CHAPTER 565
STATE LOTTERY

565.01 Definitions. In this chapter:

(1) “Administrator” means the administrator of the lottery division in the department.

(1m) “Beneficial owner” has the meaning given under 17 CFR 240.13d-3.

(2) “Department” means the department of revenue, except as otherwise expressly provided.

(2m) “Federal income tax number” means either a taxpayer identification number or a federal employer identification number, as required by the internal revenue service.

(3m) “Instant lottery ticket services and supplies” means those lottery products and associated services commonly known as scratch-off or instant games based upon secure, preprinted lottery tickets.

(4) “Major procurement” means a procurement for materials, supplies, equipment or services which are unique to the lottery and not common to the ordinary operations of state agencies, including security services, prize payout agreements or annuity contracts and materials, supplies, equipment or services involving marketing, the printing of lottery tickets or lottery shares, the receiving or recording of a player’s selection in any lottery game and the determination of winners of a lottery game.

(4c) “Management consultation services” means any of the following:

(a) The development of a specification related to a bid or competitive sealed proposal to supply goods or services to the department relating to the state lottery.

(b) The evaluation of a bid or competitive sealed proposal to supply goods or services to the department relating to the state lottery.

(c) Consultation regarding the administration or supervision of one or more functions relating to lottery management or operations.

(4d) “Minority business” means a business certified by the department of commerce under s. 560.036 (2).

(4e) “Minority group member” has the meaning given in s. 560.036 (1) (f).

(4f) “Multijurisdictional” means pertaining to another state of the United States of America, the District of Columbia, the Commonwealth of Puerto Rico or any territory or possession of the United States of America or the government of Canada or any province thereof.

(4g) “On-line services and supplies” means those lottery products and associated services, including computerized transaction processing equipment, computerized retailer vending terminals, and those technologies necessary to maximize lottery revenues and minimize the lottery’s total operating costs. The term does not include services related to instant lottery ticket services.

(4r) “Promotional advertising” means advertising which is for the purpose of inducing persons to purchase lottery tickets or lottery shares. “Promotional advertising” does not mean advertising which is designed to provide the public with information on any of the following:

(a) The fact that this state has a state lottery or participates in a multijurisdictional lottery.

(b) The locations where lottery tickets or lottery shares are sold.

(c) The price of lottery tickets or lottery shares.

(d) The prizes or prize structure of the lottery.

(e) The type of lottery game and an explanation of how it works.

(f) The time, date and place of conducting the lottery.

(g) The winning numbers, lottery tickets or lottery shares or the identity of winners and the amounts won.

(h) How the lottery is operated or how the net proceeds of the lottery are to be used.

(5) “Relative” means a spouse, child, stepchild, brother, stepbrother, sister, stepsister, parent or stepparent.

(6) “Retailer” means a person who sells lottery tickets or lottery shares on behalf of the department under the terms of a lottery retailer contract entered into under s. 565.10.

(6m) (a) “The state lottery” means an enterprise, including a multijurisdictional lottery in which the state participates, in which the player, by purchasing a ticket, is entitled to participate in a game of chance in which any of the following applies:

1. The winning tickets are randomly predetermined and the player reveals preprinted numbers or symbols from which it can be immediately determined whether the ticket is a winning ticket entitling the player to win a prize as prescribed in the features and procedures for the game, including an opportunity to win a prize in a secondary or subsequent chance drawing or game.

2. The ticket is evidence of the numbers or symbols selected by the player or, at the player’s option, randomly selected by a computer, and the player becomes entitled to a prize as prescribed in the features and procedures for the game, including an opportunity to win a prize in a secondary or subsequent chance drawing or game.

3. The ticket is evidence of the numbers or symbols selected by the player or, at the player’s option, randomly selected by a computer, and the player becomes entitled to a prize as prescribed in the features and procedures for the game, including an opportunity to win a prize in a secondary or subsequent chance drawing or game.

4. Any banking card game, including blackjack, baccarat or chemin de fer.

5. Poker.

6. Roulette.

7. Craps or any other game that involves utilizing dice.

6m) (b) “The state lottery” does not include any of the following games or games simulating any of the following games:

1. Any game in which winners are selected based on the results of a race or sporting event.

2. Any banking card game, including blackjack, baccarat or chemin de fer.

3. Poker.

4. Roulette.

5. Craps or any other game that involves utilizing dice.


7. Bingo 21, bingo jack, bingolet or bingo craps.
8. Any game of chance that is played on a slot machine or any mechanical, electromechanical or electronic device that is generally available to be played at a gambling casino.

9. Any game or device that is commonly known as a video game of chance or a video gaming machine or that is commonly known as or considered to be a video gambling machine, except a video device authorized by the department to permit the sale of tickets by retailers in a game authorized under par. (a) if all of the following apply:
   a. The device does not determine whether the player has won a prize,
   b. The device does not indicate whether the player has won a prize other than by verifying that the player’s ticket or some or all of the player’s symbols or numbers on the player’s ticket have been selected in a chance drawing, or by verifying that the player’s ticket has been randomly selected by a central computer at the time of purchase.
   10. Any game that is similar to a game listed in this paragraph.

11. Any other game that is commonly considered to be a form of gambling and is not, or is not substantially similar to, a game that the department has the authority to conduct under this chapter.

(c) This subsection shall not affect the provisions of any Indian gaming compact entered into before January 1, 1993, under s. 14.035.

(7) “Vendor” means any person who enters into a major procurement contract under s. 565.25.


The purchase of a lottery ticket creates a binding contract with the state, the terms of which are governed by statute. Under sub. (6m) (a) 2., a player is entitled to a prize as prescribed in the “features and procedures for the game,” which become a part of the contract. The player is assumed to know the applicable law and, thus, to know that the features and procedures specify the terms upon which a player is entitled to a prize. Brown v. State, 230 Wis. 2d 355, 602 N.W.2d 79 ( Ct. App. 1999).

565.015 Advisory referendum on additional forms of gambling. After January 1, 1993, neither house of the legislature may pass any bill that authorizes the conduct of any game specified in s. 565.01 (6m) (b), 1991 stats., unless, prior to the passage of that bill and during the same legislative session, all of the following occur:

(1) A bill requiring a statewide advisory referendum on the question of whether the legislature should authorize the conduct of such a game has been enacted.

(2) The advisory referendum required under sub. (1) has been held.


565.02 Lottery operations. (1) (a) Prior to appointing an administrator, the department shall conduct a nationwide search to find the best, most qualified appointee and consider the business management experience, marketing experience, computer experience and lottery management experience of the applicants.

(b) Notwithstanding s. 111.321, no person may serve as the administrator if he or she has been convicted of, or entered a plea of guilty or no contest to, any of the following:

1. A felony, other than a felony conviction for an offense under s. 14.04, during the immediately preceding 10 years, unless the person has been pardoned.

2. A gambling–related offense.

3. Fraud or misrepresentation in any connection.

4. A violation of a provision of this chapter or rule of the department relating to the state lottery.

(c) Before appointment of an administrator is made, the department, with the assistance of the department of justice, shall conduct a background investigation of the proposed administrator. The department shall require the proposed administrator to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of the person’s fingerprints. The department of justice may submit the fingerprint cards to the federal bureau of investigation for the purposes of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions. The department shall reimburse the department of justice for the department’s services under this paragraph.

(2) (a) The administrator shall perform the duties assigned to the administrator under this chapter and by the secretary of revenue.

(b) The administrator shall appoint and supervise employees, as specified by the department by rule under sub. (3) (a), as necessary to carry out the duties of the administrator.

(c) Notwithstanding s. 111.321, no person may be employed under par. (b) if he or she has been convicted of, or entered a plea of guilty or no contest to, any of the following:

1. A felony, other than a felony conviction for an offense under subd. 2. or 3., during the immediately preceding 10 years, unless the person has been pardoned.

2. A gambling–related offense.

3. A violation of a provision of this chapter or rule of the department relating to the state lottery.

(d) Before appointment of employees is made under par. (b), the department, with the assistance of the department of justice, shall conduct a background investigation of the proposed employees. The department shall require the persons proposed as employees to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of the person’s fingerprints. The department of justice may submit the fingerprint cards to the federal bureau of investigation for the purposes of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions. The department shall reimburse the department of justice for the department’s services under this paragraph.

(e) If requested by a lottery prize winner to provide a certification that lists the amounts of the lottery prize payments, if any, that the administrator is required to withhold under s. 565.30 (4), (5), (5m) and (5r), the administrator shall provide the certification.

(2m) No applicant for employment or appointment under sub. (1) or (2) may intentionally make a false statement or material omission in an application for employment or appointment.

(2r) The department may require a fidelity bond from the administrator or any other employee of the lottery division in the department.

(3) The department shall promulgate all of the following rules:

(a) Establishing a plan of organizational structure for lottery division employees.

(b) For the selection of retailers for contract which shall be based on objective criteria. The rule may not limit the number of retailers solely on the basis of the population of the city, town or village in which the retailers are located and shall include requirements relating to all of the following:

1. The financial responsibility of the retailer.

2. The security of the retailer and the retailer’s business.

3. The accessibility of the location from which the retailer will sell lottery tickets or lottery shares to the public. Restrictions under s. 125.07 relating to presence of underage persons on premises licensed to sell alcohol beverages may not be used under this subdivision to deny a person a lottery retailer contract.

4. The sufficiency of existing retailers to serve public convenience.

5. The volume of expected lottery ticket and lottery shares sales.

6. Qualifications for retailers, in addition to those under this section, as determined by the department.

7. Ensuring that there will not be an undue concentration of retailers in any geographic area of the state.

(c) Establishing requirements for information to be submitted with a bid or proposal by a person proposing to contract under s. 565.25.
(d) Determining the types of lottery games to be offered under s. 565.27.

(f) Defining “advertising” for the purposes of s. 565.32 (3).

(g) Defining “lottery shares” for the purposes of this chapter.

(h) Establishing the circumstances and procedures under which a retailer may not be reimbursed if he or she accepts and directly pays a prize on an altered or forged lottery ticket or lottery share.

(i) Providing for terms of lottery retailer contracts for periods that are shorter than 3 years.

(4) The department may promulgate all of the following rules:

(a) Implementing the provisions of this chapter.

(b) Establishing an amount to be charged as an initial application fee, as an annual fee for contract continuation or as a fee for issuance of a certificate of authority under s. 565.10 (8).

(c) Establishing qualifications for vendors in addition to those specified under s. 565.25 (3).

(d) Requiring fidelity bonds from retailers.

(e) Establishing requirements for advertising of the state lottery, and any multijurisdictional lotteries in which the state participates, that are in addition to those specified under s. 565.32.

(f) Providing for payment of a rate of compensation that is higher than the basic compensation under s. 565.10 (14) (b) for retailers that are nonprofit organizations.

(g) Establishing a program to provide for additional compensation, above the compensation provided under s. 565.10 (14) (b) 1. or 2., to be paid to retailers who meet certain performance goals identified by the department. Under this program, the total compensation provided to retailers may not exceed 1.0% of the gross revenues from the sale of lottery tickets and lottery shares.

(6) The department shall deposit all gross lottery revenues, as defined in s. 25.75 (1) (b), in the lottery fund.

(7) Not later than March 1 of each year, the department shall submit to the joint committee on finance a report that includes an estimate for that fiscal year and for the subsequent fiscal year of the gross revenues from the sale of lottery tickets and lottery shares, the total amount paid as prizes and the prize payout ratio for each type of lottery game offered, and an evaluation of the effect of prize payout ratios of lottery games on lottery sales, lottery operating costs and on maximizing the revenue available for the lottery and gaming property tax credit. If, within 14 working days after the date on which the committee receives the report, the cochairs of the committee notify the department that the committee has scheduled a meeting for the purpose of reviewing the department’s proposed prize payouts, the department may proceed with its plans for the prize payouts for the subsequent fiscal year only upon approval of the plans by the committee. If the cochairs of the committee do not notify the department within 14 working days after the date on which the committee receives the report that the committee has scheduled a meeting for the purpose of reviewing the department’s proposed prize payouts, the department’s plans for the prize payouts for the subsequent fiscal year are considered approved by the committee.

(8) The department shall do all of the following:

(a) Subject to s. 565.25, provide all of the security services for the gaming operations under this chapter.

(b) Monitor the regulatory compliance of gaming operations under this chapter.

(c) Audit the gaming operations under this chapter.

(d) Investigate suspected violations of this chapter.

(e) Report suspected gaming-related criminal activity to the division of criminal investigation in the department of justice for investigation by that division.

(f) If the division of criminal investigation in the department of justice chooses not to investigate a report under par. (e), coordinate an investigation of the suspected criminal activity with local law enforcement officials and district attorneys.


565.05 Conflicts of interest. (1) No employee in the lottery division of the department or the executive assistant or the secretary or deputy secretary of revenue may do any of the following:

(a) Have a direct or indirect interest in, or be employed by, any vendor while serving as an employee in the lottery division of the department or as the executive assistant or as secretary or deputy secretary of revenue or for 2 years following the person’s termination of service.

(b) Have a direct or indirect interest in or be employed by a business which has entered into a retailer contract under s. 565.10.

(d) Accept or agree to accept money or any other thing of value from any vendor, retailer or person who has submitted a bid, proposal or application to be a vendor or retailer.

(2) A vendor selected to provide management consultation services described under s. 565.01 (4e) (a) or (b) may not do any of the following:

(a) Submit a bid or competitive sealed proposal with respect to those goods or services.

(b) Have any ownership interest in or any partners, members or shareholders who have any ownership interest in any vendor that is under contract to supply or that submits a bid or competitive sealed proposal to supply those goods or services.


565.10 Retailer contract. (1) SELECTION OF RETAILERS; RETAILER CONTRACT. Under rules promulgated by the department under s. 565.02 (3) (b) and (4) (a), the administrator may contract with a person for the retail sale of lottery tickets or lottery shares. Retailers shall be selected for contract so as to provide adequate and convenient availability of lottery tickets and lottery shares to prospective buyers.

(2) AGE RESTRICTION. No lottery retailer contract may be entered into with any person under 18 years of age. If the retailer is a partnership, this subsection applies to each partner of the partnership. If the retailer is a limited liability company, this subsection applies to each member of the limited liability company. If the retailer is an association or a corporation, this subsection applies to each officer and director of the association or corporation.

(3) FELONY AND OTHER VIOLATIONS RESTRICTION. DELINQUENT TAXES AND CONTRIBUTIONS RESTRICTION. (a) Notwithstanding s. 111.321, no lottery retailer contract may be entered into with a person if, during the immediately preceding 10 years, the person has been convicted of, or entered a plea of guilty or no contest to, any of the following, unless the person has been pardoned:

1. A felony.

2. Any gambling–related offense.

3. Fraud or misrepresentation in any connection.

4. A violation of this chapter or any rule promulgated under this chapter.

(b) No lottery retailer contract may be entered into with a person who has been finally adjudged to be delinquent in the payment of taxes under ch. 71, 72, 76, 77, 78 or 139 or who has been found delinquent in the payment of contributions to the unemployment reserve fund under s. 108.16 in a proceeding under s. 108.10 if the person remains delinquent in the payment of those taxes or contributions at the time the person seeks to enter into the lottery retailer contract.

(c) 1. Except as provided in subd. 4., if the retailer is a partnership, parts. (a) and (b) apply to the partnership and each partner of the partnership.

Wisconsin Statutes Archive.
11. Except as provided in subd. 4., if the retailer is a limited liability company, pars. (a) and (b) apply to the limited liability company and to each of its members.

2. Except as provided in subd. 4., if the retailer is an association, pars. (a) and (b) apply to the association and each officer and director of the association.

3. Except as provided in subd. 4., if the retailer is a corporation, pars. (a) and (b) apply to the corporation, each officer or director of the corporation and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. In the case of owners of publicly held securities of a publicly traded corporation, pars. (a) and (b) apply only to those persons who are beneficial owners of 5% or more of the publicly held securities.

4. The restrictions under par. (a) do not apply to the partnership, limited liability company, association or corporation if the department determines that the partnership, limited liability company, association or corporation has terminated its relationship with the partner, member, officer, director or owner who was convicted or entered the plea or with the partner, member, officer, director, owner or other individual whose actions directly contributed to the partnership’s, limited liability company’s, association’s or corporation’s conviction or entry of plea.

(3m) FALSE STATEMENT OR MATERIAL OMISSION. No retailer or person seeking a contract under this section may intentionally make a false statement or material omission in any disclosure statement required to obtain, retain or renew a retailer contract.

(4) EXCLUSIVE BUSINESS RESTRICTION. No lottery retailer contract may be entered into with any person who is engaged in business exclusively as a lottery ticket or lottery share retailer unless one of the following is true:

(a) The retailer contract is a temporary retailer contract.

(b) Subject to approval of each such retailer contract by the department, the retailer contract is with one of the following:

1. An individual who has a physical or mental disability which constitutes or results in a substantial handicap to his or her employment.

2. A group of individuals who have physical or mental disabilities which constitute or result in substantial handicaps to their employment.

3. A nonprofit organization, as defined in s. 108.02 (19), whose primary purpose is to provide service to or for individuals who have physical or mental disabilities which constitute or result in substantial handicaps to their employment.

(5) STATE AGENCIES; GOVERNMENT PROPERTY. (a) In entering into a lottery retailer contract with state agencies, other than the department, and agencies of local units of government, the administrator shall attempt to minimize the competitive effect of sales by the state or local agencies on other retailers. An application for a retailer contract by a local unit of government shall be approved by the governing body of the local unit of government.

(b) A lottery retailer contract may be entered into with a private person operating activities on state or local government property. The department shall give preference to an individual, group of individuals or nonprofit organization, as specified under subd. (4) (b), in entering into contracts under this paragraph.

(7) LENGTH AND SALES AUTHORIZATION OF CONTRACT. (a) Except as provided in par. (b), a lottery retailer contract shall be for a period of 3 years and shall specify whether the retailer is authorized to conduct lottery ticket sales on a year-round, seasonal or temporary basis.

(b) The administrator may, under rules promulgated by the department, contract for a period that is shorter than 3 years in order to stagger lottery retailer contract expiration dates throughout a 3-year period.

(8) CONTRACT FEES. A contract entered into under this section may require payment of a nonrefundable initial application fee or a nonrefundable annual fee for continuation, or both, in an amount promulgated by the department by rule under s. 565.02 (4) (b). A separate nonrefundable fee, in an amount specified in rules promulgated under s. 565.02 (4) (b), may be required for each certificate of authority issued under subd. (11).

(8m) PAYMENT TO DEPARTMENT OR CONTRACTOR. Payment by a retailer to the department or to any contractor for lottery tickets or lottery shares shall be by check, bank draft, electronic fund transfer or other recorded means, as determined by the administrator. No payment under this subsection may be in cash.

(9) CONTRACT NOT ASSIGNABLE OR TRANSFERABLE. A lottery retailer contract may not be assigned or transferred from one person or location to another.

(10) LOCATION OF SALES. A retailer may sell lottery tickets or lottery shares only at locations specified in the contract entered into under this section.

(11) CERTIFICATE OF AUTHORITY; REQUIRED DISPLAY. The department shall issue to each retailer a separate certificate of authority for each location from which the retailer may sell lottery tickets or lottery shares. Each retailer shall conspicuously display the certificate of authority on the premises where retail sales of lottery tickets or lottery shares are authorized under the certificate in a location which is accessible for public inspection.

(12) CERTIFICATE OF AUTHORITY NOT ASSIGNABLE OR TRANSFERABLE. A certificate of authority may not be assigned or transferred from one person or location to another.

(13) BOND. The department may by rule under s. 565.02 (4) (d) require fidelity bonds from retailers. In lieu of a bond, the department may purchase blanket bonds covering all or selected retailers or may allow a retailer to deposit and maintain with the department interest-bearing or interest-accruing securities approved by the department. Such securities shall be held in trust by the department and shall have at all times a market value at least equal to the amount required by the department.

(14) COMPENSATION. (a) In this subsection, “nonprofit organization” means a religious, charitable, service, fraternal or veterans’ organization or any organization, other than the state or a political subdivision of the state, to which contributions are deductible for federal income tax purposes or state income or franchise tax purposes, which meets all of the following criteria:

1. Is incorporated in this state as a nonprofit corporation or organized in this state as a religious or nonprofit organization.

2. Has been in existence for at least 3 years immediately preceding its application for a contract under this subsection.

3. Has at least 15 members in good standing.

4. Operates without profit to its members and no part of the net earnings of the organization inure to the benefit of any private shareholder or individual.

5. Conducts activities within this state in addition to selling lottery tickets or lottery shares.

(b) 1. The basic compensation to be paid to a retailer for the sale of a lottery ticket or lottery share described under s. 565.01 (6m) (a) 2. is 5.5% of the retail price of lottery tickets or lottery shares sold by the retailer.

2. The basic compensation to be paid to a retailer for the sale of a lottery ticket or lottery share described under s. 565.01 (6m) (a) 1. is 6.25% [6.5%] ] of the retail price of lottery tickets or lottery shares sold by the retailer.

NOTE: The bracketed language was erroneously marked as partially vetoed in 1997 Wis. Act 27, section 4759. Section 4759, the treatment of s. 560.10 (14) (b), was not listed as partially vetoed in the Governor’s Veto Message and the veto message made no mention of the subject matter of section 4759. See also, 70 Atty Gen. 189 and State ex rel. Kleczka v. Conte, 82 Wis. 2d 679, 264 N.W.2d 539 (1978).

3m. The department may, in rules promulgated under s. 565.02 (4) (g), provide for additional compensation, above the compensation provided under subd. 1. or 2., to be paid to retailers who meet certain performance goals identified by the department.

4. The department may, in the rules promulgated under s. 565.02 (4) (f), provide for the payment of a higher rate of com-
pensation to nonprofit organizations making sales under a contract issued on a temporary basis than the rate of compensation paid to other retailers.

(15) REMITTING PROCEEDS. A retailer shall, on a daily basis, unless another basis, but not less than weekly, is provided by the department by rule, remit to the department the lottery proceeds from the sale of lottery tickets or lottery shares. The amount of compensation deducted by the retailer, if any, shall be indicated as a deduction from the total remitted.


Cross Reference: See also chs. Tax 61 and 63, Wis. adm. code.

565.12 Retailer contract termination or suspension. (1) A lottery retailer contract entered into under s. 565.10 may be terminated or suspended for a specified period if the department finds that the retailer has done any of the following:

(a) Violated this chapter or any rule promulgated under this chapter.

(b) Failed to meet any of the qualifications for being a retailer under s. 565.10 or rules promulgated under s. 565.02 (3) (b) or as specified by contract.

(c) Endangered the security of the lottery.

(d) Engaged in fraud, deceit, misrepresentation or other conduct prejudicial to public confidence in the lottery.

(e) Failed to account accurately for lottery tickets, revenues or prizes or lottery shares, as required by the department, or is delinquent in remitting lottery ticket or lottery share revenues.

(f) Performed any action constituting a reason for termination or suspension as specified in the contract, which shall include the following:

1. The intentional sale of lottery tickets or lottery shares to any person under the age of 18.

2. A violation of this chapter or any rule promulgated under this chapter.

(2) If the administrator determines that the immediate suspension or termination of a lottery retailer contract entered into under s. 565.10 is necessary to protect the public interest or the security, integrity or fiscal responsibility of the lottery, the administrator may, without prior notice or hearing, suspend for a specified period or terminate the lottery retailer contract by mailing to the retailer a notice of suspension or termination that includes a statement of the facts or conduct that warrant the suspension or termination and a notice that the retailer may, within 30 days after the date on which the notice of suspension or termination is mailed, have the suspension or termination reconsidered by the administrator. If, upon reconsideration, the administrator affirms the determination to suspend or terminate the lottery retailer contract, the retailer shall be afforded an opportunity for a hearing before the department to review the determination of the administrator.

(3) The department shall render the final decisions under s. 227.47 for all terminations and suspensions under subs. (1) and (2).


565.15 Department retail outlet. The department may establish and operate a lottery ticket or lottery share retail sales outlet or sell lottery tickets or lottery shares to the public at a special event. In considering whether to engage in direct retail sales, the department shall attempt to minimize the competitive effects of its sales on sales by other retailers.

History: 1987 a. 119, 403; 1991 a. 269; 1995 a. 27.

565.17 Limitations on ticket and share sales and purchases. (1) WHO MAY SELL. Lottery tickets or lottery shares may not be sold by any person other than a retailer or the department.

(2) PRICE. No person may sell lottery tickets or lottery shares at a price other than the retail sales price established by the administrator under s. 565.27 (1) (b), except to the extent of any discount authorized by the administrator or the department.

(3) CASH SALES. Lottery tickets or lottery shares may be sold only for cash.

(4) AGE. (a) A person under 18 years of age may not purchase a lottery ticket or lottery share. This paragraph does not prohibit a person 18 years of age or older from giving a lottery ticket or lottery share to a person under 18 years of age.

(b) No person may sell a lottery ticket or lottery share to a person under 18 years of age or to any person other knowing that the lottery ticket or lottery share is being purchased for a person under 18 years of age other than as a gift.

(c) No person may pay a prize for a winning lottery ticket or lottery share to any person knowing that the purchaser was under 18 years of age or knowing that the lottery ticket or lottery share was purchased for a person under 18 years of age other than as a gift.

(5) CERTAIN DEPARTMENT EMPLOYEES. (a) No employee in the lottery division of the department or the executive assistant or the secretary or deputy secretary of revenue and no member of such a person’s immediate family, as defined in s. 19.42 (7), may purchase a lottery ticket or lottery share.

(b) No person may sell a lottery ticket or lottery share to a person knowing that the purchaser is prohibited from purchasing a lottery ticket or lottery share under par. (a).

(c) No person may pay a prize for a winning lottery ticket or lottery share to any person knowing that the purchaser was prohibited from purchasing a lottery ticket or lottery share under par. (a).


A plan whereby a soft drink company would include a coupon for a Wisconsin lottery ticket with specified purchases and customers could redeem coupons for lottery tickets at retail lottery outlets would violate s. 100.16. 77 Atty. Gen. 303.

565.20 Retailer rental payments. If a retailer’s rental payment for the premises described in a contract entered into under s. 565.10 is contractually computed, in whole or in part, on the basis of a percentage of retail sales and the computation of retail sales is not expressly defined, under the rental contract, to include sales of lottery tickets or lottery shares in the lottery under this chapter, any compensation received by the retailer under s. 565.10 (14) shall be considered the amount of the retail sales from the lottery tickets or lottery shares for the purposes of computing the rental payment.

History: 1987 a. 119.

565.25 Contracting authority and purchasing procedures. (1) DEFINITION. In this section, “department” means the department of administration.

(1m) SCOPE OF AUTHORITY. Subject to approval by the secretary of revenue, the administrator may determine whether lottery functions shall be performed by department of revenue employees or by one or more persons under contract with the department of administration, except that no contract may provide for the entire management of the lottery or for the entire operation of the lottery by any private person. The department of administration may contract for management consultation services to assist in the management or operation of the lottery. The department of administration may not contract for financial auditing or security monitoring services, except that, if the department of administration delegates under s. 16.71 (1) to the department of revenue the authority to make a major procurement, the department of revenue may contract with the department of administration for warehouse and building protection services relating to the state lottery. If the department of administration delegates under s. 16.71 (1) to the department of revenue the authority to make a major procurement, the department of revenue shall assume the powers and duties of the department of administration and the administrator shall assume the powers and duties of the secretary of administration under this section and ss. 16.70 to 16.77, except under ss. 16.72 (4) (a), 16.76 (1) and 16.77 (1).
(2) PURCHASING PROCEDURES. (a) 1. Except as provided under s. 16.71 (1), the department shall make major procurements.

2. Notwithstanding the provisions of s. 16.75 (1) (a) relating to the lowest responsible bidder and s. 16.75 (2m) (g) relating to the most advantageous proposal, all contracts or orders under s. 16.75 (1) (a) and (2m) shall be awarded on the basis of a formula specified by the department that weighs all of the following factors, to the extent applicable:

a. The cost of the bid or proposal.

b. The technical capability and expertise of the proposed vendor.

c. The integrity, reliability and expertise of the proposed vendor in providing the items covered by the bid or proposal.

d. The security for lottery operations provided under the bid or proposal.

e. The financial stability of the proposed vendor.

3. In addition to the provisions of ss. 16.75 (3m) and 16.765 that apply to purchasing or contracting state agencies, in awarding orders or contracts, the department shall give preference to a bidder if at least 5% of the individuals employed by the bidder and any subcontractors to produce, distribute, supply or sell the materials, supplies, equipment or services under the order or contract are minority group members and are employed in the state.

4. The administrator shall develop specifications for major procurements. If security is a factor in the materials, supplies, equipment, property or services to be purchased in any major procurement, then invitations for bids or competitive sealed proposals shall include specifications related to security. The administrator shall submit specifications for major procurement to the secretary of revenue for review and approval before the department of administration releases the specifications in invitations for bids or competitive sealed proposals. The department of administration shall require separate bids or separate competitive sealed proposals for each of the following supplies and services if the supplies or services are provided under contract as provided in sub. (1m):

a. Management consultation services.

b. Instant lottery ticket services and supplies.

c. On-line services and supplies.

5. The vendor shall disclose such information as is required by the department, by rule, with the vendor’s submission of a bid or proposal for a major procurement.

6. If the department of administration delegates under s. 16.71 (1) to the department of revenue the authority to make a major procurement, the award of the major procurement contract is subject to the requirements in ss. 16.72 (4) (a) and 16.76 (1). Copies of requisitions and contracts for major procurements shall be maintained by the administrator and shall be subject to inspection and copying under subch. II of ch. 19.

7. No bill or statement for any purchase or engagement for the department of revenue relating to the state lottery may be paid until the bill or statement is approved by the administrator.

(c) A major procurement contract under this subsection may be forfeited if any amount filed, deposited or established under this chapter, or to the lowest responsible bidder and the department or any subcontractor to produce, distribute, supply or sell the materials, supplies, equipment or services under the order or contract are minority group members and are employed in the state.

3M) VENDOR QUALIFICATIONS. (a) No contract for a major procurement may be entered into with a person if, during the immediately preceding 10 years, the person has been convicted of, or entered a plea of guilty or no contest to, any of the following, unless the person has been pardoned:

1. A felony.

2. A gambling–related offense.

3. Fraud or misrepresentation in any connection.

4. A violation of this chapter or any rule promulgated under this chapter.

(b) 1. Except as provided in subd. 4., if the vendor is a partnership, par. (a) applies to the partnership and each partner of the partnership.

1L. Except as provided in subd. 4., if the vendor is a limited liability company, par. (a) applies to the limited liability company and to each of its members.

2. Except as provided in subd. 4., if the vendor is an association, par. (a) applies to the association and each officer and director of the association.

3. Except as provided in subd. 4., if the vendor is a corporation, par. (a) applies to the corporation, each officer or director of the corporation and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. In the case of owners of publicly held securities of a publicly traded corporation, par. (a) only applies to those persons who are beneficial owners of 5% or more of the publicly held securities.

4. The restrictions under par. (a) do not apply to the partnership, limited liability company, association or corporation if the department determines that the partnership, limited liability company, association or corporation has terminated its relationship with the partner, member, officer, director or owner who was convicted or entered the plea or with the partner, member, officer, director, owner or other individual whose actions directly contributed to the partnership’s, limited liability company’s, association’s or corporation’s conviction or entry of plea.

(c) No contract for a major procurement may be entered into unless the contract provides that the vendor has established or will, within a period of time specified in the contract, establish an office within the state from which the vendor will process, produce, distribute, supply or sell materials, supplies, equipment or services under the contract.

(d) The vendor shall meet any additional qualifications established by rule under s. 565.02 (4) (c).

(3M) FALSE STATEMENT OR MATERIAL OMISSION. No person proposing to contract or a major procurement may intentionally make a false statement or material omission in any disclosure statement required under sub. (2) (a) 5.

4. BACKGROUND INVESTIGATIONS. The department of justice shall conduct a background investigation of any person proposing to contract or contracting for a major procurement and of all partners, members, officers, directors, owners and beneficial owners identified under sub. (3) (b). The department of justice may require the person and partners, members, officers, directors and shareholders identified under sub. (3) (b) to be photographed and fingerprinted on 2 fingerprint cards each bearing a complete set of the person’s fingerprints. The department of justice may submit the fingerprint cards to the federal bureau of investigation for the purposes of verifying the identity of the persons fingerprinted and obtaining records of their criminal arrests and convictions. If the results of the background investigation disclose information specified in sub. (3) (a) with respect to the person, partner, member, officer, director, owner or beneficial owner, a contract with the vendor, if entered into prior to the disclosure, is void and the vendor shall forfeit any amount filed, deposited or established under sub. (5) (b). The department of revenue shall reimburse the department of justice for the department of justice’s services under this subsection and shall obtain payment from the person proposing to contract or the vendor in the amount of the reimbursement.

5. FINANCIAL RESPONSIBILITY. (a) In this subsection, “financial institution” has the meaning specified in s. 705.01 (3).

(b) For a major procurement, the department may require from a person proposing to contract on a bid, conditioned upon signing the contract if awarded to the person, or on a contract award, conditioned upon performance under the contract or payment of subcontractors, any of the following:

1. The deposit with the department of a bond payable to the department, in an amount required by the department.
2. The deposit and maintenance with the department of interest-bearing or interest-accruing securities approved by the department, which shall be held in trust by the department and shall have at all times a market value equal to at least the amount required by the department.

3. The filing with the department of an irrevocable letter of credit payable to and for the benefit of the department, in an amount required by the department.

4. The establishment with a financial institution of an escrow account, the terms, conditions and amount of which are established for the benefit of the department, in an amount required by the department.

565.30 Lottery prizes. (1) PAYMENT OF PRIZES. The administrator shall direct the payment of a prize, in the form elected under s. 565.30(1) on or before October 21, 1998, and may not be revoked.

(b) A person who chooses to make an election under par. (a) shall make the election no later than 60 days after becoming entitled to a winning lottery ticket or lottery share. The elections made under this paragraph shall be irrevocable.

3. The drawings shall be witnessed by an independent certifying public accountant.

4. Any equipment used for the drawing must be inspected by a certified public accountant and a department employee before and after the drawing, except that a department employee is not required to inspect the equipment if the drawing is used for a multiwjurisdictional lottery.

3. Ticket and share numbers. Every lottery ticket and lottery share shall have a unique number that distinguishes the ticket or share from every other ticket or share in the lottery game.

4. Lottery ticket appearance. No name of an elected or appointed official may appear on the lottery tickets of any lottery game.


Cross Reference: See also ch. Tax 62, Wis. adm. code.

565.30 Lottery prizes. (1) PAYMENT OF PRIZES. The administrator shall direct the payment of a prize, in the form elected under s. 565.30(1) on or before October 21, 1998, and may not be revoked.

(a) A person who became entitled to receive payment of a lottery prize under s. 565.30(1) on or before October 21, 1998, and who currently receives payment of the lottery prize in the form of an annuity may elect to change the form of payment to a lump sum if the lottery prize is payable over at least 10 years.

(b) A person who chooses to make an election under par. (a) shall make the election no earlier than July 1, 1999, and no later than December 31, 2000. An election made under par. (a) is final and may not be revoked.
of child support or has a debt owing to the state. Upon receipt of a report under this subsection, the department of revenue shall first ascertain based on certifications by the department of workforce development or its designee under s. 49.855 (1) whether any person named in the report is currently delinquent in court-ordered payment of child support and shall next certify to the administrator whether any person named in the report is delinquent in court-ordered payment of child support or payment of state taxes under ch. 71, 72, 76, 77, 78 or 139. Upon this certification by the department, revenue, or upon court order the administrator shall withhold the certified amount and send it to the department of revenue for remittance to the appropriate agency or person. At the time of remittance, the department of revenue shall charge its administrative expenses to the state agency that has received the remittance. The administrative expenses received by the department of revenue shall be credited to the appropriation under s. 20.566 (1) (h). In instances in which the payee or assignee of the prize is delinquent both in payments for state taxes and in court-ordered payments of child support, or is delinquent in one or both of these payments and has a debt owing to the state, the amount remitted to the appropriate agency or person shall be in proportion to the prize amount as is the delinquency or debt owed by the payee or assignee.

(5m) **WITHHOLDING OF CHILD SUPPORT, SPousAL SUPPORT, MAintENANCE OR FAMILY SUPPORT.** (a) The administrator shall report to the department of workforce development the name, address and social security number of each winner of a lottery prize that is payable in installments and the name, address and social security number or federal income tax number of the person who has been assigned a lottery prize that is payable in installments. Upon receipt of the report, the department of workforce development shall certify to the administrator whether any payee or assignee named in the report is obligated to provide child support, spousal support, maintenance or family support under s. 767.02 (1) (f) or (g), 767.10, 767.23, 767.25, 767.26, 767.261, 767.458 (3), 767.465 (2m), 767.477, 767.51 (3), 767.62 (4) or 948.22 (7) or ch. 769 and the amount required to be withheld from the lottery prize under s. 767.265. Subject to par. (b), the administrator shall withhold the certified amount from each payment made to the winner or assignee and remit the certified amount to the department of workforce development.

(b) The administrator may not withhold from any payment to an assignee of a lottery prize any child support, spousal support, maintenance or family support specified in par. (a) that is owed by a winner of a lottery prize, nor may the administrator withhold from any payment to a winner any child support, spousal support maintenance or family support that is owed by an assignee.

(5r) **WITHHOLDING OF ASSESSMENTS, FINES, RESTITUTION AND SURCHARGES.** (a) Annually, the administrator shall provide each clerk of circuit court in the state with a list of the winners or assignees of a lottery prize that is payable in installments. The list shall include each winner or assignee since the date of the previous list.

(b) Subject to par. (c), if the administrator receives a notice under s. 973.05 (5) (a) or 778.30 (2) (a) of the assignment of lottery prizes under s. 973.05 (4) (c) or 778.30 (1) (c) and determines that the person subject to the assignment is a winner or assignee of a lottery prize that is payable in installments, the administrator shall withhold the amount of the judgment that is the basis of the assignment from the next installment payment. The administrator shall submit the withheld amount to the court that issued the assignment. At the time of the submittal, the administrator shall charge the commission for the expenses related to withholding the installment to the winner or assignee of the lottery prize and withhold those expenses from the balance of the installment payment. The administrator shall notify the winner or assignee of the reason that the amount is withheld from the installment payment. If the initial installment payment is insufficient to pay the judgment and administrative expenses, the administrator shall withhold and submit to the court an amount from any additional installment payments until the judgment and administrative expenses are paid in full and the assignment is no longer in effect. The administrative expenses received by the department shall be credited to the appropriation under s. 20.566 (1) (h).

(c) The administrator may not withhold from any payment to an assignee of a lottery prize the amount specified in par. (b) that is owed by a winner of a lottery prize, nor may the administrator withhold from any payment to a winner the amount specified in par. (b) that is owed by an assignee.

(5t) **PRIORITY OF WITHHOLDING.** The administrator shall withhold payments under this section from a winner or assignee of a lottery prize in the following order:

(a) For any federal or state taxes required to be withheld under sub. (4).

(b) For any delinquent state taxes, child support or debt owed the state required to be withheld under sub. (5).

(c) For any child support, spousal support, maintenance or family support required to be withheld under sub. (5m).

(d) For any assignment of lottery prizes required to be withheld under sub. (5r).

(6m) **USE OF LOTTERY PRIZE AS SECURITY FOR LOAN.** (a) **Definition.** In this subsection, “prize winner” means a person who has won a lottery prize and any other person who is authorized by law to use a lottery prize as security for a loan.

(b) **Security for a loan.** A prize winner may use a lottery prize or part of a lottery prize as security for a loan only pursuant to a court order issued under this subsection.

(c) **Judicial process for using lottery prizes as security for loans.** Any prize winner who intends to use part or all of a lottery prize as security for a loan shall petition the circuit court of the county in which the prize winner resides or the circuit court of Dane County for a court order confirming the use of a lottery prize as security for a loan. The circuit court of the county in which the prize winner resides or the circuit court of Dane County shall issue an order confirming the use of a lottery prize as security for a loan only if all of the following occur:

1. The prize winner is represented by independent legal counsel.

2. A copy of the contract that provides for using any part of the lottery prize as security for the loan is attached to the petition.

3. The contract is executed by the prize winner, is subject to the laws of this state and provides that the prize winner has the right to cancel the contract until midnight of the 3rd business day after the date on which the prize winner entered into the contract.

4. The prize winner attests, by sworn affidavit, that he or she is of sound mind, is not acting under duress and acknowledges that she will not make any of the lottery prize payments or parts of lottery prize payments to the prize winner that are being used as security for the loan in the event the prize winner defaults on the loan.

5. The prize winner, by sworn affidavit, provides the court with an accounting of all claims to, or judgments, liens, security interests, garnishments, assignments or attachments against, all or any part of the lottery prize payments.

6. The prize winner provides the court a certification from the administrator that lists the amounts of the lottery prize payments, if any, that the administrator is required to withhold for the prize winner under subs. (4), (5), (5m) and (5r).

7. The part of the lottery prize that is being used as security for the loan does not include the amounts of any withholdings specified under subs. (4), (5), (5m) and (5r).

8. The court determines that the interest rate on the loan does not exceed the weekly prime rate for the week prior to the date on which the court received a copy of the contract, as reported by the federal reserve board in federal reserve statistical release H. 15, plus 6%. In making the calculation under this subdivision, the court shall subtract from the compensation received by the individual or organization making the loan any required fees or other costs charged the prize winner.
(d) Contents of court order. A court order issued under par. (c) shall include all of the following:
1. The name of the prize winner.
2. The prize winner's social security number if the prize winner is an individual, or federal income tax identification number if the prize winner is an organization.
3. The name of the individual or organization that is making the loan to the prize winner.
4. The social security number of the individual or the federal income tax identification number of the organization that is making the loan to the prize winner.
5. If an individual is making the loan to the prize winner, the citizenship of the individual. If the individual is not a citizen of the United States of America, the order shall include the individual's resident alien number.

(e) Administration. Upon receipt of a court order issued under par. (c), the individual or organization making the loan shall provide a certified copy of the court order to the administrator. The administrator shall acknowledge receipt of the court order in writing to the individual or organization making the loan and shall make all lottery prize payments according to the terms specified in the court order. The administrator may charge an initial processing fee, in an amount determined by rule, to cover any costs associated with processing the lottery prize payments in accordance with the terms specified in the court order.

(6r) VOLUNTARY ASSIGNMENT OF LOTTERY PRIZE. (a) Definition. In this subsection, “assignor” means a lottery prizewinner or a person who has the right to assign all or part of a lottery prize.
(b) Voluntary assignment. An assignor may make a voluntary assignment of a lottery prize or part of a lottery prize only pursuant to a court order issued under this subsection.
(c) Judicial process for assignment. Any assignor who intends to voluntarily assign part or all of a lottery prize to any individual or organization shall petition the circuit court of the county in which the assignor resides or the circuit court of Dane County for a court order confirming the assignment. The circuit court of the county in which the assignor resides or the circuit court of Dane County shall issue an order confirming the assignment only if all of the following occur:
1. The assignor is represented by independent legal counsel.
2. A copy of the assignment is attached to the petition.
3. The assignment is in writing, is executed by the assignor and is subject to the laws of this state.
3m. The contract for the assignment provides that the assignor has the right to cancel the contract until midnight of the 3rd business day after the date on which the assignor entered into the contract.
3r. The contract for the assignment provides that the assignor, from the proceeds received from the individual or organization to whom part or all of the lottery prize is assigned, agrees to pay in full any delinquent payments that may be owed by the assignor under sub. (4), (5), (5m) and (5r).
4. The assignor attests, by sworn affidavit, that he or she is of sound mind, is not acting under duress and acknowledges that the state will not make any of the assigned lottery prize payments or parts of lottery prize payments to the assignor.
5. The assignor, by sworn affidavit, provides the court with an accounting of all claims to, or judgments, liens, security interests, garnishments, assignments or attachments against, all or any part of the lottery prize payments.
6. The assignment does not include the amounts of any withholdings specified under sub. (4), (5), (5m) or (5r).
7. The assignor provides the court a certification from the administrator that lists the amounts of the lottery prize payments, if any, that the administrator is required to withhold for the assignor under sub. (4), (5), (5m) and (5r).
8. The payment that the assignor will receive as compensation for the assignment is at least equal to the present value of the assigned lottery prize payments, discounted at a rate no greater than the weekly prime rate for the week prior to the date on which the court received a copy of the assignment, as reported by the federal reserve board in federal reserve statistical release H. 15, plus 6%. In making the calculation under this subdivision, the court shall subtract from the compensation received by the assignor any required fees or other costs charged the assignor.
9. The individual or organization to whom part or all of the lottery prize is assigned specifies in an affidavit that the individual or organization agrees to report and pay any state income or franchise tax that is owed on any income or gain realized from the purchase and subsequent sale or redemption of any lottery prize.
10. The individual or organization to whom part or all of the lottery prize is assigned specifies in an affidavit that the individual or organization agrees to withhold from any payment made to an assignor for the assignment of a lottery prize the amount calculated under s. 71.67 (5m) and agrees to deposit that amount as required under s. 71.67 (5m).

(d) Contents of court order. A court order issued under par. (c) shall include all of the following:
1. The name of the prizewinner or the name of the assignor, if different from the prizewinner.
2. The assignor's social security number if the assignor is an individual, or federal income tax identification number if the assignor is an organization.
3. The name of the individual or organization to whom part or all of the lottery prize is assigned.
4. The social security number of the individual or the federal income tax identification number of the organization to whom part or all of the lottery prize is assigned.
5. If part or all of the lottery prize is assigned to an individual, the citizenship of the individual. If the individual is not a citizen of the United States of America, the order shall include the individual's resident alien number.
6. The number of assigned lottery prize payments and the dates on which the assigned lottery prize payments are to be paid.
7. The gross amount of each of the lottery prize payments that are subject to withholding for tax purposes and that are assigned.
8. The payment that the assignor will receive as compensation for the assignment is at least equal to the present value of the assigned lottery prize payments, discounted at a rate no greater than the weekly prime rate for the week prior to the date on which the court received a copy of the assignment, as reported by the federal reserve board in federal reserve statistical release H. 15, plus 6%. In making the calculation under this subdivision, the court shall subtract from the compensation received by the assignor any required fees or other costs charged the assignor.
9. The individual or organization to whom part or all of the lottery prize is assigned specifies in an affidavit that the individual or organization agrees to report and pay any state income or franchise tax that is owed on any income or gain realized from the purchase and subsequent sale or redemption of any lottery prize.
10. The individual or organization to whom part or all of the lottery prize is assigned specifies in an affidavit that the individual or organization agrees to withhold from any payment made to an assignor for the assignment of a lottery prize the amount calculated under s. 71.67 (5m) and agrees to deposit that amount as required under s. 71.67 (5m).

PROMOTIONAL ADVERTISING PROHIBITION. The expenditure by the department or any other state agency of public funds or of revenues derived from lottery operations to engage in promotional advertising of the state lottery or any multi-jurisdictional lottery is prohibited.

(2) PROMOTIONAL ADVERTISING BY RETAILERS OR VENDORS. (a) A retailer or a combination of retailers, a vendor or a combination

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of vendors or a combination of retailers and vendors may engage in promotional advertising of the state lottery or any multijurisdictional lottery in which the state participates.

(b) Promotional advertising by vendors under par. (a) shall clearly indicate that the advertising is paid for by the vendor.

(3) REQUIRED CONTENTS OF ADVERTISING, TICKETS AND SHARES. Any advertising, as defined by the department by rule under s. 565.02 (3) (f), of the lottery which describes a specific lottery game and each lottery ticket and lottery share shall include:

1. Except for the games under subd. 2., the prize structure, the prize amounts and the odds of a specific lottery ticket or lottery share being selected as the winning lottery ticket or lottery share for each prize amount.

2. For games in which the amount of the winnings and the odds of winning are determined by the number of participants in the game, all of the following:
   a. An explanation that the amount of the winnings and the odds of winning are determined by the number of participants in the game.
   b. An explanation of the prize structure.
   c. Estimates of the amounts of prizes and the odds of a particular lottery ticket or lottery share winning each prize. The estimates of the prize amounts and the odds of a particular lottery ticket or lottery share winning each prize may be given as a range of values.

565.37 Audits, financial reports and odds verification. (1) FINANCIAL AND PERFORMANCE AUDITS. The department shall annually contract with the legislative audit bureau to conduct a financial audit of the transactions and accounts of the state lottery, and, to the extent of the department’s participation, of any multijurisdictional lotteries in which the state participates, for the preceding fiscal year and shall biennially contract with the legislative audit bureau for a performance audit of the state lottery and, to the extent of the department’s participation, of those multijurisdictional lotteries.

(2) INDEPENDENT POSTAUDIT. At no less than 3−year intervals, the department may retain an independent certified public accountant to conduct a postaudit of all the lottery division’s accounts and transactions. The department shall provide copies of each such postaudit to the legislative audit bureau and the department of justice.

(3) DEPARTMENT REPORT. The department shall submit quarterly reports on the operation of the lottery to the chief clerk of each house of the legislature, for distribution to the legislature under s. 13.172 (2) and to the governor, attorney general, state treasurer, secretary of state and state auditor.

(4) ADMINISTRATOR REPORT. The administrator shall submit monthly financial reports to the secretary of revenue.

(5) VERIFICATION OF ODDS. The department shall contract with the legislative audit bureau to verify the odds on winning a lottery game that are represented by the department, a contractor or a retailer.

(6) AUDIT OF LOTTERY SECURITY. By July 1, 1990, and at least biennially thereafter, the department shall hire an independent firm to perform an audit of lottery security that is independent of any other audit under this section.

565.40 Department of justice enforcement authority. (1) INVESTIGATIONS. The department of justice may investigate any activities by vendors or employees in the department, which affect the operation or administration of the state lottery or any multijurisdictional lottery in which the state participates, and shall report suspected violations of state or federal law to the appropriate prosecuting authority.

(1m) SUBPOENA POWER. For the purpose of an investigation under sub. (1), the attorney general may issue a subpoena to compel the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the attorney general deems relevant or material to the investigation. Section 885.12 shall apply to any failure to obey a subpoena under this subsection.

(2) PROSECUTIONS. The attorney general and district attorneys have concurrent jurisdiction to commence prosecutions for alleged violations of this chapter.

565.45 Report on expense limitation. Before January 1, 2002, and every 2 years thereafter, the department shall submit a report to the chief clerk of each house of the legislature, for distribution to the legislature under s. 13.172 (2), on the effects on the operation of the lottery of the 10% expense limitation under s. 25.75 (3) (b).

565.46 Minority advertising, procurements, retailers and hiring. The department shall promulgate rules establishing goals that attempt to increase the total amount of expenditures by the department for advertising, public relations and other procurements that are directed to minority businesses, the number of retailers that are minority businesses and the number of employees of the lottery division in the department who are minority group members.

565.50 Penalties. (1) Any person who violates s. 565.02 (2m), 565.05, 565.10 (3m), 565.17, 565.25 (3m) or 565.32 (1), (2) (b) or (3) or any rule promulgated under s. 565.02 (2m), 565.05, 565.10 (3m), 565.17, 565.25 (3m) or 565.32 (1), (2) (b) or (3) shall be fined not more than $10,000 or imprisoned for not more than 9 months or both.

(2) Any person who alters or forges a lottery ticket or share or intentionally utters or transfers an altered or forged lottery ticket or share is guilty of a Class I felony.

NOTE: Sub. (2) is shown as amended eff. 2−1−03 by 2001 Wis. Act 109, Prior to 2−1−03 it reads:

(2) Any person who alters or forges a lottery ticket or share or intentionally utters or transfers an altered or forged lottery ticket or share shall be fined not more than $10,000 or imprisoned for not more than 7 years and 6 months or both.

(3) Any person who possesses an altered or forged lottery ticket or share with intent to defraud shall be fined not more than $10,000 or imprisoned for not more than 9 months or both.

NOTE: Sub. (3) is shown as amended eff. 2−1−03 by 2001 Wis. Act 109, Prior to 2−1−03 it reads:

(3) Any person who possesses an altered or forged lottery ticket or share with intent to defraud shall be fined not more than $10,000 or imprisoned for not more than 3 years or both.