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January 17th, 2024

Assembly Committee on State Affairs

Testimony from Rep. William Penterman in favor of Assembly Bill 842

Chairman Swearingen and members of the Assembly Committee on State Affairs:

Thank you for the opportunity to testify in favor of Assembly Bill 842, relating to privacy of lottery winner.

Presently, individuals who win prizes exceeding \$599 in the Wisconsin Lottery are obligated to complete a claim form that notifies them of the potential use of their name, likeness, and place of residence by the Wisconsin Lottery. Notably, winners of \$50,000 or more are publicly announced through press releases and on the Wisconsin Lottery website. While this transparency aids in detecting lottery fraud, it poses a risk of harassment for legitimate winners from neighbors, friends, family, and the media. Some winners, due to the substantial size of their winnings, may even choose to relocate temporarily to avoid unwanted exposure.

Assembly Bill 842 aims to address winner's privacy by granting winners of \$1 million or more the option to remain anonymous. Providing this choice allows lottery winners the time and space to reorganize their lives and manage their finances without external disruptions. Advocates for anonymity, including past lottery winners, argue that it reduces the immediate pressure and chaos surrounding the announcement of their winnings. Notably, eighteen states, including Illinois, Michigan, and Minnesota, have already implemented policies allowing lottery winners the right to maintain their anonymity.

Assembly Bill 842 is designed to safeguard the winner's anonymity and does not hinder government agencies from investigating potential misconduct by most lottery winners. Furthermore, it does not interfere with ongoing court cases involving the lottery winner. The primary focus is on protecting winners from external harassment while maintaining the necessary legal and investigative mechanisms.

Thank you again for your time and consideration of Assembly Bill 842. I hope you will join Senator James and me in supporting this legislation.



January 17th, 2024

Testimony on Assembly Bill 842
Assembly Committee on State Affairs
Relating to: privacy of lottery winner

Thank you Chairman Swearingen and members of the committee for hearing this important legislation today.

Currently, winners of the Wisconsin Lottery on prizes over \$599 are required to fill out a claim form informing them that their name, likeness, and place of residence may be used by the Wisconsin Lottery. Similarly, winners of \$50,000 or above are announced via press release and on the Wisconsin Lottery website. While this transparency may increase the odds of catching those who commit lottery fraud, legitimate winners are increasingly at risk of harassment from neighbors, friends, family, or even the press. Due to the size of their winnings, some even feel the need to relocate for a temporary period of time to avoid unwanted exposure. AB 842 seeks to address these feelings of angst and concern.

To summarize, this bill would allow a winner of \$1 million or more to have the option to remain anonymous for up to 1 year if the winner requests confidentiality. This anonymity would give lottery winners' the opportunity and time to reorganize their life and finances without any outside distraction. To be clear, AB 842 does not impede government agencies from investigating questionable activities that may occur among lottery winners, nor does this bill intervene in court cases that the lottery winner is already involved in. The focus of this legislation is about protecting the privacy of the winner from possible harassment or unwanted notoriety.

Past lottery winners from surrounding states have already started advocating for increased anonymity as well. In fact, eighteen states, including Illinois, Michigan, and Minnesota have already adopted policies authorizing lottery winners the right to remain anonymous. These policy changes have helped reduce the immediate pressure and chaos that can come from winning a large lottery prize.

Thank you for the opportunity to testify on this bill, and I will happily take any questions you might have.

Respectfully,

A handwritten signature in black ink, appearing to read "Jesse James".

Senator Jesse James
23rd Senate District
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Written Testimony for Assembly Bill 842
Cindy Polzin
Director of the Wisconsin Lottery
January 17, 2024

Chairman Swearingen, members of the Committee, good morning. My name is Cindy Polzin, and I am the Director of the Wisconsin Lottery. I have been in the position since the fall of 2016. Please accept this testimony for information only on Assembly Bill 842 relating to winner anonymity. I would like to thank Representative Penterman and Senator James for their discussion on this proposal.

I would like to describe the Lottery's practices regarding awarding lottery winnings. Since its inception in 1988, the Wisconsin Lottery has been rooted in transparency and integrity. The Lottery abides by all Wisconsin open record laws located in Chapter 19, Wis. Stat. There is no requirement to have your picture taken nor to have a press conference if you are a winner. When winners claim their prizes over \$599, they fill out a claim form. The claim form informs the winner that their name, likeness and place of residence may be used by the Wisconsin Lottery. This claim form is available at all Wisconsin Lottery retailers, the Lottery redemption offices in Milwaukee and Madison, and posted on the Wisconsin Lottery website. The Features and Procedures on all Wisconsin instant scratch and lotto games include the detailed information required on the claim form. The Lottery Division Validations staff ask players redeeming tickets if they would like their picture taken. If the players agree to a picture, they inform them that a winner picture will be used for social media. Additionally, winner posters of all wins \$600 or more are sent to the retailer with only the first initial of the winner's last name. If it is a large winner, we let them know that we will send out a press release. As a matter of transparency in practice, we do announce winners of over \$50,000 via press release and on the Wisconsin Lottery website.

One can certainly make arguments for better protecting the security of our players. While we have no specific data or information of harassment after winning large sums of money, players may be concerned that they may be targeted by neighbors, friends, or family. We acknowledge there may be cases where the winner is pursued by media to better understand them, their lifestyle, and to dig into how they will spend their newfound wealth. The winner may feel they need to relocate for some time while the jackpot frenzy wears off, but we have not heard of any instances where winners were harassed or threatened.

Although the advantage to winners of remaining anonymous is apparent, the disadvantages to players, lotteries, and other stakeholders are less obvious, frequently overlooked, and of great merit. Arguments for transparency frequently cite the value of winner awareness for the Lottery or making the Lottery better known. However, the real value to note is that winner transparency increases player security and reduces lottery fraud. Winner transparency increases the odds that wrongdoers who commit lottery fraud will be caught. There have been instances where lottery insiders have committed fraud and were caught, at least in part, because the winners' names were known. One case involved a complicated instant ticket fraud committed by a lottery security official—only by having the winner's name public was someone identified and recognized that the person who claimed the two-million-dollar prize was a friend of the lottery security official.

In a better known, recent case against Eddie Tipton, the lottery insider who rigged several drawings including one in Wisconsin, prizes linked to Eddie's brother and his best friend led to actual, substantive evidence that eventually led to his guilty plea. If neither Robert Rhodes nor Tommy Tipton's names had been publicly known, Eddie may never have been caught much less pled guilty and may not have been convicted.

In addition to protecting lotteries against fraud, winner transparency also provides a significant level of protection for players and our very important retail partners. Cases have been reported where clerks allegedly have stolen tickets from their place of employment and then cashed these tickets. Other reported cases involved co-workers, roommates, and family members who have stolen tickets from the rightful owner and claimed the winnings.

With respect to other Lottery jurisdictions within the U.S. (including Puerto Rico, U.S. Virgin Islands, and Washington D.C.), few offer winners the ability to remain anonymous with seemingly no restrictions. Based on industry research of the 48 U.S. Lottery jurisdictions only ten allow restriction free anonymity.

An additional eleven jurisdictions require certain criteria be met to remain anonymous. These criteria vary greatly and are determined by individual Lotteries. Eight lotteries offer anonymity only when a certain amount and above is won in these states: Arizona (\$100,000), Georgia (\$250,000), Illinois (\$250,000), Michigan (\$10,000 in state run games only), Minnesota (\$10,000), Texas (\$1,000,000), Virginia (\$10,000,000), and West Virginia (\$1,000,000). On the flip side, in 2019, the New Mexico governor rejected legislation for anonymity.

It is, however, more common that individual lotteries allow winnings to be claimed through trusts, business partnerships, LLC's, etc., which depending on the jurisdiction allow the individuals connected to these legal entities to remain anonymous. In fact, in 2019 the governor of New York rejected legislation to allow winners to stay anonymous claiming that the LLC process was already in place. In Wisconsin, a lottery prize must be paid to a single human being. A trust, partnership or LLC may not win or claim a prize. However, the holder of a winning lottery ticket may obtain a court order directing the lottery prize to a trust, partnership or LLC. This court order does not change who won the prize; rather, it only changes who receives the lottery prize. The single human being who won the prize will not remain anonymous and is subject to Wisconsin Open Records Law.

You as lawmakers have an important role in discussing and considering the balance of the interest of Lottery integrity with player security. I appreciate your careful consideration. If you do have questions, I am happy to take them.