

Ireland 1992:

The Inside story of a Bulk-Buying Scheme



Lived Experience of a Lotto Game Buyout

Ray Bates

Honorary President of EL
Former CEO of An Post Irish National Lottery
Lottery Industry Consultant

In light of recent developments in North America with Courier Services and bulk buying of US State Lottery games, and the attendant paper on the “WLA Position On Bulk Sales”, I thought it might be worthwhile reflecting on a personal experience I had some years ago that might provide a relevant and historically unique perspective on the subject of game buy-outs and, in passing, on the European versus North American approach to Lottery games.

In 1992 the then Lotto 6/36 of the Irish National Lottery was the target of a buyout by a group of Irish gamblers/businessmen who shared a love of gambling and “beating the system”.

The Proposition

I was Lottery Director at the time and we had offered a special Lotto promotion of a guaranteed £100 for all Match 4 winners (odds of 299 to 1). The usual Match 4 prize was around £10, so this was a particularly attractive offering. The funding for the promotion came from unclaimed prize money – “giving the players the chance to win back their unclaimed prizes”. And, coincidentally, the Jackpot had rolled-over to be an estimated €1.5million +.

PGRI Introduction: You may have seen the recent case in Texas where a “syndicate” bought up every remaining lottery ticket, calculating that the cost of doing so was less than the value of the winning tickets. Buying all the outstanding tickets ensured they would hold the winning ticket – effectively guaranteeing them a multi-million-dollar profit; or, at the very least, tilting the odds decisively in their favor. Within the lottery community, there is broad consensus that these Bulk-Purchase Syndicate schemes violate the spirit and the integrity of the game. Most agree that this practice undermines fairness, disadvantages everyday players, and erodes the public trust that is the backbone of lottery’s reputation.

And yet, this is hardly a new phenomenon. As I learned in a conversation with my friend Ray Bates, these schemes have surfaced before. I asked him to share his own experience in dealing with it. And because Ray is an Irish storyteller, his reflections remind us that this issue is bigger than rules or payouts—it’s about values, vision, and what kind of lottery we want to stand for.

Ray Bates was the Director of the Irish National Lottery from 1988 until his retirement in 2006. In 1995, Ray was elected President of the European State Lotteries and Toto Association, where he spearheaded the merger of two separate European associations into what became the European Lotteries (EL). In 1999, he was elected the first President of the newly unified EL, and in 2001 was named Honorary President in recognition of his contributions. Between 2001 and 2006, he also served on the executive committees of both EL and the World Lottery Association (WLA).

Today, Ray continues to consult internationally for the lottery industry and supports EL’s educational initiatives including the EL Corporate University project. (see european-lotteries.org). Come to the EL Congress in Bern to see Ray moderate the presentation of EL advertising awards.

The First Signs

The draw was to be held on Saturday, but early on Thursday morning when we opened sales for the Saturday Draw, we noticed a sharp increase in the sales activity on the retail network. In discussion with some Retail Agents, it became clear that there was a concerted effort to buy out our Lotto game. There were 2 million 6-number combinations which, at 50 pence a panel, would cost a total of £1 million to buy out. The guaranteed £100 Match 4 prize would return some £650,000 for a full coverage of Match 4 winners.

What to do?

I called a management meeting to decide how to react to the development. In preparation for the meeting I remember calling my lottery “mentor” ... Jim Hosker (now sadly deceased) but then the Director of the Massachusetts Lottery. His advice was to “let it happen”. “Let them at it. They will increase the sales and jackpot size and luck will determine how many winners might share the Jackpot.” Jim was a great friend and dear colleague whose advice I greatly respected, but this time I just felt he was wrong. Or, his advice was simply not appropriate for Ireland.

So, instead of “letting them at it”, we decided to try to stop the buyout of the game.

What was our script?

We decided that our justification for trying to stop the Syndicate was going to be that what the Syndicate was trying to do was not in the spirit of the game we offered; was not in the interest of the regular weekly players, and was not how Lotto was intended to be. The Syndicate was betting £1million to try to win £2 Million.

Another way to portray it was that the Lotto jackpot had been fed by the regular players over the previous three draws and the Syndicate was trying to “steal the pot”. It was simply unfair on our regular players. In the same way the funding for the special £100 M4 prizes had come from the regular players’ unclaimed prizes. And where would the Syndicate be next week?

What legal or contractual basis had we to stop the buyout?

So, we set up a “war room” and planned our response. The interesting thing was our agreement/contract with the Retail Agents was all about selling lottery. There

was nothing in it about NOT selling lottery. Then we homed in on our bonding arrangement with retail. We offered 14 days credit before we swept (EFT) the funds of the Retailers for our Lotto receipts. Contractually, we had each of the Agents bonded for a certain amount related to their average weekly game sales to protect the lottery if a retailer absconded or went out of business owing us money. With the increased sales from the Syndicate concentrated in a number of Agents, their sales figures began to exceed the amount of their bonds. On the basis that there was a risk to the Lottery, this gave us the rationale for switching off these terminals.

This forced the Syndicate to go in search of Retail Agents further afield than planned and they had to employ more and more “runners” to place the bets. This action caused an immediate outcry from the affected retailers and, unsurprisingly, from the syndicate itself, which had already invested significant time and resources into the scheme. It was true that when we switched off a terminal we made it more difficult for our regular players to buy their Lotto tickets. But that was a price we were prepared to pay to support our chosen strategy.

Media reaction

The story became big news and developments were extensively covered on tv, radio and press. The public was split in their allegiances with some on the side of the Syndicate but a majority on the side of the National Lottery’s position of protecting the integrity of the Lotto draw for the regular players.

There were many other twists and turns to the saga before the Lotto draw on the Saturday night. In spite of our best efforts the Syndicate still managed to cover more than 90% of the 2 million possible combinations. They finished their efforts by arriving at the door of the National Lottery (which was closed and locked) on Saturday night at 19h30 with boxes of the remaining payslips, which they had not succeeded in playing, requesting that the National Lottery accept these plays.

The Lotto Draw and Results

The Draw produced 6 numbers where the lowest number drawn was 17. Lotto aficionados would realise that such a 6 number combination was likely to produce just one winner. The Syndicate would have been elated to see that Draw result. However, as always, Lady Luck had her own say and

the final result was three winners sharing the £1.7 million jackpot. The Syndicate won as well as two other individual players in the country. This left the syndicate with a modest profit on their £1 million investment. But they had their day in the sun and, almost more importantly for them, they could legitimately claim that they had “beaten the Lotto”.

Change already in the pipeline

Interestingly, at the time of the buyout we already had plans in train to change the game to a 6/39 matrix which, when we subsequently introduced it, the public interpreted as our response to the buyout. That was not of much consequence to us, but it did cause me to muse about what would have happened if we had changed the game to 6/39 earlier while the Syndicate had 250,000 payslips of 2 million combinations completed by hand and ready to go for a 6/36 draw!

It should be noted that our Lotto rules stipulated that all Lotto payslips must be completed by hand. Also, this event predated online participation in Lotto which naturally involves a different set of playing rules.

Public Reaction

The incident did not affect Lotto sales for subsequent draws but unfortunately did have the effect of forcing us to be more conservative about how and when we offered special Lotto Draws to give back unclaimed prizes to the players.

Lessons?

While reading about the fallout from the recent (and 2023) buyout of the Texas Lottery Lotto game Draw I was struck by the difference in the North American and European approach. A similar difference is manifested in the North American and European approach to the large multi-jurisdictional games where, in Europe, there are caps on Jackpots while the North American model is firmly based on the “let it rip” policy without restraint.

Given the recent response to the Texas buyout and bulk buying in favour of what would be essentially a “European approach”, there may eventually come a day in North America Lotto-world when a parallel situation may occur, where the European approach to the size of Jackpots (with caps) is eventually and belatedly seen in North America as, perhaps, a better policy approach to assure the long-term future of Multi-jurisdictional Lotto games. ■