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Courier Ban Made Official By Texas Lottery, Legal Experts Weigh In

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Lauren Morgan Fincher | Stephen C. Piepgrass

Troutman Pepper Partners Lauren Fincher and Stephen Piepgrass were quoted in the April 29, 2025 *PlayTexas* article, "Courier Ban Made Official By Texas Lottery, Legal Experts Weigh In."

Stephen Piepgrass, Partner at Troutman Pepper Locke law firm told *PlayTexas* that couriers have to be caught off guard by the dramatic shift in the state's approach to their industry.

"I'm sure the companies are feeling a bit of whiplash, having the Lottery Commission really have an about face on, even their authority to regulate them and take the position for years that they had no such authority, and then immediately you make the switch and say, 'not only do we have the authority to regulate you, it's also illegal to operate.' That puts companies that have invested a lot in in creating these businesses in a really difficult position. So, I would imagine that they are experiencing significant whiplash right now."

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Piepgrass believes that the declining perception of the TLC is what is driving these current legal pursuits.

"Bad facts make bad law, something like that, right? I think this is a case here where you had a couple of huge wins in the Texas Lottery, where couriers were involved, and when you've got headlines like that, you often see rapid policy changes following thereafter. Government officials watch the news and they see what's happening, and they, more than anyone, have a finger on the pulse of public opinion on an issue. I think that that those wins in which couriers were involved really did create pressure to change an interpretation, and that's what we saw."

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Fellow Partner at Troutman Pepper Locke, Lauren Fincher, tells *PlayTexas* that the TLC's hard stance allowed the state to try to create at least a momentary pause while they sort out the best option.

"I think the public perception and the sentiment from the legislature is that the public trust has been eroded in the Texas Lottery. With that said, I think the commission sort of took a smart approach to kind of, set the ban now to at least kind of bring down the fever pitch. So, I think they've set this issue in a way that sort of leaves room for whether they're going to deviate in the future and find a way to regulate.

"I do think that there is potential there, depending on what the opinion says and how they go forward, and whether

they're going to deviate from at least the current status quo, which is now the outright ban."

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Fincher believes that stance is likely a bit of tough talk to force the TLC to find a resolution that leaves the public satisfied.

"My guess is that that statement and language is probably intended at least to signal some guardrails, or at least the direction they want to go. At least, as a Texas practitioner, I haven't heard of that being a viable solution to just shut down the whole thing."

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It's those operators that are making it difficult for the industry to earn credibility in the eyes of lawmakers, as Piepgrass notes.

"We see this in a lot of heavily regulated industries, where you have those who are actually interested and want to be regulated, and then others who are happy in the in the gray and see that as a way of making a great deal of money in a very short period of time. I think in the long run, those who are interested in being regulated have an interest in actually finding common ground with the regulators. Putting in guidelines, real clear guard rails, and pushing out those who'd prefer to stay in the gray."

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Fincher believes creating that landscape is an ideal solution, as opposed to just ruling all things out.

"I think the impetus for the regulatory framework is to address those concerns. We're talking about things like background checks. How do you set up a licensing scheme where you can actually weed out one from the other in terms of the type of companies that might be involved. What do compliance audits look like? You know, various mechanisms that could be in place. But again, if you go with the outright ban, you sort of make that decision without figuring out those issues."

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