

ORDER NO. 2020-024

IN THE MATTER OF:

NJ LOTTO, LLC

HOLMDEL, NEW JERSEY

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BEFORE:

**THE BANKING
COMMISSIONER OF TEXAS**

AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, in the matter of NJ Lotto, LLC (Respondent) was submitted to me, Charles G. Cooper, Banking Commissioner (Commissioner) of the State of Texas, for consideration and action.

1. Respondent is incorporated in Holmdel, New Jersey and operates the website tx.thelotter.com.
2. The Texas Department of Banking (Department) has jurisdiction over Respondent and the subject matter of this proceeding pursuant to Texas Finance Code (Finance Code) Chapter 151 (Chapter 151). The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to Finance Code §§ 151.706 and 151.707.
3. Respondent has been properly notified of its right to an administrative hearing under Chapter 151.
4. The undersigned representative of Respondent has full authority to enter into and bind Respondent to the terms and conditions of this Consent Order.
5. The statutory provisions at issue in this matter include, but are not limited to, Finance Code §§ 151.301, 151.302, 151.702, 151.706, and 151.707.
6. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by Chapter 151 and other provisions of Texas law. Nothing in this Order diminishes the regulatory or enforcement powers of the Department, the

Commissioner, or the Finance Commission of Texas under Chapter 151 or other applicable law.

7. For purposes of this proceeding, Respondent knowingly and voluntarily waives:
 - a. Service upon Respondent of this Order;
 - b. The right to present defenses to the allegations in this proceeding;
 - c. Notice and hearing prior to imposition of this Order;
 - d. The filing of proposed findings of fact and conclusions of law;
 - e. The issuance of a proposal for decision by an administrative law judge;
 - f. The filing of exceptions and briefs with respect to such proposal for decision;
 - g. Any review of this Order by the Texas Finance Commission; and
 - h. Judicial review of this Order as provided by Texas Government Code § 2001.171 et seq., and any other challenge to the validity of this Order.
8. Respondent and the Commissioner agree to this Order solely for the purpose of this proceeding, and without Respondent admitting or denying any violations of law or regulations. This Order does not constitute an admission by Respondent that Chapter 151 or a rule adopted, or order issued under Chapter 151 has been violated.
9. The Commissioner has considered this matter and finds as follows:
 - a. Since August 14, 2019, Respondent has operated a courier service for state-run lottery tickets through its website tx.lotter.com. This service allows Texas consumers to purchase tickets without the need to travel to a retail store selling lottery ticket. To purchase ticket on behalf of customers, Respondent accepts customer funds in exchange for a promise to make those funds available at a later time and place. If a ticket wins a lottery prize, Respondent accepts and holds winning funds on behalf of a

- customer. In the case of a prize over \$600, a customer is provided the winning ticket to redeem on their own.
- b. On November 25, 2019, Respondent contacted the Department seeking a money transmission license determination.
 - c. On April 14, 2020, the Department issued Respondent a determination letter stating that Respondent is engaging in licensable business of money transmission in Texas and must: (1) cease accepting funds from consumer located in Texas; (2) update its website to refuse future transaction with consumers located in Texas; and (3) provide the Department the volume and number of transactions conducted in Texas.
 - d. On April 23, 2020, Respondent notified the department that it complied with the requirements of the Department's determination letter.
 - e. Under Finance Code § 151.301(b)(4), money transmission means "the receipt of money or monetary value by any means in exchange for a promise to make the money or monetary value available at a later time or different location." The Finance Code defines engaging in the business of money transmission as receiving compensation or expecting to receive compensation, directly or indirectly, for conducting money transmission. Finance Code § 151.302(b). The Department has concluded that by receiving funds in exchange for a promise to distribute those funds at a later time or different location, Respondent is conducting money transmission.
 - f. Finance Code § 151.302(a) provides that "a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as a person that engages in the business of money transmission" without a license unless it is an authorized delegate of a license holder, is excluded from licensure under Chapter 151, or has been granted an exemption under Chapter 151.

- g. As described above, the Department has concluded that: (i) Respondent is conducting money transmission in Texas; (ii) the Department has not issued Respondent a money transmission license; (iii) Respondent is not an authorized delegate of a license holder; (iv) Respondent is not excluded from licensure under Chapter 151; and (v) Respondent has not been granted an exemption under Chapter 151. Consequently, the Commissioner finds that Respondent is in violation of Finance Code § 151.302.
- h. As required by Finance Code § 151.707(d), the Commissioner has considered the seriousness of the violations, Respondent's compliance history, and Respondent's good faith in attempting to comply with Chapter 151.
- i. Based on these findings and based on the representations made by Respondent as to the volume of transactions and length of time it has been conducting an unlicensed money transmission business in Texas, the Commissioner finds that a penalty of \$23,700 is appropriate.
10. Respondent has agreed to comply with the terms that are set out in the Order below.
11. Nothing in this Order shall prohibit Respondent from obtaining a money transmission license from the Department in the future.
12. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any other violations by Respondent not now known to the Department that come to the attention of the Department. Nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.

ORDER

It is hereby ORDERED, ADJUDGED and DECREED that:

1. Within 10 days of the effective date of this Order, Respondent will pay \$23,700 to the Department as an administrative penalty under Texas Finance Code § 151.707.

2. Respondent shall cease conducting money transmission business in Texas without first obtaining a money transmission license or written approval from the Department.
3. Respondent's website shall continue to prevent consumers located in Texas from transacting with Respondent.

EFFECTIVE DATE

This Order against Respondent is effective on the date signed by the Commissioner and is final and non-appealable as of that date.

Signed on this 26th day of June, 2020.

/s/ Charles G. Cooper
Charles G. Cooper
Commissioner, Department of Banking

AGREED AS TO FORM AND SUBSTANCE

NJ Lotto, LLC

/s/ Ohad Ravid
By: Ohad Ravid

Date: 6/11/2020

APPROVED AS TO FORM:

/s/ Lloyd Levenson
Lloyd Levenson
Counsel for NJ Lotto, LLC

Date: 6/11/2020

/s/ Ryan McCarthy
Ryan McCarthy
Assistant General Counsel
Texas Department of Banking

Date: 6/23/2020