



**Publisher**  
Dawn Nettles

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P. O. Box 495033  
Garland, Texas  
75049-5033  
Phone: (972) 686-0660  
Fax (972) 681-1048  
[lottoreport@lottoreport.com](mailto:lottoreport@lottoreport.com)

November 5, 2019

The Honorable Governor Greg Abbott  
Office of the Governor  
P.O. Box 12428  
Austin, Texas 78711-2428

RE: Texas Lottery Commission - Unjustifiable travel expenses, inappropriately licensing scratch tickets, internet lottery sales, improper sales of scratch games, excessive service fees and membership dues paid

Dear Governor Abbott,

Last May, I met with several former and current Texas Lottery employees who made a number of serious allegations against Director Gary Grief. I immediately began a lengthy investigation that was met with extreme hostility. While I am still working on some of the allegations, I confirmed others or have sufficient evidence to warrant a thorough investigation which is why I am writing to you. Perhaps you can call for an independent investigation this time so there will be no final report that says "we're missing millions but we can't explain it." Of course, they failed to audit one very important avenue that may tell the story.

On Oct 21, I posted - on my website - my findings of several of the allegations. Specifically, Mr. Grief's worldly travels, the licensing of non-qualified scratch games, colossal membership dues and service fees paid. When I posted my findings, I made it very clear to the Texas Lottery that if they disputed any of my findings or conclusions, to simply let me know and I would publish retractions. It has been two weeks and I've heard nothing from them so I can only conclude they can not dispute my findings. They were informed of my posting.

### **Summary of Facts**

(Supporting documents and complete details can be found at [www.lottoreport.com/perkstravel.htm](http://www.lottoreport.com/perkstravel.htm))

#### **Director Gary Grief's Travels**

105 minimum trips at a cost of a minimum of \$160,000. Mr. Grief would have you believe many of his trips were at "*no cost to the state*" which I seriously question. Rather, I believe, the travel expenses are hidden in service fees, memberships and scratch tickets. The state overpays membership dues and service fees - then the organization funds his travels. Exhibit A1 & A2 (2017 - Letters to Senator Nelson & Representative Gonzales showing "*no cost to state*")

#### **Memberships & Service Fees**

**1) World Lottery Association (WLA)** - The cost of a membership to WLA is \$21,000 per year. (Exhibit B1 & B2). But TX paid \$143,369 in dues between FY15 - FY19. (Exhibit C1) Grief traveled to London (2), Argentina, Nova Scotia, Rome, Singapore, Canada (3). (Exhibits C2 & C3 - 2016 letters to Senator Nelson and Representative Gonzales say travel costs are included in the membership dues. But Mr. Grief omits telling them how the dues were increased to cover travel and the dues were paid by the state of TX)

**2) MUSL Service fees - (Multi State Lottery)** - Between May 7, 2014 through Sept 4, 2018, The Texas Lottery paid \$786K to MUSL in “service fees.” The actual costs to play Powerball is \$62K per year. MUSL is a non-profit so each state pays so much to fund MUSL’s yearly expenses. But NOT this much. Most of Mr. Grief’s trips, he claims, were reimbursed to TX by MUSL. Travel monies are included in the MUSL budget and each state budget. I asked for Texas budgets but the TLC said there were “*no documents responsive.*” Yet MUSL sends each state copies of the budgets for public inspection. (Exhibit D1)

**3) NASPL Membership & Service Fees - (North American Association of State and Provincial Lotteries)** - Between Jan 2, 2013 and May 7, 2019, Texas paid NASPL \$341,263. The checks were labeled membership dues, service fees, registration fees, training etc. Membership dues are \$16,000. Mr. Grief claims that NASPL paid for a number of his trips as well. (Spreadsheet showing monies paid to NASPL can be found on my webpage - [www.lottoreport.com/perkstravel.htm](http://www.lottoreport.com/perkstravel.htm))

**4) “Licensed” Scratch Tickets** - This discovery is extremely problematic because the money used to pay for a “license” is taken from the players prize pool. In the tickets I’m showing you, the monies went to entities where Grief is heavily involved. But first, you must understand the TLC’s definition of a “licensed property game.”

*“Licensed Property games are specialty games that feature the name and likeness or recognizable pop culture icons like Betty Boop, fads or themes like American Idol, popular game shows like Wheel of Fortune or popular race car drivers, in order to attract fans of that particular game.”*

The Texas Lottery licensed a \$1 scratch game called - “Scoop the Cash” - with NASPL who received \$102,000 plus a percentage of sales so TX could to print and sell this game. A second licensed game was called, “Scoop the Cash Blackjack.” I do not know the cost of the license as the TLC redacted the information. A lottery organization, that Grief was President of, was the recipient of TX lottery money for licensing a name that no one had ever heard of. This is/was senseless spending. (Exhibit E1 & E2)

In FY19, a \$1 scratch game called, “10X” was licensed too. This time the money went to MUSL. Interestingly, in FY19, the TLC has only paid MUSL \$62K. (Exhibit D1)

The problem - these names are not “well known” and do not warrant or justify the expense of a “license.” Licensed games are not top selling tickets either. Was this a scheme to fund directors travels? Recently, the CA Governor fired the CA Lottery Director due to questionable spending. (Exhibit F1)

**Mr. Grief gave an interview where he said** ... regarding licensing Scoop the Cash ... *“It created alternate funding mechanisms that will support many of the “complimentary services” now offered by NASPL and allow us to explore other services in the future.”* Exhibit G1 (Frankly, it appears to me that this was the money that funded he and his wife’s trip to Rome)

**5) Days ago, I was asked, “Is this game that I bought a “real” Texas Lottery scratch ticket?”** The name of the game the caller was asking about was Lucky Stars #1804. As of this writing, the game is not shown on the TLC website under either ... “Current Game/Upcoming Games” “Closed Games” nor “Games Ending Soon.” These are pages on the TLC website players use to confirm games, see how many prizes remain unclaimed, find upcoming games and/or how to play a game, the odds etc. (Exhibits H2 & H3)

After receiving this call, I went to the store selling this specific ticket and bought 5 of them. A copy of those un-scratched tickets is attached. (Exhibit H1) I, with the help of a few others, checked nearly 50 stores and we could not find another store selling this game.

Why not??? What's up??? Where's the money going??? How did the retailer get the tickets to sell??? Why is it not listed on the TLC website???? This is what the player was asking.

Due to the work I do in following the Texas Lottery, I do have reports and copies of all tickets the TLC prints and sells. I received the artwork and the prize structure for this game in 2016. However, according an "Instant Ticket Summary" that I also obtain, it shows in 2016 G-Tech loaded 829,650 tickets and as of Oct 26, 2019, they have never sold a ticket as 829,650 tickets still remain unsold. Can you imagine, no income from a game printed in 2016? (Exhibit H4)

For the record, I think I know what's up with this game but I will not speculate. If I'm right in what I think, this ticket absolutely should NOT be selling to the public. Does the state of TX, or our elected officials, endorse selling a product to consumers with no product info available? I think there is a government code that this would violate. (9/16/16 TX Register)

**Texas tickets selling via the Internet - Jackpocket app** - Mr. Grief and G-Tech (IGT) are well aware that this small office located at 7817 Rockwood Lane, Suite 101B in Austin TX has been selling lottery tickets online for the past year. Additionally, the tickets are selling for MORE than \$1 (7% increase) which is greater than TX retailers prices. I went to their office, "Winners Corner," and purchased lottery tickets. They had little or no cash and barely knew how to operate their lottery terminal. They were unable to cash in a winning ticket. (Exhibits J1 & J2 & J3) Another code violation?

**lottery.com** - Mr. Grief convinced Lottery.com to relocate their headquarters to Austin. You'll also find that Mr. Grief led the effort to have MUSL's states allow online retailers to sell Powerball. You will most likely realize by visiting lottery.com, what Mr. Grief's "real" interests are in his international travels at the states (taxpayer) expense.

What I've just shared with you is only the tip of the iceberg with what I will be reporting. Coming .... "millions spent foolishly" in advertising/sponsorships with the monies going to the wealthy. There will be extensive coverage on how several TLC employees are taking advantage of the benefits offered to state employees and questionable needs for some positions. Finally, I will be posting a story on how the TLC is inflating second chance prize values so the state can see a greater profit by keeping a larger portion of the prize pool. Not to mention the fact that the "public draws" are far from fair. Have you ever been present for a drawing where they drew winners names but refused to reveal who won?

I feel, as a taxpayer and citizen of Texas, that a full scale **independent** investigation would be in the best interest of the state to make certain that lottery money is not being misspent and used for personal gain. I get sick every time I think about dubious spending of lottery money, as well as "lost" lottery money, when there are so many good causes this money could have been used for. SPCA, sick children, homeless, the People of El Paso etc.

Finally, let me say that I have extensive coverage regarding Grief's travels, membership dues and service fees posted on my website. I am enclosing some exhibits for your perusal. I would highly recommend that the state look closely at the responses I received via my open records requests from the lottery. Little did they know that I already had copies of many of the things they refused to release and were trying to pretend didn't exist. In the end, let me say, I have pleaded for years to give lottery players consumer protection ... ironically, it appears to me that the State needs protection as well.

Thank you in advance for your time and consideration given to my concerns.

Sincerely,

Dawn Nettles  
The Lotto Report

CC: The Honorable Jane Nelson  
The Honorable Senfronia Thompson

## Exhibits/Additional In Depth Information

### Attachments (20 pages)

- A1 - Letter to Representative Gonzales (Travel no cost to state)
- A2 - Letter to Senator Jane Nelson (Travel no cost to state)
- B1 - WLA Fees
- B2 - WLA Invoice (Shows Fee Structure with billable amount higher)
- C1 - Payments to WLA
- C2 - Letter to Senator Jane Nelson (says travel expenses covered by membership)
- C3 - Letter to Representative Gonzales (says travel expenses covered by membership)
- D1 - Service fees paid to MUSL (2 pages)
- E1 - Electronic Requisition - Payment to NASPL - \$102,816 - Scoop the Cash
- E2 - Email showing priority for Scoop the Cash for Grief
- F1 - CA State Controller - Lottery Mismanagement
- G1 - Magazine article - Grief quote for Scoop the Cash “complimentary services”
- H1 - Lucky Stars #1804 - tickets recently purchased
- H2 - Upcoming games from TLC website- Lucky Stars #1804 ticket not shown
- H3 - Current game list in order by game # from TLC website - No 1804
- H4 - Instant Ticket Summary - Oct 26, 2019 - Shows no sales - same as reports dating back to 2016
- J1 - Email from Jackpocket Support - Explains there is a “fee”
- J2 - Email to and from Steve Helm confirming it is not legal to sell ticket via the internet
- J3 - Copies of lottery tickets purchased in person at the Winners Corner (Jackpocket) in Austin

### Additional in depth information ....

- <http://www.lottoreport.com/perkstransparency.htm> - “*Texas Lottery Lacks Transparency*”
- <http://www.lottoreport.com/perkstransparencya.htm> - “*An Open Records Nightmare*”
- <http://www.lottoreport.com/perkswla.htm> - “*Running a Red Light To Travel*” (Extensive details on WLA)
- <http://www.lottoreport.com/perkstravel.htm> - “*Grief’s Favorite Pastime - Traveling For Free*”