

Commissioners:

Robert G. Rivera,
Chairman
 Cindy Fields
 Mark A. Franz
 Clark E. Smith
 Jamey Steen



SOAH Docket No. 362-25-17540

TEXAS LOTTERY COMMISSIONRyan Mindell, *Executive Director*LaDonna Castañuela, *Charitable Bingo Operations Director*

February 20, 2025

FILED
 362-25-17540
 4/23/2025 1:20 PM
 STATE OFFICE OF
 ADMINISTRATIVE HEARINGS
 Carol Hale, CLERK

Lottery Now Inc. (LNI Texas Inc.)
 d/b/a Hooked on MT
 2 Hot Springs Loop, Ste. 105 #408
 McAllister, MT 59740

via certified and regular mail
via email at [REDACTED]

ACCEPTED
 362-25-17540
 4/23/2025 4:05:20 pm
 STATE OFFICE OF
 ADMINISTRATIVE HEARINGS
 Carol Hale, CLERK

**RE: NOTICE OF OPPORTUNITY TO SHOW COMPLIANCE
 TEXAS LOTTERY SALES AGENT 192446**

Dear Licensee:

The Texas Lottery Commission (Commission) has determined that Lottery Now Inc. (LNI Texas Inc.) d/b/a Hooked on MT (Hooked on MT) violated the provisions of Tex. Gov't Code ch. 466 (State Lottery Act) and/or 16 Tex. Admin. Code ch. 401 (Commission rules). In doing so, Hooked on MT is subject to disciplinary action pursuant to Tex. Gov't Code §466.155(a)(5). The factual basis of this determination is as follows:

Hooked on MT has been licensed by the Commission as a Texas Lottery Ticket Sales Agent since October 25, 2022. The Commission has determined that Hooked on MT has endangered the security and integrity of the lottery games operated by the Commission, in violation of 16 Tex. Admin. Code §401.158(b)(21); and intentionally or knowingly sold Texas Lottery draw game tickets that were generated using a selection method not approved by the Commission, in violation of 16 Tex. Admin. Code §401.304(b)(1).

Specifically, following an internal review, the Commission launched an investigation into the operations of Hooked on MT. On October 11, 2024, Erik Swett, Hooked on MT Head of Operations, told the investigator that Hooked on MT permitted a customer to place wagers for the April 23, 2023, Lotto Texas drawing using quick response (QR) codes generated by a non-Texas Lottery mobile phone application that was not approved by the Commission.

The following statutes and rules are applicable to this case:

Tex. Gov't Code §466.151(e) states:

The director may issue a license to a person only if the director finds that the person's experience, character, and general fitness are such that the person's participation as a sales agent will not detract from the integrity, security, honesty, and fairness of the operation of the lottery.

Tex. Gov't Code §466.155(a) states, in pertinent part:

After a hearing, the director shall deny an application for a license or the commission shall suspend or revoke a license if the director or commission, as applicable, finds that the applicant or sales agent:

...
(5) has violated this chapter or a rule adopted under this chapter.

16 Tex. Admin. Code §401.158(b) states, in pertinent part:

Without limiting the commission's ability to consider factors listed in §401.153(b) of this title as grounds for suspension or revocation of a license issued under this subchapter, the commission may also suspend or revoke a license for reasons including, but not limited to, any of the following:

...
(21) licensee endangers the security and/or integrity of the lottery games operated by the commission.

16 Tex. Admin. Code §401.304(b) states, in pertinent part:

Sale of tickets.

(1) Entry of Plays. Plays may be entered using the lottery retailer terminal keypad or touch screen, by means of a playslip, using authorized third-party point-of-sale ("POS") systems, or by other means approved by the commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission. A ticket generated using a selection method that is not approved by the commission is not valid. Acceptable methods of Play selection may include:

- (A) using a self-service lottery ticket vending machine;
- (B) using a playslip;
- (C) using a previously-generated draw game ticket, from the game being played, provided by the player;
- (D) selecting a Quick Pick;
- (E) requesting a retailer to manually enter numbers; or
- (F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.

16 Tex. Admin. Code §401.366 states:

Each retailer agrees to operate in a manner consistent with the State Lottery Act, applicable federal laws, Texas laws, local ordinances, with all terms and conditions related to the retailer's license, with all requirements set forth in the most recent Retailer Manual, the rules and regulations promulgated by the commission, and with his/her or its license from the Texas Lottery.

Pursuant to Tex. Gov't Code §2001.054(c), the Commission is offering you an opportunity to respond to the allegations set forth in this letter by way of an informal teleconference. The informal conference **must be requested in writing** and may be scheduled by contacting Dorota Bienkowska at (512) 344-5392, by email at dorota.bienkowska@lottery.state.tx.us, or by mail at P.O. Box 16630, Austin, TX 78761-6630. If you fail to respond by **March 24, 2025**, appropriate enforcement action may be taken which may include scheduling a hearing at the State Office of Administrative Hearings (SOAH).

After the informal conference, a decision will be made as to whether to take no further action, to continue the investigation, or take further enforcement action including a referral to the SOAH relating to your license.

Sincerely,



Robert Tirloni
Lottery Operations Director
Texas Lottery Commission

cc: David Veselka, Retailer Services Manager
Kristen Guthrie, Assistant General Counsel

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Dorota Bienkowska on behalf of Kristen Guthrie

Bar No. 24026985

dorota.bienkowska@lottery.state.tx.us

Envelope ID: 99992190

Filing Code Description: Request to Docket

Filing Description: Request to Docket Case with SOAH

Status as of 4/23/2025 4:07 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Kevin Kramer		kevin@lottery-now.com	4/23/2025 1:20:28 PM	SENT
Kristen Guthrie		kristen.guthrie@lottery.state.tx.us	4/23/2025 1:20:28 PM	SENT
Dorota Bienkowska		dorota.bienkowska@lottery.state.tx.us	4/23/2025 1:20:28 PM	SENT