

## Gambling Alert - October 28, 2022



# State lottery advertising tells players half of the story

HOUSTON — The sign at the SHOP N Go front counter says "WE SOLD \$10,000 WINNER!!"

Located in a Hispanic and immigrant neighborhood, the store sells Texas Loteria, a popular game marketed by the state lottery that resembles the iconic bingo lotería game in Mexico.

The sign and the game attract players like Manuel Constancia, who said he buys the lottery scratch tickets at SHOP N Go almost every day.

The 50-year-old landscape worker had just bought five \$5 Texas Loteria tickets but said he did not win anything. Speaking in Spanish, he said he often buys the \$50 tickets and has lost enough to come up short on rent and food "many times." Yet he keeps coming back.

"I feel that in the next ticket I can become a millionaire," he said. State lotteries spend more than a half-billion dollars a year on pervasive marketing campaigns that deliver a similarly hopeful message, designed to persuade people to play often, spend more and overlook the long odds of winning.

A Texas Lottery internet ad tells players they can "unleash the power of luck" by purchasing \$20 scratch tickets. A sign outside a supermarket in New Jersey beckons passersby to "Give Your Dreams A Chance."

A YouTube video reminds Virginia players they can win more if they wager more. A phone app in Michigan sends alerts "reminding you to purchase tickets before the draw." The investment has paid off for the lotteries. For every \$1 spent on advertising nationwide, they have made about \$128 in ticket sales, according to an analysis of lottery data by the Howard Center for Investigative Journalism at the University of Maryland.

But behind that success are millions of people like Constancia. For every dollar players spend on the lottery, they will lose about 35 cents on average, the data shows. For many, the losses add up to thousands, even tens of thousands, of dollars over time. That's not a statistic the lotteries advertise, and they don't have to. As state agencies, they are exempt from Federal Trade Commission regulations that prohibit misleading and deceptive advertising.

"The FTC does not regulate state lotteries because they are regulated at the state level, but the most important part is that we do not regulate them because they are not interstate commerce," a commission spokesperson said.

That leaves oversight of advertising up to the state legislatures that depend on lottery revenue to help balance their budgets.

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