer offers to buy another state's lottery tickets for customers in Texas.</i>	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation

### 3<sup>rd</sup> TIER VIOLATIONS

40	Licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period.	<i>Retailer does not pay their weekly bank sweep 4 times in a 12-month period.</i>	Revocation	n/a	n/a
41	Licensee fails to pay the full amount of money owed to the commission after a nonsufficient funds transfer or non-transfer of funds to the commission's account.	<i>After a nonsufficient funds transfer (NSF), retailer does not pay all funds, including fees, due the lottery.</i>	Revocation	n/a	n/a