

Bad Juju

For many years, NACS has respectfully disagreed with assertions made by lottery officials that the sale of lottery tickets via the Internet would not harm convenience stores. This is the basis for our support of federal legislation that would prohibit online gaming (and online lottery sales). It's OK to disagree with your customers (I guess), but you had better have your facts buttoned-up when you do.

The National Association of State and Provincial Lotteries (NASPL) has circulated a paper claiming that there will be more than \$5.5 billion in losses if Congress passes the bipartisan, bicameral legislation known as the Restoration of America's Wire Act, which would restore the long-standing inter-

“Lottery representatives misleading legislators is particularly troubling because they are potentially hurting their own customers — licensed retailers.

pretation of the 1961 Wire Act and reverse an abrupt Department of Justice (DOJ) decision in December 2011 to expand online gaming. Remarkably, and without support, NASPL asserts that the legislation would prohibit the use of electronic “vending machine” terminals in retail lottery outlets. Here's the only problem with NASPL's claim — it isn't true.

The communication of lottery information electronically to these machines to facilitate lottery purchases has always been legal under the Wire Act. That was the case before DOJ reversed 50 years of legal interpretation to weaken the law and it has been true since that opinion. The Restoration of America's Wire Act simply makes clear that all gaming (and not just sports gaming, as DOJ theorized) is illegal on the Internet. It does nothing to change the status of lottery machines in retail locations.

In fact, to get ahead of the misleading claims NASPL is now making, Restoration of America's

Wire Act authors added a provision that makes clear retail terminals will remain legal if the bill becomes law. That provision states that nothing in the bill will “alter, limit, or extend . . . the ability of a State licensed lottery retailer to make in-person, computer-generated retail lottery sales under applicable Federal and State laws in effect on the date of the enactment of this Act.” This provision ensures that licensed retailers will not be negatively impacted by the proposed legislation and can use electronic terminals to aid lottery ticket sales. Again, the provision was added specifically for this purpose.

The willingness of lottery representatives to mislead legislators about the legislation is unfortunate. That is particularly troubling because they are doing so in a way that could potentially hurt their own customers — licensed retailers. It is clear that NASPL has made its goal of blocking legislation to prevent Internet gambling a higher priority than good relations with licensed lottery retailers.

The other thing that NASPL's misleading claim shows is desperation, and that is good news for convenience store owners. NASPL recognizes that the 2014 Wire Act is gaining momentum and has a chance to become law. And that has made NASPL desperate enough to try to mislead people in order to derail the bill.

This all seems so unnecessary. State lotteries and convenience store operators can and should have a symbiotic working relationship. We need each other to be successful. Rather than disseminating misleading information to obtain an artificial legislative victory that creates an adverse environment for cooperation, lotteries should look for new ways to work with their retail partners to everyone's benefit.

From Capitol Hill,



Lyle Beckwith is senior vice president of government relations. He can be reached at (703) 518-4220 or at lbeckwith@nacsonline.com.

