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Chairman Swearingen and members of the State Affairs committee – thank you for allowing me to testify on AB 213, “The Lottery Privacy Act.”

“44, 62, 20, 37, 16, and 12” – with that announcement, someone won the 3rd Highest Jackpot in Powerball history. The ticket was sold at the Speedway station in New Berlin, WI. In the weeks following the drawing, speculation grew about who had bought the life-changing ticket. On April 23, 2019 at a well-orchestrated and very public press event, the winner had a name: Manuel Franco. Watching the press conference that day one must openly wonder: “Would anyone want to have their name, likeness, and other information made public?” I think the answer for most people is a firm “no.”

“The Lottery Privacy Act” is about giving a lottery winner the choice of anonymity. This legislation does not protect a winner from their own legal responsibilities – i.e. child support, delinquent taxes, outstanding fines or forfeitures, judgments, or bankruptcies.

Critics claim that privacy bills like AB 213 somehow undermine the integrity of the lottery, and will lead to doubt and rampant scandals. Some might bring up the name Eddie Tipton, who admitted to using a software program to corrupt a random number generator to cheat lotteries in Colorado, Iowa, Kansas, Oklahoma, and Wisconsin. However, this legislation does not impede government agencies from investigating suspicious activities.

In the age of the internet and information technology, it’s important to protect privacy, and protect against harassment and targeting by fraud. According to NCSL – AZ, DE, GA, KS, MD, MI, ND, OH, and TX all currently have privacy protection statutorily provided. Others states use different models, such as an open records exception, forming a legal trust, or having a lawyer represent the winner’s interests.

For example, in 2018, a judge in New Hampshire ruled a Powerball winner could remain anonymous, and that forcing the winner public was “unreasonable intrusion.” Also this year, a winner from Jamaica made headlines here in the U.S. when they wore the mask from *Scream* to cover his or her face.

Since 1988, Wisconsin Lottery has provided roughly \$4 billion in property tax relief, \$8+ billion in prizes, and nearly a billion to retailers. For over 30 years, Wisconsin Lottery players have bought tickets to win a jackpot, but they don’t ask to be a target.

Thank you for holding this hearing on AB 213 and allowing me to testify. I am happy to answer any questions you may have.



ROBIN J. VOS

SPEAKER OF THE WISCONSIN STATE ASSEMBLY

**Testimony on Assembly Bill 213
Assembly Committee on State Affairs
July 10, 2019**

Chairman Swearingen and members of the State Affairs Committee, thank you for holding a public hearing on Assembly Bill 213 (AB 213), the Lottery Privacy Act.

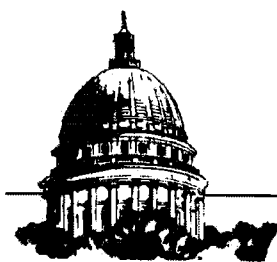
Winning the Wisconsin lottery may seem like a dream come true but it can quickly become a nightmare. In March, a Wisconsin native made history, winning \$768 million playing the Powerball at a New Berlin convenience store. Under current law, he was forced to expose his identity which was publicized in a press conference and spread across the nation. This type of attention has led to months of harassment that have forced the now multimillionaire to go “off the grid.”

AB 213 would provide new winners with the option to protect themselves from unwanted fraud, abuse or harassment. The bill will prohibit the Department of Revenue (DOR), lottery administrators and the retailer who sold the ticket from disclosing the lottery prize winner’s name, address, or social security number without the winner’s consent. While it offers a level of protection to the winners, it also maintains the integrity of the state lottery program. The bill allows for disclosures in order to determine the withholding of winnings for unpaid taxes, court judgements or child support. In addition, the DOR may release the location of the winning ticket, providing the store owner with the opportunity to advertise their sale.

Wisconsin would not be the first state to implement this type of law. According to the National Conference of State Legislatures (NCSL) and other sources, there are ten states that currently allow lottery winners of varying prizes to remain anonymous including our neighbor to the east, Michigan. There have also been reports across the country of winners in states such as New Hampshire who have sued and won the ability to conceal their identity.

A few years ago, Milwaukee Magazine attempted to contact all the Wisconsin lottery winners of prizes over \$500,000 since 1988. The author described the encounters as being met with deafening silence. Many of the winners did not want to share their stories and those who did asked for anonymity out of fear of additional harassment. The stories that were shared spoke to the fear and abuse many suffered at the hands of companies, relatives, friends, and complete strangers preying on their wealth. The lottery winners now speak out only to warn others of the dangers of the lottery.

The lottery provides a great benefit to both the taxpayers of our state and those who play the game. I ask you to please join me in supporting AB 213 in an effort to protect the integrity of our state lottery as well as the sanctity of a citizen’s privacy.



DALE KOOYENGA
WISCONSIN STATE SENATOR

State Capitol · P.O. Box 7882 · Madison, WI 53707-7882 · (608) 266-2512

July 10, 2019

TO: Members of the Assembly Committee on State Affairs
FR: Senator Dale Kooyenga
RE: Assembly Bill 213

Thank you for holding a public hearing on Assembly Bill 213, relating to the privacy of lottery winners.

Earlier this year, a Wisconsin native won \$768.4 million playing the Powerball at a New Berlin convenience store. Following the announcement of the winning ticket, the recipient's identity was publicly exposed when collecting the prize. Unfortunately, lottery winners are often subject to abuse and fraud following the release of their identity to the public.

AB 213 prohibits the administrator of the state lottery, the Department of Revenue, and the retailer who sold a lottery ticket from disclosing the name, address, or social security number of a lottery prize winner, if the winner requests confidentiality.

It is important to note that the bill does provide exceptions where disclosure is allowed, such as disclosures made to withhold taxes from the winnings, to determine whether the winner is delinquent in tax payment or court-ordered child support, to determine any withholding for child, spousal, or family support, and to determine any withholding for unpaid court judgments.

Lastly, the bill exempts from the right to inspection, copying, or receipt under public records law written records of a confidential lottery prize winner's name, address, or social security number. AB 213 is common sense legislation. The state has a duty to protect its citizens from abuse, fraud, and harassment from occurring and this bill will strengthen the security of lottery winners.

Thank you again for hearing AB 213 and I respectfully ask for your support.



NATIONAL CONFERENCE
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Anonymity for Lottery Prize Winners

January 2019

Arizona

Lottery winners can remain anonymous for 90 days if their prize is over \$600.

AZ Stat. § 5-573. State lottery prize fund; setoff for state debts; notification to department of economic security; prizewinner confidentiality

...

B. Payments to winners that are payable by the commission or lottery redemption agents pursuant to this section in an amount of six hundred dollars or more are subject to setoff under § 5-575.

C. The commission shall furnish the department of economic security with the names and the social security numbers of persons who are paid lottery prizes or winnings in an amount of six hundred dollars or more pursuant to this section for purposes prescribed by § 41-1965. The department of economic security shall pay the commission for the cost of furnishing the information.

D. Except as provided in subsections B and C of this section, the names of persons or legally formed entities that are paid lottery prizes or winnings are confidential for ninety days from the date the prize is awarded and are not a public record under title 39, chapter 1, article 21 during this ninety-day period. Information regarding the prizewinner's city and county of residence is not confidential. A prizewinner may waive the confidentiality provisions of this subsection by voluntarily consenting to the disclosure of the prizewinner's name.

Delaware

29 Del.C. § 4818

§ 4818. Disclosure of certain information regarding a prize winner

The name and address of any prize winner under this chapter shall not be disclosed to the public by the State Lottery Office unless permission is given by the prize winner.

Georgia

Winners of prizes over \$250,000 can ask to remain anonymous.

GA Code § 50-27-25. *Applicability of laws relating to open meetings and inspection of public documents; criminal investigations; duties of corporation*

...

(d) The corporation shall keep all information regarding the winner of awards of \$250,000.00 or greater confidential upon the prize winner making a written request that his or her information be kept confidential.

Kansas

K.S.A. 74-8720. *Prizes*

...

(i) The Kansas lottery shall not publicly disclose the identity of any person awarded a prize except upon written authorization of such person.

Maryland

MD Code, General Provisions, § 4-336 *Financial information*

Scope of section

(a) This section does not apply to the salary of a public employee.

In general

(b) Subject to subsection (c) of this section, a custodian shall deny inspection of the part of a public record that contains information about the finances of an individual, including assets, income, liabilities, net worth, bank balances, financial history or activities, or creditworthiness.

Required inspection for person in interest

(c) A custodian shall allow inspection by the person in interest.—

...

Michigan

Mich. Comp. Laws § 432.25

...

(9) Except as otherwise provided by state or federal law, the commissioner or an officer or employee of the bureau shall not disclose the name, address, or any other personal information concerning a winner of a prize greater than \$10,000.00 drawn from the state lottery, unless the winner of a prize agrees in writing to allow the disclosure. Subject to subsection (10), the information protected against disclosure under this section is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

North Dakota

§ 53-12.1-11. *Confidentiality of records*

1. The following information and records of the lottery are confidential:

- a. Sales and income tax information, financial statements, and a credit report of a retailer applicant or person seeking or doing business with the lottery, and retailer application information other than the applicant's name and location;
- b. Information related to a person owing a debt to the state or having a debt collected through a state agency that is made confidential by another state law or rule;
- c. Internal control and security procedures, security information on a winning ticket, and information on a bid or contractual data, the disclosure of which is harmful to the efforts of the lottery to contract for goods and services on favorable terms;
- d. Personal information on a player who purchases a subscription or a player who wins a prize on a winning ticket unless the player authorizes, in writing, release of the information;

Ohio

OH Stat. § 3770.07 *Award of prizes; delayed claims for active military personnel; persons not eligible to receive award*

(A)(1) Except as provided in division (A)(2) of this section, lottery prize awards shall be claimed by the holder of the winning lottery product, or by the executor or administrator, or the trustee of a trust, of the estate of a deceased holder of a winning lottery product, in a manner to be determined by the state lottery commission, within one hundred eighty days after the date on which the prize award was announced if the lottery game is an online game, and within one hundred eighty days after the close of the game if the lottery game is an instant game.

Any lottery prize award with a value that meets or exceeds the reportable winnings amounts set by 26 U.S.C. 6041, or a subsequent analogous section of the Internal Revenue Code, shall not be claimed by or paid to any person, as defined in section 1.59 of the Revised Code or as defined by rule or order of the state lottery commission, until the name, address, and social security number of each beneficial owner of the prize award are documented for the commission. Except when a beneficial owner otherwise consents in writing, in the case of a claim for a lottery prize award made by one or more beneficial owners using a trust, the name, address, and social security number of each such beneficial owner in the commission's records as a result of such a disclosure are confidential and shall not be subject to inspection or copying under section 149.43 of the Revised Code as a public record.

Texas

TX Government Code § 466.411

§ 466.411. Choice by Certain Prize Winners to Remain Anonymous

(a) Subject to Subsection (b), a natural person who is a prize winner of a lottery prize in an amount equal to \$1 million or more, or who is an owner of a beneficial interest in a legal entity that is a prize winner of a lottery prize in an amount equal to \$1 million or more, may on the date the winner claims the prize choose to remain anonymous and prohibit all personally identifiable information from being released to the public.

(b) The commission may release or disclose the personally identifiable information of a natural person who is a lottery prize winner if the person chooses to have the prize paid in periodic installments. The commission may only disclose the information on or after the 30th day after the date the person claims the lottery prize if the person chooses to remain anonymous under Subsection (a).

(c) For purposes of this section, the amount of a lottery prize is the total amount of prize money paid to a prize winner for a single lottery prize claim, whether paid in one payment or in periodic installments, before deducting any federal tax withholdings or other deductions required by law.

(d) This section does not prohibit release of a natural person prize winner's city or county of residence or prevent the commission from releasing the person's personally identifiable information to the Health and Human Services Commission or as necessary to comply with Section 466.407 or 466.4075.



Testimony for Assembly Bill 213
Cindy Polzin
Director of the Wisconsin Lottery
July 10, 2019

Chairman Swearingen, members of the Committee, good afternoon. 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. I am here today to testify for information only on Assembly Bill 213 relating to winner anonymity. I am aware that Speaker Vos and Secretary Barca have discussed this proposal, and we appreciate his willingness and that of Representative Tauchen to consider various options to address this issue. If there are concerns with protecting player security, we have ideas and suggestions for consideration today.

I would like to describe the Lottery's practices with regard to 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 poster will be sent to the location where the winning ticket was sold, noting that posters of all wins \$600 or more are sent to the retailer regardless of showing a photo or not. 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 new found 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.

Research suggests that seeing or hearing about Lottery winners is important to the purchase decision not only in Wisconsin, but industry wide. 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 47 U.S. Lottery jurisdictions only eight 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. Six lotteries offer anonymity only when a certain amount is won in these states: Arizona (\$100,000), Georgia (\$250,000), Michigan (\$10,000), Texas (\$1,000,000), Virginia (\$10,000,000), and West Virginia (\$1,000,000). In addition to the prize amount threshold some of these lotteries require additional criteria be met. In Michigan, Powerball and Mega Millions winners are exempt from remaining anonymous even if the \$10,000 threshold is met. In West Virginia, if the winner of a \$1,000,000 prize decides to remain anonymous they must remit five percent of the winnings to the State Lottery Fund.

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 actually 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.

In 2019, the New Mexico governor rejected legislation for anonymity. Currently, in addition to 2019 Assembly Bill 213 there is pending legislation for anonymity in Arkansas, Connecticut, Iowa, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Jersey, Oregon, and South Dakota.

You as lawmakers have an important role in discussing and considering the balance of the interest of Lottery integrity with player security. As I stated in my introductory remarks, we would be pleased to

work with the author and the committee to investigate reasonable accommodations to protect player security. With that, Mr. Chairman, I am happy to take questions.

I am writing this email in support of Assembly Bill 213 regarding lottery winners' right to remain anonymous.

Lotteries around the country feel winners should be identified for "transparency" the meaning of which is that the winner does not have ties to lottery office employees. My personal feeling is that lottery offices relish the photo op of the winner with the check, their state winning but care very little about the winner's fate after a huge win.

Because I purchase eight plays on a Powerball ticket per month I do watch television specials featuring lottery winners. Winners have said they are harassed for money (one man shared his daily mail which featured a large grocery bag full of requests for money), winners have had to move and delete their social media accounts. Winners have also stated they have been subjected to bogus lawsuits and in a few cases have been subjected to violence. I personally am both relieved and disappointed when I check my numbers and I haven't won.

I would love to be a blessing to the world and donate 80% of my winnings to charitable organizations. I would ask that if I were lucky enough to win I would be able to do this in peace.

Thank you for your consideration.

Jean Patricia Volf
6260 South Lake Drive
Cudahy, WI. 53110

Testimony For Andrew Stoltmann In Favor Of Lottery Privacy Act AB 213

Good morning. My name is Andrew Stoltmann and I am a Chicago-based securities attorney. I have represented 10 lottery winners in the course of my legal career over the last 19 years. In addition I currently represent the winner of the \$768 million Wisconsin Powerball jackpot. I am fully in support of the Lottery Privacy Act AB 213.

It is time Wisconsin gets out of the Stone Age when it comes to the privacy of lottery winners. Unfortunately the state of Wisconsin and the Wisconsin lottery department has placed the interests of selling more tickets far ahead of the wellbeing and security of lottery winners.

It's hard to believe a state as progressive as Wisconsin has refused over the years to pass legislation that would allow lottery winners to remain anonymous. Unfortunately the curse of the lottery is a real thing. Studies conclude 33 percent of all lottery winners file for bankruptcy within 5 years of winning the lottery. Many others end up broke despite winning the lottery

One of the main reasons is because states like Wisconsin require the winners' names to be disclosed to the public. This places a massive target on the backs of lottery winners. By publishing their names the state of Wisconsin makes them a target for both legitimate and illegitimate financial professionals across the world. This policy also subjects them to near constant harassment by financial advisors and scammers who simply want to take their money.

Critics of this bill argue that shielding the names of the winners could hurt the integrity of the lottery. This argument is disingenuous at best. Many industries have results certified by a major public accounting firm to ensure lottery officials are not claiming the prize. The results and the winners' names can also be audited annually to ensure no chicanery is taking place. Other states already do this with excellent results and no scandals.

Wisconsin should pass the Lottery Privacy Act AB 213. It is needed and it is time to do so. Thank you for listening to my views.

5/3/2018

The Man Who Cracked the Lottery - The New York Times

<https://www.nytimes.com/interactive/2018/05/03/magazine/money-issue-iowa-lottery-fraud-mystery.html> 1/18

The file landed on Rob Sand's desk with something less than a thud. Despite holding the contents of an investigation still open after more than two years, the file was barely half an inch thick. "Happy birthday," his boss said.

It was not Rob Sand's birthday. His boss, an Iowa deputy attorney general named Thomas H. Miller, was retiring in July 2014 after nearly three decades of prosecuting everything from murder to fraud. He hired Sand about four years earlier and made him the youngest prosecutor in a nine attorney team that handled challenging cases all over the state. Now Miller was offloading cases to colleagues. This one, having to do with a suspicious lottery ticket worth \$16.5 million, was full of dead ends. Investigators didn't even know if a crime had been committed. The most tantalizing pieces of evidence were on a DVD: two grainy surveillance clips from a gas station. Sand slid the disc into his laptop and pressed play.

A man walked into a QuikTrip convenience store just off Interstate 80 in Des Moines. It was a weekday afternoon, two days before Christmas. The hood of the man's black sweatshirt was pulled over his head, obscuring his face from two surveillance cameras overhead. Under the hoodie, he appeared to be wearing a ball cap; over the hoodie, he wore a black jacket.

The man grabbed a fountain drink and two hot dogs.

"Hello!" the cashier said brightly.

The man replied in a low-pitched drawl, a voice that struck Sand as distinct: "Hell-oooooh."

"Couple hot dogs?" the cashier asked.

"Yes, sir," the man replied quietly, his head down.

The man pulled two pieces of paper from his pocket. They were play slips for Hot Lotto, a Powerball-like lottery game available in 14 states and Washington, D.C. A player — or the game's computer — picked five

numbers between 1 and 39 and then a sixth number, known as the Hot Ball, between 1 and 19. The prize for getting the first five numbers right was \$10,000. But a much larger prize that varied according to the number of players who bought tickets went to anyone who got all six numbers right. The record Hot Lotto jackpot of nearly \$20 million had been claimed in 2007. The jackpot at the time of this video was approaching the record. The stated odds of winning it were one in 10,939,383.

The cashier took the man's play slips, which had already been filled out with multiple sets of numbers. At 3:24 p.m., the cashier ran the slips through the lottery terminal. An older man with a cane limped by the refrigerated section. A bus drove by. The cashier handed over his change. Once outside, the man pulled down his hood and removed his cap, got into his S.U.V. and drove away. The gas-station parking lot gleamed; there had been snow flurries that afternoon.

Two years into the case, that was virtually all the investigators had. Sand watched the video again and again, trying to pick up every little detail: the S.U.V.'s make; the man's indistinct appearance: most likely in his 40s, and 100 pounds overweight, maybe more; the tenor of his voice.

Sand, a baby-faced Iowan who turned down Harvard Law School for the University of Iowa College of Law, had a background that seemed perfect for the case: a high school job writing computer code and doing tech support, a specialty in white-collar crime. His recent cases included securities fraud and theft by public officials.

The ticket in the video was purchased on Dec. 23, 2010. Six days later, the winning Hot Lotto numbers were selected: 3, 12, 16, 26, 33, 11. The next day, the Iowa Lottery announced that a QuikTrip in Des Moines had sold the winning ticket. But one month after the numbers were drawn, no one had presented the ticket.

The Iowa Lottery held a news conference. Phone calls poured in; dozens of people claimed to be the winner. Some said they had lost the ticket. Others said it was stolen from them. But lottery officials had crucial evidence that wasn't publicly available: the serial number on the winning ticket and the video of the man buying it. One by one, they crossed off prospective claimants. One caller said his friend was a regular Hot Lotto player who had just died in a car wreck — should he go to the junkyard to search through his deceased friend's car?

Three months after the winning ticket was announced, the lottery issued another public reminder. Another followed at six months and again at nine months, each time warning that winners had one year to claim their money. “I was convinced it would never be claimed,” says Mary Neubauer, the Iowa Lottery’s vice president of external relations. Since 1999, she had dealt with around 200 people who had won more than \$1 million; she’d never seen a winning million-dollar ticket go unclaimed. “And then comes Nov. 9, 2011.”

A man named Philip Johnston, a lawyer from Quebec, called the Iowa Lottery and gave Neubauer the correct 15-digit serial number on the winning Hot Lotto ticket. Neubauer asked his age — in his 60s, he said — and what he was wearing when he purchased the ticket. His description, a sports coat and gray flannel dress pants, did not match the QuikTrip video. Then, in a subsequent call, the man admitted he had “fibbed”; he said he was helping a client claim the ticket so the client wouldn’t be identified.

This was against the Iowa Lottery rules, which require the identities of winners to be public. Johnston floated the possibility of withdrawing his claim. Neubauer was suspicious: The winner’s anonymity was worth \$16.5 million?

One year to the day after the winning numbers popped up on the randomnumber-generator computers — and less than two hours before the 4 p.m. deadline — representatives from a prominent Des Moines law firm showed up at the Iowa Lottery’s headquarters with the winning ticket. The firm was claiming the ticket on behalf of a trust. Later, the Iowa Lottery learned that the trust’s beneficiary was a corporation in Belize whose president was Philip Johnston, the Canadian attorney. “It just absolutely stunk all over the place,” says Terry Rich, chief executive of the Iowa Lottery. The Iowa attorney general’s office and the Iowa Division of Criminal Investigation opened a case.

In an interview in Quebec City, Johnston told investigators that he had been contacted about the ticket by a Houston attorney named Robert Sonfield. Johnston also pointed investigators toward a Sugar Land, Tex., businessman named Robert Rhodes. A trip to Texas by Iowa investigators proved fruitless; during their several days there, both Sonfield and Rhodes managed to avoid them.

By the time the file ended up on the desk of Rob Sand in 2014, the case had acquired cultlike status in his office. It was spoken about with gallows

humor: “We’ll find the guy who bought the ticket ended up getting offed,” Sand said. “That’s what this is going to turn out to be, a murder case.”

Miller had mentored Sand and saw in him a kindred spirit, someone for whom practicing law was a calling. Sometimes Sand’s moral compass was so steady that he came off as a square; his brothers-in-law nicknamed him Baby Jesus. Sand grew up in Decorah, in northeast Iowa, the son of a small-town doctor who still made house calls. He wanted to get into white-collar criminal prosecution because it focused not on crimes of desperation but on crimes of greed. “Crimes against gratitude,” Sand called them.

But all he had was grainy video of a man buying a lottery ticket worth \$16.5 million. “We only had one bullet left in our revolver,” Sand says, “and that was releasing the video.”

On Oct. 9, 2014, nearly 46 months after the man in the hoodie left the QuikTrip, the Iowa Division of Criminal Investigation put out a news release that included a link to a 74-second clip of the surveillance footage. A few days later, in Maine, an employee of the Maine Lottery opened an email forwarded from his boss. The employee recognized the distinct voice in the video: It belonged to a man who had spent a week in the Maine Lottery offices a few years earlier conducting a security audit.

In Des Moines, a web developer at the Iowa Lottery who watched the video also recognized that voice: It belonged to a man she had worked alongside for years. A receptionist in another lottery office handed her earbuds to Noelle Krueger, a draw manager, and told her to listen. “Why am I listening to a video or listening to a tape of Eddie?” Krueger replied.

By Eddie, she meant Eddie Tipton, the information-security director for the Multi-State Lottery Association. The organization runs lotteries for 33 different states plus the District of Columbia, Puerto Rico and the U.S. Virgin Islands. It was based in the Des Moines suburbs. Among the games it ran was the Hot Lotto.

EDDIE TIPTON CUT a big, friendly figure around the office of the Multi-State Lottery Association. He grew up in rural Texas, but while his siblings were outside, he was always in his room, fiddling with his computer. He was a paranoid sort who rarely paid with credit cards, who worried about people tracing his identity. But he always wanted people to like him. When a coworker was in a bad mood, one colleague said, Tipton would pat him on the

shoulder and say, "I just want you to know I'm your friend."

Tipton built a 4,800-square-foot, \$540,000 house in the cornfields south of Des Moines. The house had five bedrooms and a huge basement, including a pool table, a shuffleboard table, a stadium-style home theater with couches and a space he considered turning into a basketball court. Friends wondered why a single man needed such a big house and how he could afford it on a salary just shy of \$100,000 a year. In private moments, Tipton told them he was lonely and wanted a family more than anything, so he poured his savings into the house he hoped to fill with a wife and children. But the right partner never came. Instead, he hosted office Christmas parties, and he constantly asked friends to visit. His family, still in Texas, checked on him frequently.

His life revolved around his job. The Multi-State Lottery Association was a small organization, and Tipton felt overextended. He wrote software and worked on web pages. He handled network security and firewalls. And he reviewed security for lottery games in nearly three dozen states. He was putting in 60-hour weeks and staying at the office until 11 p.m.

When Ed Stefan, the chief information officer and chief security officer at the Multi-State Lottery Association, saw the surveillance video, he didn't want to believe it. This wasn't just some co-worker. This was Eddie Tipton, a man he had known for more than two decades, since they were in calculus class at the University of Houston. Stefan met his future wife while he and Tipton were on a charity bike ride in Texas; Tipton would later be in their wedding. Stefan helped Tipton get his job at the association. They bought some 50 acres of land together and built adjacent houses. They even applied for a joint patent for computer-based lottery security.

Stefan watched the convenience-store video for the first time after a former co-worker sent him the link that had been released by prosecutors. *That just can't be Eddie, he thought. Then: That's Eddie. Why is he wearing a hoodie? I've never seen Eddie in a hoodie.* Stefan got sick to his stomach: His friend, a man with deep knowledge of the computers that ran the lottery, was there onscreen buying a ticket that would be worth \$16.5 million. Later, Stefan would tell investigators it was like finding out your mother was an ax murderer. He felt betrayed.

Jason Maher was another friend and colleague who didn't want to believe what he was seeing on the video. He and Tipton had met at Taki, a Japanese restaurant outside Des Moines that they both frequented. The

lifelong computer aficionados and gamers hit it off; Tipton joined Maher's gaming clan, and they spent hours playing the multiplayer online game World of Tanks. Tipton suggested Maher apply for a job at the lottery association as a network engineer. Tipton, Maher told me, "had a heart of gold."

So when Maher saw the video and heard that familiar low-pitched voice, he did what a computer whiz does. "That night I sat down — there's no way Eddie did this," Maher said. "There's got to be something wrong." He put the file of the surveillance tape into audio software, removed white noise and isolated the voice. Then he took footage from security cameras in his house — Tipton had just visited the night before — and compared Tipton's voice in that footage with the convenience-store video. "It was a complete and utter match, sound wave and everything," Maher said. The next day, he went to the QuikTrip where the ticket was purchased and measured the dimensions of the tiles on the floor, the height of the shelving units, the distance between the door and the cash register. He used the results to compare the hand size, foot size and height of the man in the video with the man he had become friends with.

"When the F.B.I. guys came in, I wanted to be able to tell them it wasn't Eddie," Maher said. "Once I did this, it was like, 'Well, [expletive] — it's Eddie.'"

IN NOVEMBER 2014, state investigators showed up at Tipton's office. They asked him whom he knew in Houston. He told them about his family — mother, sister and brothers, including Tommy, a former sheriff's deputy turned justice of the peace near the Texas Hill Country. He did not mention Robert Rhodes, the man who initially passed the \$16.5 million ticket to an attorney. By searching Tipton's LinkedIn profile, investigators found that Tipton had been employed at Rhodes's Texas-based software company, Systems Evolution, for six years as its chief operations officer. In fact, the two were best friends and vacationed together.

Tipton was arrested in January 2015 and charged with two felony counts of fraud. Half a year later, on a hot, sticky July morning, Rob Sand stood before a jury at the Polk County Courthouse. "This is a classic story about an inside job," he began. "A man who by virtue of his employment is not allowed to play the lottery, nor allowed to win, buys a lottery ticket, wins and passes the ticket along to friends to be claimed by someone unconnected to him. This story, though, has a 21st-century twist."

The prosecution knew Tipton had bought the winning ticket. The video, specifically the distinct voice that colleagues had recognized, made that pretty clear. So did cellphone records, which showed Tipton was in town that day, not out of town for the holidays as he claimed, and that he had been on the phone for 71 minutes with Robert Rhodes, the man who briefly had possession of the ticket. Investigators believed he'd fixed the lottery. But how?

Jason Maher, Tipton's gaming buddy, told them about Tipton's interest in rootkits: malicious software that can be installed via flash drive in order to take control of a computer while masking its existence until it deletes itself later. Sand theorized that Tipton went into the draw room six weeks before the big jackpot and, despite the presence of two colleagues, managed to insert a thumb drive into one of the two computers that select the winning numbers. That thumb drive contained the rootkit; the rootkit allowed Tipton to direct which numbers would win the Hot Lotto on Dec. 29, 2010.

Tipton's defense attorney, Dean Stowers, called this the "Mission: Impossible" theory. Stowers characterized the story of a malicious, self-destructing rootkit ("magic software"), installed while two colleagues looked on, as preposterous. His closing arguments referenced a quotation attributed to Albert Einstein: "Logic will get you from A to B. Imagination will take you anywhere."

But Sand called Stowers's focus on this complicated rootkit theory a red herring. Sand told the jury to focus on the many ways Tipton could have fixed the lottery: He wrote the code. He had access to the random-numbergenerator machines before they were shipped to other states. You don't have to understand the exact technology to convict Tipton, Sand argued; you just have to realize the near-impossible coincidence of the lottery security chief's buying a winning ticket and that ticket's being passed to his best friend. The prosecution had to prove only that Tipton tried to illegally buy lottery tickets as a Multi-State Lottery Association employee and tried to claim the prize through fraudulent means.

The jury found him guilty on July 20, 2015. He would be sentenced to 10 years in prison, and he would appeal. The State Supreme Court later dismissed his conviction on one charge, tampering with lottery equipment, and the case was sent back to District Court.

Six weeks after the trial concluded, Sand had returned to his desk. It had been a busy summer. But in the back of his mind, he was still thinking

about Eddie Tipton. Sand knew white-collar criminals aren't usually caught on their first attempt. The fact that Tipton's attorney had demanded a 90-day speedy trial, an unusual maneuver that cut short the prosecution's time to investigate, made Sand suspicious. His gut said other fraudulent lottery tickets were out there.

One morning Sand's office phone rang, and an area code he recognized popped up: 281, from Texas, where Tipton used to live. Sand picked up. The caller had a drawl and told Sand he'd seen an article in the La Grange, Tex., newspaper about Tipton's conviction. "Did y'all know," the tipster asked, "that Eddie's brother Tommy Tipton won the lottery, maybe about 10 years back?"

RICHARD RENNISON'S phone rang at the F.B.I. office in Texas City, a port town on the shore of Galveston Bay. Sand was on the line, inquiring about a case that Rennison, a special agent for the bureau, investigated a decade before. At the time, it turned out to be nothing. But the case still stuck in Rennison's mind. "Hey," Rennison replied, "that's my Bigfoot case."

A man named Tom Bargas had contacted local law-enforcement authorities in early 2006 with a suspicious story. Bargas owned 44 fireworks stands in Texas. Twice a year — after the Fourth of July and after New Year's — he had to handle enormous amounts of cash, more than a half-million dollars at once. A local justice of the peace who shod Bargas's horses called him around New Year's. The justice of the peace caught Bargas off guard: "I got half a million in cash that I want to swap with your money." "What's wrong with your money?" Bargas replied.

What's a justice of the peace who makes around \$35,000 a year doing with that much cash? Bargas thought. He called the sheriff and the police, who called the F.B.I. Soon, the bureau contacted Bargas. Federal agents outfitted him with a wire. Bargas met with the man, who pulled out a briefcase filled with \$450,000 in cash, still in their Federal Reserve wrappers. As the F.B.I. listened, Bargas swapped \$100,000 of worn, circulated bills for \$100,000 of the man's crisp, unused bills. To the F.B.I., this smelled like public corruption, and they went to work investigating the serial numbers on the bills.

One day a couple of months later, Rennison got a call from the Fayette County sheriff in La Grange, a place best known for the Chicken Ranch, the brothel that inspired "The Best Little Whorehouse in Texas." The sheriff was laughing so hard he could hardly speak. He told Rennison the justice of

the peace was holed up in a Houston hospital with two shattered legs. He had fallen 31 feet out of a tree. He had been hunting Bigfoot.

“My grandmother was raised on a farm in Arkansas where this creature would come in and harass all the farm animals,” this man later told investigators. “My grandmother would tell me all these stories of this animal that harassed my family.” He went on: “I started hitting the woods. It was always that doubt in your mind. And then something happened to me in Louisiana where I actually watched these animals for a couple of hours, and I’ve been hooked ever since.”

Rennison visited the man in the hospital and then set up an interview once he was discharged. The man was a member of the Bigfoot Field Researchers Organization. He told Rennison he’d won the lottery in Colorado while on a Bigfoot hunt. He was on the outs with his wife and was trying to keep the lottery winnings from her. A Bigfoot-hunting friend claimed the prize in exchange for 10 percent of the money. It all checked out. Case closed.

“Right before I leave, we’re still sitting down at this nice conference table, and he looks over at his attorneys and says, ‘Can I show him?’” Rennison recalled. “Hanging off the back of his chair is a plastic grocery bag. He pulls out a plaster cast of a footprint.”

Rennison put the footprint next to his own foot. They were roughly the same size. “That doesn’t look like Bigfoot,” the F.B.I. agent said. “It was a juvenile,” the man snapped. The man’s name was Tommy Tipton.

NOW THE HUNT was on for more illicitly claimed tickets. Iowa investigators noticed that the friend who claimed the \$568,990 Colorado Lottery prize for Tommy Tipton, a man named Alexander Hicks, was dead. “We first thought, Whoa — this is our first body related to this case,” Sand says. It wasn’t. Hicks had died of cancer.

The investigators collected a decade’s worth of winners from lotteries around the country associated with the Multi-State Lottery Association. They loaded data from approximately 45,000 winning tickets into Microsoft Excel spreadsheets and searched for any connections to Eddie Tipton. They reviewed Tipton’s Facebook friends, pulled phone records and looked for matches with the spreadsheet.

In September 2015, they learned that a \$783,257.72 payout for Wisconsin’s

Very Own Megabucks Game had been claimed in early 2008 by a Texas man named Robert Rhodes, who wanted to deposit it into the account of a limited-liability corporation. That drawing took place on Dec. 29, 2007 — the same day the winning numbers on Tipton's \$16.5 million Iowa ticket were selected three years later. Rhodes was Eddie Tipton's best friend. Another hit.

One evening over the holidays, Sand was at his parents' house working on his laptop, sifting through records, using search commands on his computer again and again. He noticed that a Kyle Conn from Hemphill, Tex., won a \$644,478 jackpot in the Oklahoma Lottery some years back. Tommy Tipton had three Facebook friends named Conn. Sand got a list of possible phone numbers for a Kyle Conn and cross-referenced them with Tommy Tipton's cellphone records. Another hit.

Investigators noticed two winning Kansas Lottery tickets for \$15,402 apiece were purchased on Dec. 23, 2010 — the same day Tipton had purchased the Iowa ticket, and the same day that cellphone records indicated he was driving through Kansas on the way to Texas for the holidays. One of the winning tickets was claimed by a Texan named Christopher McCoulskey, the other by an Iowa woman named Amy Warrick. Each was a friend of Eddie Tipton's.

Early one morning, Sand and an investigator knocked on the woman's door. She told them she'd gone on one date with Tipton, but their relationship became platonic. Tipton told her he wasn't able to claim a winning lottery ticket because of his job. If she could claim it, Tipton said, she could keep a significant portion as a gift for her recent engagement.

"You have these honest dupes," Sand says. "All these people are being offered thousands of dollars for doing something that's a little bit sneaky but not illegal." Investigators in Iowa now had six tickets they figured were part of a bigger scam. But the question remained: How did it *work*?

Investigators in Wisconsin discovered they still had the random-number-generator computers used for the 2007 jackpot sitting in storage. Unlike Iowa's computers, the hard drives had not been wiped clean; their software was the same as the day Robert Rhodes won \$783,257.72. Wisconsin enlisted a computer expert named Sean McLinden to conduct an investigation that included forensic analysis and reverse engineering.

On Jan. 7, 2016, Sand's phone rang. It was David Maas, an assistant

attorney general in Wisconsin. He told Sand to check his email. Maas had sent him an attachment with 21 lines of “pseudocode,” a common-language translation of McLinden’s forensic analysis that showed part of Tipton’s malicious computer code. The code was small enough that it would not radically change the size of the file, which might create suspicion. And the code hadn’t been hidden. You just needed to know what to look for.

“This,” Maas says, “was finding the smoking gun.”

The smoking gun would help lead to a guilty plea from Tipton. In the plea deal, Sand insisted that Tipton come clean about how he fixed the lottery. This could help the lottery industry improve its security. If Tipton lied — or if another fraudulent ticket were found later — the deal would be voided, and Tipton would be subject to further charges.

Tipton’s program was called QVRNG.dll: Quantum Vision Random Number Generator. In Tipton’s telling, his wasn’t an evil plan to get rich. This was just a computer nerd’s attempt to crack the system. “It was never my intent to start a full-out ticket scam,” Tipton told investigators. “It occurred to me, like, Wow, I could do this, I could be making a living doing this.” He went on: “If this was, like, some mob-related thing, I’d just give this information to the mob and they would go out and win the lotteries left and right. Nobody would know. But that — I don’t have any mob ties. I don’t know anybody. I gave tickets to friends or family.”

More than a decade ago, Tipton told them, he walked past one of the organization’s accountants at the Multi-State Lottery Association. Tipton was conservative, the accountant liberal, and they often ribbed each other.

“Hey, did you put your secret numbers in there?” the accountant said, teasing Tipton.

“What do you mean?”

“Well, you know, you can set numbers on any given day since you wrote the software.”

And that’s when the idea first came. “Just like a little seed that was planted,” Tipton said in his proffer. “And then during one slow period I just had a — had a thought that it’s possible, and I tried it and I put it in.” The code wasn’t a brazen “Mission: Impossible” stunt of sneaking into the draw room with a malicious thumb drive. It was a simple piece of code, partly

copied from an internet source, inserted by the one man responsible for information security at an organization that runs three dozen United States lotteries.

Here's how the Multi-State Lottery Association's random-number generators were supposed to work: The computer takes a reading from a Geiger counter that measures radiation in the surrounding air, specifically the radioactive isotope Americium-241. The reading is expressed as a long number of code; that number gives the generator its true randomness. The random number is called the seed, and the seed is plugged into the algorithm, a pseudorandom number generator called the Mersenne Twister. At the end, the computer spits out the winning lottery numbers.

Tipton's extra lines of code first checked to see if the coming lottery drawing fulfilled Tipton's narrow circumstances. It had to be on a Wednesday or a Saturday evening, and one of three dates in a nonleap year: the 147th day of the year (May 27), the 327th day (Nov. 23) or the 363rd day (Dec. 29). Investigators noticed those dates generally fell around holidays — Memorial Day, Thanksgiving and Christmas — when Tipton was often on vacation. If those criteria were satisfied, the random-number generator was diverted to a different track. Instead, the algorithm would use a predetermined seed number that restricted the pool of potential winning numbers to a much smaller, predictable set of numbers.

So Tipton knew what no one else knew: For the Iowa Hot Lotto drawing on Dec. 29, 2010, there weren't really 10,939,383 sets of possible winning numbers. There were only a few hundred. Late at night before a draw that fulfilled his criteria, Tipton stayed in his messy, computer-filled office. He set a test computer to the date and time of the coming draw, and he ran the program over and over again. For the first lottery he rigged, the Nov. 23, 2005, drawing in Colorado, Tipton wrote down each potential set of winning numbers on a yellow legal pad. He handed the pad — each sheet had 35 or so sets of six numbers — to his brother.

It was a cheat sheet; instead of playing every possible number combination to ensure one combination won, he had to play only a few hundred. "If you want a chance to win, you need to play all of these," Tipton told his brother. "I don't know if any of them will win, but you're going anyway" — his brother was about to go on a Bigfoot-hunting trip to Colorado — and "these have a good chance of winning based on my analysis.

"Play them," he said. "Play them all."

ON A CLEAR, BLUE summer day in Des Moines last year, Eddie Tipton, a square-shaped, balding man who was then 54, trudged up the stairs of the Polk County Courthouse. He wore bluejeans and a short-sleeved salmon-colored button-up shirt, untucked and unbuttoned, with a blue T-shirt underneath. His hands were shoved in his pockets, and his head was down. He had accepted a plea agreement for masterminding the largest lottery scam in American history: one count of ongoing criminal conduct, part of a package deal that allowed his brother to be sentenced to only 75 days.

Tipton was here for his sentencing.

In statements to prosecutors, Tipton painted himself in the most generous way possible, a kind of coding Robin Hood, stealing from the lottery and helping people in need: his brother who had five daughters, his friend who'd just gotten engaged. "I didn't really need the money," Tipton said. The judge noted that Tipton seemed to rationalize his actions — that Tipton didn't think it was necessarily illegal, just a taking advantage of a hole in the lottery's system. It wasn't all that different, Tipton believed, from insider trading, except laws didn't specifically prohibit him from fiddling with the random-number-generator code. His attorney equated what he did with counting cards at a casino. Tipton wasn't robbing the casino at gunpoint; he was cheating the house.

The other side disagreed. Tipton was "nothing but a common thief who happened to be handed the keys to the candy store," Miller, Sand's former boss, told me. "It's not a case of Sherlock Holmes's archnemesis, Moriarty, being a criminal genius. This is just a regular schlub, who is a thief who happens to have knowledge of computer security."

From Tipton's point of view, it was complicated. He had done something to see if he could do it. To his surprise, it worked. He said he inserted that code only once; after the code was approved by Gaming Laboratories International, machines containing it were shipped all over the country. He had created a beast and sent it into the world. "You plant that money tree in your backyard," as Maas, the Wisconsin prosecutor, put it, "and it's hard not to keep picking at it."

In interviews, investigators had asked Tipton if he was proud of the success of his code. "It was more like I'm ready for it to be gone," Tipton said. "It was never my intent to go out there and start winning all these lotteries. It was just, like I said, step by step it happened."

At sentencing, the judge asked if Tipton had anything to say. After a long pause, Tipton cleared his throat. Family members and former co-workers were in the courtroom. “Well,” Tipton said matter-of-factly, “I certainly regret my actions. It’s difficult to say that with all the people behind me that I hurt. And I regret it. I’m sorry.” As the case was being litigated,

Tipton had confessed to friends that he was racked with guilt. At another point during the proceedings, Tipton leaned across a divide and extended his hand to Sand. Sand took the handshake as a sign of respect, as if Tipton had thought he outsmarted the system but the system figured him out. On the day of his sentencing, Tipton told the judge he’d been taking classes to go into ministry. A deputy placed Tipton in handcuffs and led him away.

Earlier in the summer, Tipton sat in a conference room with Sand and lawenforcement and lottery officials to give his full confession, as promised in his plea agreement. Eventually he would head to Clarinda Correctional Facility in southern Iowa, near the Missouri border, where he remains today, Offender No. 6832975. (Through his attorney, he declined interview requests for this article; Tipton did not respond to nearly a dozen emails through the prison email system.)

During a lunch break in Tipton’s hourslong confession, Sand and others involved in the prosecution walked a few blocks to the High Life Lounge. They ordered bacon-wrapped tater tots to celebrate. “Eddie sees himself as much brighter than the rest of the world, the sharpest tool in the toolbox,” Sand says. “It’s the kind of thing I see in white-collar case after white-collar case, people who think they’re better than everybody else, that people trust them and love them, and that no one will be able to figure this out.”

The judge sentenced Tipton to a maximum of 25 years in prison. His restitution payments to the various state lotteries came to \$2.2 million even though, according to his attorney, Tipton pocketed only around \$350,000 from the scam, the rest going to those who claimed the tickets. (Prosecutors did not believe that, pointing to Tipton’s massive house as well as the fact that Tipton and his brother owned 11 pieces of property either jointly or individually in Fayette County, Tex.) In Iowa, which has indeterminate sentencing, a 25-year sentence could mean Tipton is released much sooner; Sand expects Tipton to be released by the Iowa Board of Parole within seven years.

Sand says he felt a deep intellectual satisfaction in solving the puzzle: “The

justice system at its best is really about a search for truth." But it couldn't go back in time and correct wrongs. At the end of this yearslong case, he came to a realization: He had grown weary of dealing with criminals. "In so much darkness," Sand says, "I started to lose my light."

A few months after the highest-profile case of his career, Sand went up to his boss and quit. He had decided to run for state auditor in the coming November election, so he could make positive changes. If he wins, he will be investigating government waste, abuse and fraud. "There's no way I would make a move to get away from the darkness of prosecution without finishing this case first," Sand says. "So finishing it, to me, was not merely satisfying. It was liberating."

Reid Forgrave is a writer based in Minnesota. He last wrote for the magazine about the fight over proposed mines near the Boundary Waters.