

Comments Related to H631 – Paying Agent Bonus Commission on Unclaimed Prizes

The language of this bill and the simplicity of its intention make this seem like a relatively simple action. It is when you get into the details that the complexities arise, and that is the case here.

Lottery games are designed so that no one knows where winning tickets are, or how to find out. Starting with instant tickets, on average we print 200,000 – 750,000 of each game and we tell the printer how many wins of each dollar amount to include in this total. They use a program to randomly place the wins but no one knows where and we never ask. We do assign each book of tickets to a lottery agent, keep track of where the book is located, and whether it has been activated to sell. Not until the winner brings the ticket forward do we know who sold it.

An instant ticket may never be sold and subsequently returned to the lottery for destruction, or purchased and lost by the player for the prize to be unclaimed. Because we do not know (and don't want to know) what the ticket number is, we do not know how to start researching to determine if the bonus commission should be paid.

The draw games work differently but we still rely on the player to present the ticket before an agent is paid the bonus commission. Winning tickets are not randomly placed by programming, and do not have a predetermined quantity. Tracking winning ticket sales is not something that happens now but we have issued press releases to publicize that a larger prize has still not been claimed so that players are reminded to look through their old tickets to see if they have it.

An industry concern that Vermont should be cognizant of is any perception of the lottery being rigged, or that certain people can find winning tickets. This will jeopardize the image of a fair lottery among players and non-players alike. What has been briefly described above could easily be misunderstood and cause players to question the integrity of how the Vermont Lottery is run.

I describe two different processes, and separate our games by instant tickets and draw games, but I assure you that the public simply know this as the lottery. It is disappointing that prize money goes unclaimed and that agents do not get paid the bonus commission when this happens. I suggest to you that the state will join the group losing money if we have to start looking into lottery games to find winning tickets and the public suspects something fishy is occurring.

The Vermont Lottery's games are produced and run at the same high levels as other state lotteries. Our instant ticket printing process passes independent audits each year, and the same is true for our gaming system. People are always trying to beat a system and lottery has held up quite well to these challenges, internally and externally. I am concerned that requiring us to dig into these details will present unique challenges of questionable benefit.

Greg Smith, Executive Director, Vermont Lottery