

Kevin Kramer
Lottery Now, Inc.
PO Box 29601
San Francisco, CA 94129
(415) 269-2872
kevin@lottery-now.com

May 7, 2021

State of Washington
Gambling Commission
Attn: Adam Teal
P.O. Box 42400
Olympia, WA 98504-2400
Adam.teal@wsgc.wa.gov

Re: Cease and Desist Letter to Lottery Now, Inc.

Dear Mr. Teal:

Lottery Now, Inc. received the State of Washington Gambling Commission's letter regarding its business that recently launched in the state of Washington. Based on the descriptions of services found in the Gambling Commission's April 26, 2021 letter, Lottery Now believes the Gambling Commission may have a misconception as to the nature of the services offered by Lottery Now. Lottery Now would like to take this opportunity to describe the services it offers through its website and its Mido Lotto mobile app with the hope that this discussion will allow the Gambling Commission to better understand the services. Accordingly, it provides this response well in advance of the May 12, 2021 deadline set in the letter to allow time for a further dialog should you have additional questions.

Lottery Now provides a third-party service to anyone of legal age that makes it easier for eligible people play the Washington State Lottery in accordance with enabling legislation and established regulations. Through Lottery Now's Mido Lotto mobile app, eligible persons can place an order from anywhere in the state specifying the Washington State Lottery tickets they want to purchase. Once an order is received and a Lottery Now account is funded by the purchaser with the money to purchase the ticket, Lottery Now sends an agent for the purchaser to a licensed Washington State Lottery retailer to fulfill the desired ticket order on behalf of the customer.

Importantly, Lottery Now does not purchase Washington State Lottery tickets on its own behalf. It never takes ownership of the tickets – tickets are acquired on behalf of customers who have the legal right to those tickets, as set out in the Terms of Service applicable to Lottery Now's website and Mido Lotto mobile app. As a result, Lottery Now does not sell Washington State Lottery tickets or change the manner in which Lottery tickets are sold. Rather, Lottery Now acts as an agent for its customers, assisting the customers in their purchase of Washington State Lottery

tickets from a licensed Washington Lottery retailer. Lottery Now does not operate any lottery itself, and does not assist its customers in participating in any other lottery or gambling operation. Lottery Now simply helps its customers participate in the Washington State Lottery through their purchases from authorized retailers.

Lottery Now's business model is intended to fully comply with all Washington State laws and regulations, including those identified in the Gambling Commission's letter. As laid out above, Lottery Now believes that its services do not constitute gambling or professional gambling, and do not transmit gambling information, as those terms are used in RCW Chapter 9.46. Rather, its services only assist customers in the customers' purchase of Washington State Lottery tickets, which is an activity that is exempted from the provisions of RCW Chapter 9.46, as set out in RCW 9.46.291. Lottery Now is not a gambling or lottery operator. It does not assist with or provide any other games, gambling, or lotteries. Nor does Lottery Now engage in selling Washington State Lottery tickets in violation of RCW 67.70.140, in that it never takes ownership of or title to the tickets it purchases. Again, the method by which a Washington State Lottery ticket is sold is unchanged. Lottery Now merely acts as an agent for its customers making authorized purchases. And, as noted above, Lottery Now does not purchase or maintain an inventory of tickets that it then provides to customers. It does not hold any interest in the tickets it purchases for its customers. Rather, it operates only as an agent for each eligible Washington State Lottery player once an order is placed and an account is funded specifically purchasing only those tickets requested. In these circumstances, Lottery Now is not "engaging in professional gambling" nor is it "transmitting gambling information" in violation of Washington law. Its conduct fits within the exemption of RCW 9.46.291.

Lottery Now welcomes a dialogue with the Gambling Commission regarding its services offered to people in Washington state. Please contact me at kevin@lottery-now.com or by phone at (415) 269-2872 should you have further questions or wish to discuss this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Kramer', with a stylized, flowing script.

Kevin Kramer
Chief Operating Officer
Lottery Now, Inc.



STATE OF WASHINGTON
GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

May 13, 2021

Lottery Now, Inc.
Attn: Kevin Kramer
PO Box 29601
San Francisco, CA 94129

10 Jordan Lane, #35
McAllister, MT 59740

SUBJECT: CEASE and DESIST – Unauthorized Gambling Activity

Dear Mr. Kramer,

Our agency has received your letter that was sent in response to the Cease and Desist letter issued to your organization April 26, 2021. As stated in that letter, it is the Washington State Gambling Commission's goal to obtain voluntary compliance with all gambling laws and rules. While your attempt to clarify Lottery Now's business model is appreciated, it does not address the underlying issue which is that Lottery Now and the Mido Lotto application continues to engage in professional gambling.

Per RCW 9.46.0269(1), a person or organization is engaged in "professional gambling" when:

- (a) Acting other than as a player or in the manner authorized by this chapter, the person knowingly engages in conduct which materially aids any form of gambling activity; or
- (b) Acting other than in a manner authorized by this chapter, the person pays a fee to participate in a card game, contest of chance, lottery or other gambling activity; or
- (c) Acting other than as a player or in the manner authorized by this chapter, the person knowingly accepts or receives money or other property pursuant to an agreement or understanding with any other person whereby he or she participates or is to participate in the proceeds of gambling activity.

Our investigation into your organization determined that Lottery Now and the Mido Lotto app clearly meet the definition of "professional gambling" in Washington. Your May 7, 2021 letter confirms this conclusion. Lottery now materially aids a form of gambling activity, offers players the opportunity to pay a fee to participate in a gambling activity, and accepts money pursuant to an agreement with its customers for them to participate in gambling activity. As a direct result, information transferred through your application meets the definition of "gambling information" per RCW 9.46.0245; the transmission of such information over telephone or the internet is illegal per RCW 9.46.240.

We therefore reiterate the request made of your organization from our original correspondence: end this unauthorized gambling activity effective immediately and return all funds paid by any Washington participants no later than May 24, 2021. If this action is not taken within the specificized time allotted, we will look to take further action under our law enforcement authority granted to us by the Gambling Act.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Drumheller", with a stylized, flowing script.

Gary Drumheller
Acting Assistant Director

Enclosure

cc: Terry Bach, Special Agent
Michael Boone, Special Agent Supervisor
Matthew Marzucco, Paracorp Incorporated