

700 North Tenth Street
Sacramento, CA 95811
calottery.com



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DIRECTIVE TO ALL LOTTERY RETAILERS

ONLINE TICKET ORDERING APPS ARE ILLEGAL

As a follow-up to previous communications to all retailers, the California Lottery cautions all its retailers against partnering with online lottery couriers, which is the term used to describe businesses that offer California Lottery ticket ordering and/or purchase services through internet websites or mobile applications (apps).

The Lottery is not affiliated with any online lottery couriers. While we appreciate our retailers' interest in increasing ticket sales, retailers should be aware that, according to the published opinion of the California Attorney General, these services are illegal under California Penal Code § 337a¹.

Based on the determination of the Director of California State Lottery, retailer participation in online lottery courier services violates California Lottery Regulations and the California Lottery Retailer Contract. **Lottery retailers are directed not to partner with or participate in sales to online lottery courier services. Any retailer that knowingly participates in or facilitates California Lottery ticket sales to online lottery couriers, their employees, agents, and/or contractors may be subject to the termination of their retailer contract.**

The Lottery is also legally prohibited from knowingly paying prizes on tickets acquired through an online lottery courier. **Anyone who buys their tickets through an online lottery courier is not eligible to win, and no retailer bonuses will be paid if the winning ticket was sold through an online courier.**

¹ See 105 Ops. Cal. Atty. Gen. 76.

AUTHORITY

The Lottery has authority to terminate Lottery Retailers that knowingly participate in sales to online lottery couriers under Lottery Regulations and the Lottery Retailer Contract Terms and Conditions.

Lottery Regulations section 7.5.9.B states that retailers are prohibited from participating in the sale or offering of schemes that state or federal law enforcement agencies determine to be illegal gambling or that the Director determines to be adverse to the best interests of the Lottery, regardless of whether the conduct occurs at a retailer location or at another location. The Lottery Retailer Contract Terms and Conditions includes a similar prohibition at section 5.a.(2)(d)(2).

Lottery Regulations section 7.5.10 states that retailers must ensure that they are aware of and in compliance with all applicable laws and regulations; retailer contract terms and conditions; and directives, policies, and instructions issued by the Director. Again, the Lottery Retailer Contract Terms and Conditions contains a similar provision at section 5.a.(2)(i)(3).

Lottery Regulations are available at www.calottery.com/about-us and the Lottery Retailer Contract Terms and Conditions are available at www.calottery.com/become-a-retailer.

The Director has determined that online lottery courier services are currently adverse to the best interests of the Lottery. This determination is based on the illegality of these services and the risks posed to our players and the Lottery, due to the lack of any standardized California regulations, governmental oversight, or external controls for these services.

Any retailer who knowingly participates in sales to online ticket ordering or purchasing service providers will be subject to contract sanctions, up to and including termination as a Lottery retailer, pursuant to the Lottery Regulations sections and Lottery Retailer Contract Terms and Conditions sections listed above. The Director of the Lottery is directing all retailers to cease any such activities immediately and to refrain from entering into any future business relationships with online lottery couriers, unless and until California law is amended to legalize and provide oversight for those services.

Additionally, if you are aware of any retailer who is enabling such services or have any questions about this issue, please contact your Lottery Sales Representative or call 1-855-EZ LOTTO (1-855-395-6886).