



MONTANA
ADMINISTRATIVE
REGISTER



STATE LOTTERY AND SPORTS WAGERING COMMISSION
DEPARTMENT OF ADMINISTRATION

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2025-272.1

Summary

The State Lottery and Sports Wagering Commission is proposing to adopt and amend administrative rules to address bulk ticket purchases.

No Hearing Scheduled

If the agency receives requests for a public hearing on the proposed rulemaking from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed rulemaking; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register.

The estimated number of persons directly affected by the proposed rulemaking is greater than 25 based on the number of citizens in Montana.

Comments

Comments may be submitted using the contact information below. Comments must be received by Friday, November 21, 2025, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Wednesday, November 5, 2025, at 5:00 p.m.

Contact

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General Reasonable Necessity Statement

The State Lottery and Sports Wagering Commission (Lottery) is proposing to adopt a new rule and amend rules to address the growing concern with persons trying to gain an advantage when playing our lottery games by purchasing tickets in bulk to inflate their odds or guarantee a win. There have been multiple high-profile cases in other states, and the Lottery does not want this to become a problem in Montana. This issue is particularly pressing in two types of games: the “draw” games with increasing jackpots and the traditional “scratch” tickets.

In the case of draw games, there have been instances where an individual or group attempts to buy every possible ticket combination once the jackpot reaches a certain threshold. While this may seem like a savvy investment, it undermines the spirit of the lottery. Many players feel cheated, especially those who contributed to building that jackpot through their own ticket purchases.

Similarly, with scratch tickets, there is a troubling trend where individuals monitor ticket availability and prize ratios. The Montana Lottery has games that offer a million-dollar top prize along with lesser prizes. For a game to be solvent, the Montana Lottery must sell a certain percentage of the tickets to cover the cost. Individuals seeking an advantage will monitor these games, the number of tickets in the Montana Lottery warehouse, and where the tickets are being offered for sale. Once the game is available and the top prize ratio reaches a certain point, they will travel to retailers and purchase all available tickets. In certain cases, they will also work with a retailer to order large quantities of tickets from the warehouse in a further effort to corner the market. This not only skews the odds but also puts honest players at a disadvantage.

The feedback from lottery players and sales agents has been clear: these predatory practices are perceived as unfair and detrimental to the lottery experience. By implementing rules to

prevent such behavior, the Lottery can protect both the integrity of the games and the trust of the players. By amending ARM 2.63.611 and ARM 2.63.1201, the Lottery can enforce the prohibition on bulk ticket transactions at both the sales agent and player levels.

Rulemaking Actions

AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

2.63.611 REVOCATION OR SUSPENSION OF LICENSE

- (1) After notice, the director has the authority to provisionally suspend the license and, after a hearing before the commission, permanently revoke the license and endorsement of any person who has:
 - (a) knowingly provided false or misleading information to the lottery or any other agency conducting an investigation on behalf of the lottery;
 - (b) been convicted of a felony;
 - (c) endangered the security of the lottery;
 - (d) sold any ticket, chance, wager, or bet at a higher price than that set by commission rule;
 - (e) intentionally or knowingly initiated or accepted an offer of compensation from another person, or agreed to aid another person or persons, to claim all or a share of a lottery prize or sports wager winnings by means of fraud, deceit, or misrepresentation;
 - (f) intentionally preprinted multiple terminal-issued draw game or raffle tickets with the objective of gaining an advantage over other lottery sales locations while benefiting financially, either directly or indirectly, from sale of those tickets;
 - (g) intentionally amassed packs of scratch tickets or taken other intentional actions to gain an advantage over other lottery sales locations while benefiting financially, either directly or indirectly, from sale of those tickets;
~~or~~
 - (h) tampered with any equipment used for lottery or sports wagering; or
 - (i) facilitated a bulk ticket transaction.

- (2) The director may provisionally suspend the license and, after a hearing before the commission, permanently suspend or revoke a license and/or endorsement for any of the following reasons:
 - (a) a change of business location;
 - (b) an insufficient sales volume;
 - (c) a delinquency in remitting money owed to the lottery;
 - (d) a violation of any rule adopted by the commission;
 - (e) knowingly selling to or cashing a lottery or sports wager ticket for a person under the age of 18 years;
 - (f) allowing an employee under the age of 18 to sell or cash lottery or sports wager tickets;
 - (g) failing to redeem lottery prize or sports wager winnings as directed by the lottery;
 - (h) refusing to acquire or display any materials required by the director; or
 - (i) the sales agent is ineligible for a license and the facts giving rise to such ineligibility occurred or were discovered subsequent to the issuance of a license.
- (3) Upon notice of revocation or suspension, the suspended sales agent shall give a final accounting to the lottery and surrender the license, equipment, paper, and tickets to the lottery. The sales agent is liable for all money still owed the lottery.
- (4) In circumstances where the suspended sales agent owns or is a partner in multiple locations, the restriction, suspension, or termination of one location associated with the suspended sales agent is grounds for restriction, suspension, or termination of all locations.

Authorizing statute(s): 23-7-202, MCA

Implementing statute(s): 23-7-301, MCA

2.63.1201 PRIZES

- (1) Winning lottery and sports wager tickets will be redeemed:
 - (a) by any sales agent for lottery and sports wager tickets less than \$600; or

- (b) if the lottery ticket or sports wager ticket value is \$600 or more, by presenting the ticket, a claim form, and valid, unexpired photo identification to the lottery, either by mail or in person. Play slip or sales receipt may not be used to claim a prize. Acceptable types of identification include an original or copy of:
 - (i) driver license;
 - (ii) government-issued identification card;
 - (iii) military identification card;
 - (iv) passport;
 - (v) permanent resident card;
 - (vi) Department of Veterans Affairs medical benefits card; and
 - (vii) tribal government-issued identification card.
- (2) In lieu of the methods described in (1), a winning sports wager ticket may be redeemed to the player's account when the sports wager is managed through the player's account.
- (3) A winning lottery or sports wager ticket may be redeemed only by an organization with a federal employer's identification number or by an individual.
- (4) The claimant's city of residence and amount of prize is public information. The lottery may use a claimant's name and photograph for publicity and advertising purposes only upon written authorization by the claimant.
- (5) Unless otherwise provided in the parameters for a specific game, a claimant shall sign the back of a winning lottery or sports wager ticket.
- (6) The lottery may deny a claim for a winning lottery or sports wager ticket for any violation of an applicable statute, rule, or parameter, or if the ticket:
 - (a) was not legally issued;
 - (b) was stolen;
 - (c) is altered, forged, or so mutilated that its authenticity cannot reasonably be determined; or
 - (d) was issued in a bulk ticket transaction.
- (7) By submitting the claim, the claimant discharges the lottery of all further liability upon payment of the prize claimed.
- (8) A lottery or sports wager ticket is a bearer instrument until signed. The person who signs the lottery or sports wager ticket is the bearer of the ticket. Payment of any

prize may be made to the bearer, and all liability of the lottery terminates upon such payment.

- (9) Upon validation of a winning claim, a check, electronic transfer, or warrant for the amount of the prize shall be issued to the claimant, less any applicable state or federal income tax withholding.
- (10) A lottery or sports wager ticket not passing all validation checks is invalid and no prize may be paid on such ticket.
- (11) The director's decision concerning validation and payment of any prize is final and binding.
- (12) Prizes over \$100,000 may be paid in equal yearly installments without interest over a period of not more than 20 years, as determined by the director. No installment may be less than \$20,000.
- (13) If the commission enters into an agreement to participate in a game for prizes over \$100,000 that requires payment periods of more than 20 years or yearly installment payments of less than \$20,000 as a condition of participation, the commission may adopt the installment payment amounts and time periods necessary to comply with the conditions of the game.
- (14) All prizes payable at the death of a winner shall be paid to a designated beneficiary, the estate of the deceased, or to a person designated by judicial order.
- (15) An owner or employee of a licensed lottery sales agent shall identify themselves as such to lottery officials when claiming a prize at the lottery office or through the claim mail process. This information must be recorded on the claim form maintained by the lottery as part of the prize file.

Authorizing statute(s): 23-7-202, 23-7-311, MCA

Implementing statute(s): 23-7-108, 23-7-202, 23-7-211, MCA

ADOPT

The rules proposed to be adopted are as follows:

NEW RULE 1 (2.63.1008) BULK TICKET TRANSACTIONS

- (1) A "bulk ticket transaction" occurs when a person or multiple persons who are acting in concert purchase, in aggregate, lottery tickets exceeding 5% of the available

combinations for a lottery draw game or 5% of the original print run of a scratch game within a 24-hour period. This rule applies regardless of whether the purchase:

- (a) occurs in a single transaction or multiple transactions; or
 - (b) is made at a single retail location or multiple retail locations. The lottery can limit the availability of a single game at retail locations.
- (2) For the purposes of this rule, "acting in concert" includes, but is not limited to, persons coordinating their purchases, sharing funds for purchases, or acting on behalf of a common interest or strategy.
- (3) The lottery reserves the right to investigate any purchase patterns it deems suspicious or indicative of bulk ticket transactions. The lottery's determination as to whether a violation of this rule has occurred shall be final and binding. The lottery may consider factors including, but not limited to, video surveillance, purchase records, and witness statements in its investigation.

Authorizing statute(s): 23-7-202, MCA

Implementing statute(s): 23-7-202, MCA

Small Business Impact

When an individual or group partners with a small number of sales agents to purchase all available "scratch" tickets in a particular game, it can create a shortage of available tickets to other sales agents and impacts the revenue of sales agents that are small businesses.

In the case of "draw games," an individual or group will partner with a small number of sales agents to purchase as many of the available number combinations as possible. Only a small group of sales agents benefit from the large purchase. These large sales create distrust and negatively impact the integrity of the lottery. This impacts small businesses by reducing the stability of revenue and decreasing the revenue overall for small businesses who are sales agents..

Documentation of the small business impact analysis is available upon request.

Bill Sponsor Notification

The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

Interested Persons

The Department of Administration maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by the Lottery. Persons who wish to have their name added to the mailing list must make a written request that includes the name, mailing address, and e-mail address of the person to receive notices and specifies that the person wishes to receive notices regarding Lottery rulemaking actions. Notices will be sent by e-mail unless a mailing preference is noted in the request. Written requests may be mailed or delivered to the contact person listed in the notice or may be made by completing a request form at any rules hearing held by the department.

Rule Reviewer

Don Harris

Approval

Leo Prigge, Chair