

Figure: 16 TAC §140.160(h) [~~16 TAC §401.160(h)~~]

TEXAS LOTTERY [COMMISSION] RETAILER REGULATORY VIOLATIONS AND RELATED PENALTIES				
No.	DESCRIPTION OF VIOLATION	1st OCCURRENCE	2nd OCCURRENCE	3rd OCCURRENCE
1st Tier Violations				
1.	Licensee engages in telecommunication or printed advertising that the director determines to have been false, deceptive or misleading.	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.	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.	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.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
5.	Licensee and/or its employee(s) exhibit abusive [discourteous] treatment including, but not limited to, abusive language toward customers, <u>department</u>	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation

	[commission] employees or <u>department</u> [commission] vendors.			
6.	Licensee fails to establish or maintain reasonable security precautions regarding the handling of lottery tickets and other materials.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
7.	Licensee fails to deface a validated ticket.	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.	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.	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].	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.	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.	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.	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.	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.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
16.	Licensee fails to meet any requirement under <u>§140.368</u> [§401.368], Lottery Ticket Vending Machines rule, if the licensee has been supplied with a self-service lottery ticket vending machine by the <u>department</u> [commission].	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 the ADA.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
18.	Licensee fails to prominently post license.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
19.	Licensee sells tickets that were assigned to another licensed location.	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 <u>department</u> [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	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation

	playing lottery games; (D) the spouse, child, brother, sister, or parent of a person described by (A), (B), or (C) above who resides within the same household as that person.			
2nd Tier Violations				
21.	Licensee endangers the security and/or integrity of the lottery games operated by the <u>department</u> [commission].	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.	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, requires an additional purchase with a debit card, and/or requires a minimum dollar amount for debit card purchases of only lottery tickets.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
24.	Licensee sells tickets at a location that is not licensed.	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.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
26.	Licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
27.	Licensee sells tickets over the telephone or Internet, or via mail order sales; or establishes or promotes a group purchase or pooling arrangement under	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation

	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.			
28.	Licensee intentionally or knowingly alters or forges a ticket.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
29.	Licensee intentionally or knowingly influences or attempts to influence the selection of a winner of a lottery game.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
30.	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.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
31.	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 <u>department</u> [commission] property.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation

32.	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.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
33.	Licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
34.	Licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
35.	Licensee knowingly refuses to permit the director [of the Lottery Operations Division, the executive director] , <u>the employees of the department [commission, the lottery operator]</u> , 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.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
36.	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	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation

	Lottery Act or a <u>department</u> [commission] rule.			
37.	Licensee commits an offense of conspiracy as defined in the State Lottery Act.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
38.	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.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
39.	<u>Licensee sells to one individual more than 100 lottery tickets in a single transaction, whether draw game tickets, scratch tickets, or any combination.</u>	<u>10-90 day Suspension to Revocation</u>	<u>30-90 day Suspension to Revocation</u>	<u>Revocation</u>
3rd Tier Violations				
40. [39.]	<u>Licensee, with criminal negligence, [Licensee intentionally or knowingly]</u> sells or offers to sell a ticket to a person that the licensee knows is younger than 18 years.	Revocation	n/a	n/a
41. [40.]	Licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period.	Revocation	n/a	n/a
42. [41.]	Licensee fails to pay the full amount of money owed to the <u>department</u> [commission] after a nonsufficient funds transfer or non-transfer of funds to the <u>department's</u> [commission's] account.	Revocation	n/a	n/a
43. [42.]	Licensee knowingly sells tickets to, works with, or otherwise assists a lottery ticket courier service.	Revocation	n/a	n/a

44.	<u>Licensee knowingly sells or allows the sale of tickets for a lottery game involving a drawing to one or more persons attempting to purchase all or substantially all possible winning tickets for the drawing.</u>	<u>Revocation of all licensed locations.</u>	<u>n/a</u>	<u>n/a</u>
45.	<u>Licensee fails to verify the age of each ticket purchaser at the point of sale.</u>	<u>Revocation</u>	<u>n/a</u>	<u>n/a</u>
46.	<u>Licensee by telephone, Internet application, or mobile Internet application facilitates the purchase or orders the purchase of a ticket for a lottery game.</u>	<u>Revocation</u>	<u>n/a</u>	<u>n/a</u>
47.	<u>Licensee by telephone, Internet application, or mobile Internet application, for compensation, accepts an order for a ticket for a lottery game from a player, sells a ticket for a lottery game to a player, or arranges to purchase a ticket on behalf of a person playing a lottery game; or arranges for another person to purchase a ticket on behalf of a person playing a lottery game.</u>	<u>Revocation</u>	<u>n/a</u>	<u>n/a</u>
48.	<u>Licensee sells tickets to a person who is not physically present at the retailer's location, a person outside the retailer's licensed location, or to a person outside the normal business hours of the retailer's licensed location.</u>	<u>Revocation</u>	<u>n/a</u>	<u>n/a</u>