



ANNUAL REPORT FY 2018-2019



FLORIDA LOTTERY – DIVISION OF SECURITY

AN ACCREDITED LAW ENFORCEMENT AGENCY

250 Marriott Drive | Tallahassee | Florida | 32301
(850) 487-7730 | www.flalottery.com



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“Committed to ensuring the Security & Integrity of the Florida Lottery”

A MESSAGE FROM SECRETARY JIM POPPELL

Since opening our doors in 1988, the Florida Lottery has remained committed to its mission to generate as much revenue as possible for the benefit of our state's students. I'm pleased to share that the Lottery continues to celebrate over 30 years of service with more than \$7 billion in annual sales, for fiscal year 2018-19; the highest in Florida Lottery history.



From K-12 funding to the Bright Futures Scholarship Program, the impact of the Florida Lottery is felt in communities across our great state. As a father and grandfather, I have an innate understanding of the importance of an affordable education. I can assure you that under my leadership, the Lottery will remain focused on helping students achieve their dreams.

"The Florida Lottery is committed to improving opportunities for Florida's students by maximizing education contributions. Students who benefit from a good education will go on to contribute greatly to Florida's economy once they enter the workforce."

With the continued support of our players, retailers and employees, and with the leadership of Governor Ron DeSantis, the future is bright for the Florida Lottery and our state's students and schools.

A handwritten signature in black ink that reads "Jim Poppell". The signature is written in a cursive style with a large, looping initial "J".

A MESSAGE FROM CHIEF OF STAFF, SAMANTHA FERRIN

The Division of Security is a fully authorized and accredited law enforcement agency operating within the Florida Lottery focused on protecting the integrity of the Florida Lottery and ensuring that its statutory responsibilities and accountability commitments to honesty and service first are fulfilled.

The Security Team is an essential part of the Lottery family and I applaud these men and women for the hard work they demonstrate every day on behalf of our agency.



Thanks to hard work and strong leadership, the Division of Security operates under state of the art industry standards. As we look forward, the Lottery remains committed to maintaining the established reputation it has earned over the past 30 years.

Samantha Ferrin

INTRODUCTION

The Division of Security provides nine distinct services, for which the Division must prepare, protect, prevent, and respond to administrative and operational calls-for-service, fraud, other nefarious activity, and/or player complaints that may jeopardize the integrity of the Florida Lottery.

1. Administrative
2. Background Investigations
3. Criminal Investigations
4. Forensic Laboratory
5. Draw Management
6. Facilities Security
7. Continuity of Operations & Safety Services
8. Information Security Management
9. Florida Mutual Aid



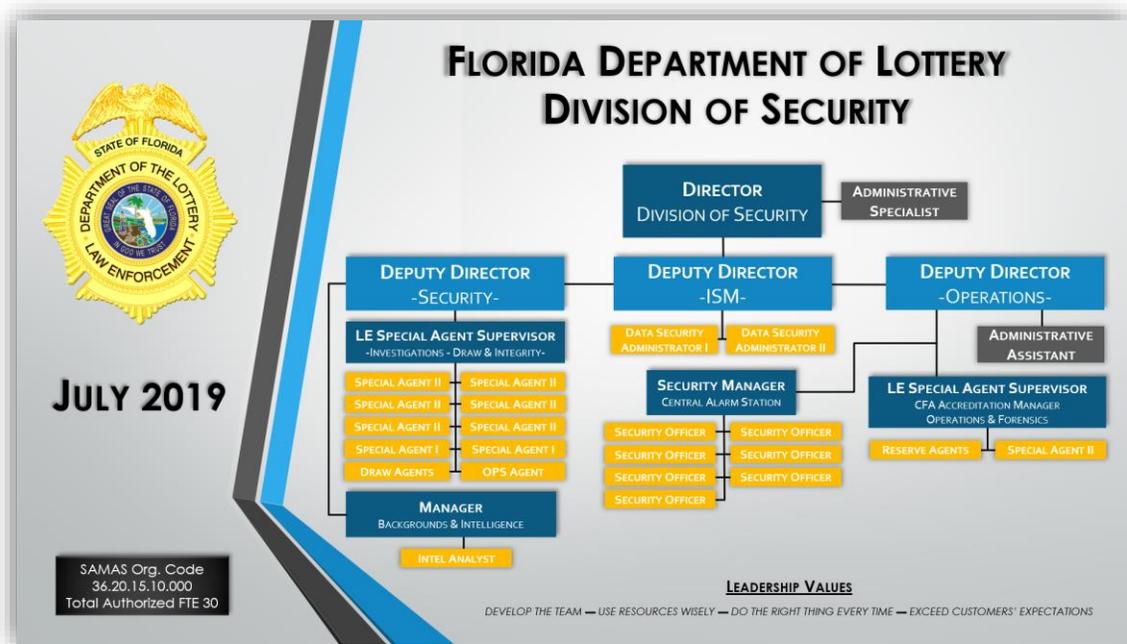
The Division of Security diligently works with other Lottery divisions to counter the threat of potential Retailer Integrity issues. This group establishes criteria that potentially identify trends or tactics used by retailers that may be conducting illegal activity.

We continuously evaluate innovative means for improving Lottery operations utilizing analytics, advanced technology and refined methodology approaches to investigations.



ORGANIZATIONAL STRUCTURE

The Division of Security currently employs thirteen sworn full-time law enforcement positions, seventeen non-sworn personnel positions and various OPS staff to support its core mission. The Director of Security reports to the Chief of Staff and serves as a member of the Lottery's Senior Leadership Team. The Division follows an operationally tailored organizational model based upon function. The Division of Security manages a reserve law enforcement program and OPS positions for sworn agents whereby staffing needs can be supplemented with this volunteer and paid workforce.



There are three Deputy Directors who report directly to the Director of Security. The **Deputy Director of Security** oversees the Special Agent Supervisor for Investigations, Draw Management, Integrity and the Manager of Backgrounds and Intelligence.

The **Deputy Director of Operations**, who oversees the Special Agent Supervisor for Accreditation, Public Records, the Division's Reserve Program, Training Program, Central Alarm Station and Physical Security, Forensics Lab, Evidence/Property along with other administrative and operational duties.

The **Deputy Director of Information Security Management**, who secures Lottery enterprise information by designing, implementing, and enforcing security controls, safeguards, policies, and procedures.

EXECUTIVE SUMMARY

The integrity of all Florida Lottery games is of utmost importance to us. The Lottery's very existence and mission is predicated on the public's trust, confidence, and transparency in all operations and activities.

Of course, we're proud the Florida Lottery has raised more than \$35 billion for education. That funding has helped support countless teachers who work tirelessly to provide Florida children with the best education possible.

To accomplish our mission, we ensure that all activities conducted by the Lottery are based upon integrity, transparency and are free from fraud, which is in part why we continuously increase protections for those who enjoy playing our games.

The Division of Security endeavors to make our top priority the safeguarding of our games and products. We strive to ensure each player has the same odds of purchasing a winning ticket from an honest and trustworthy retailer.



LOTTERY DRAWINGS

Florida Lottery drawings are conducted under the strictest security guidelines and procedures in the industry. A Law Enforcement Special Agent serves as the Draw Manager and an auditor from an independent auditing firm attends and participates in every single drawing, 365 days a year.

- Draw equipment is housed at Lottery Headquarters, which is a secure and limited access facility. The equipment is kept within a secure vault and is monitored 24/7 by security officers and video surveillance.

- As part of the detailed pre-draw procedures the Draw Manager and independent auditor completes a lengthy checklist that thoroughly reviews all aspects of each drawing with precision. There are multiple draw machines and ball sets available for use at any particular drawing. The draw machine and ball set for each drawing is selected at random just prior to the drawing. Ball sets are weighed on certified electronic scales before and after each drawing to ensure there has not been any tampering and a series of pre-tests are also conducted to ensure the machines are working properly. All Florida Lottery drawings are open to the public for viewing from the Tallahassee Headquarters Draw Studio.



DRAW SECURITY

- The Lottery employs an extensive system of internal controls and procedures to ensure the integrity of Lottery Draw games, including secure storage of draw machines and ball sets, a monitored storage vault with strict access procedures, and multiple recordings of every drawing by broadcast and Lottery security staff.
- An independent verification of the results of each drawing is performed by an employee of the Division of Security and an accountant from an independent certified public accounting firm. To accommodate and support the sale of POWERBALL® tickets in the state of Florida, additional Draw game ticket security requirements have been implemented.



TICKET SECURITY

- Scratch-Off ticket security is ensured through a comprehensive examination of security features at the vendor location during printing, packing and delivery of Lottery tickets. Each new game is thoroughly tested by the vendors with additional ticket security criteria analyzed by the Lottery's Division of Security. Regular visits and inspections to the vendor print locations is also conducted to ensure the security and integrity of the product.

Florida Lottery arrests store employee for organized fraud in alleged cheating scheme

Investigators say clerk was "micro scratching"

abc ACTION NEWS WFTS TAMPA BAY



RETAILER INTEGRITY PROGRAM

- Lottery Special Agents proactively conduct unannounced visits, in an undercover capacity, to Lottery retailers across the state as part of the Retailer Integrity Program. This program is designed to ensure Lottery retailers are properly validating claims and paying prizes to Lottery players thus maintaining and promoting public confidence in the Lottery's games. Lottery crimes, fraudulent or questionable claims and high-tier claims are also investigated by the Division of Security Special Agent's to ensure security, honesty, accountability and integrity is maintained.
- DOS Special Agents made **36** arrests and assisted other agencies in **24** arrests during FY 18-19, in further demonstration of the agency's commitment to enforcing the law and upholding the integrity of the Lottery. After a thorough investigation is completed and it is determined that a retailer has engaged in criminal conduct, their authorization to dispense lottery products is subject to termination.



Store clerk charged with paying \$10 for \$10,000 lottery ticket near Vero Beach

An undercover agent posing as a lottery player presented Rodricks with a \$10,000 winning scratch-off ticket at the Quik N EZ Corner Store, 755 Fourth St., according to her arrest affidavit.

Rodricks scanned the ticket, and the store's printer emitted a sound signifying the ticket was a winner.

Rodricks told the agent he was the lucky winner of a whopping \$10, the affidavit said.

"I only won \$10?" the agent asked.

"Yes, \$10," Rodricks responded, handing over two \$5 bills, according to the affidavit.

Clerk accused of stealing winning lottery ticket from undercover agent

Buster Thompson Aug 16, 2018 3

CHRONICLE



RETAILER COMPLIANCE OPERATIONS

- During Retailer Compliance Operations, retailers are selected for visits both at random and based upon complaints from players. On those occasions when tickets were not correctly processed for payment and an attempt was made to steal a player's winnings, store personnel have been arrested and the retailer's contracts have been suspended and/or terminated. During FY18-19 a total of **915** Retailer Compliance Operations and **889** Retailer Inspection visits were conducted.
- At times, the Lottery may partner with other agencies, including the Florida Department of Law Enforcement, the Florida Division of Alcoholic Beverages and Tobacco, and local law enforcement to carry out these investigations. Undercover Retailer Compliance Operations are frequently conducted at random and in response to lottery player complaints to ensure retailer compliance.

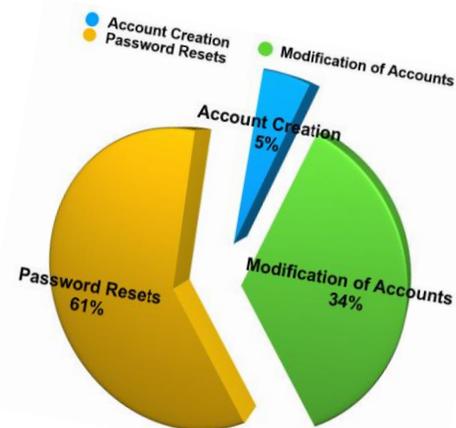
FORENSIC INVESTIGATIONS

- The Forensic Laboratory specializes as an ink application lab with the responsibility for assuring the quality and security of over one billion tickets each year.
- An excess of over 20 separate scientific examinations are conducted on each Florida Lottery game by an outside vendor to ensure the highest quality printing standards of the industry are maintained. The Forensic Lab is responsible for ticket testing, ticket security services, ticket design, printing oversight, ticket authentication and questionable ownership.
- During FY18-19, **7** ticket printing press visits were conducted to ensure contract compliance with the security and integrity of ticket printing services for the Florida Lottery. A total of **247** lab cases were opened with a total of **774** forensic images taken.



INFORMATION SECURITY MANAGEMENT

- The Florida Lottery's Information Security Manager administers the agency Information Security Management Program (ISM). ISM is tasked with minimizing risks and ensuring business continuity by pro-actively limiting the impact of security threats to Lottery data and information technology resources.
- ISM performs several functions for the Florida Lottery:
 - Protecting the Lottery's ability to function;
 - Enabling the safe operation of applications implemented on the Lottery's IT systems;
 - Coordinating information security with physical security;
 - Safeguarding the technology assets in use at the Florida Lottery and ensuring the confidentiality, integrity and availability of the organization's information, data and IT services.
- ISM is also responsible for security on numerous application accounts, all network accounts, the Lottery's access control, alarm monitoring, video imaging and badging system.
- Additionally, ISM develops and periodically updates a comprehensive risk analysis and drafts written internal policies and procedures to ensure the security of the data and information technology resources of the Florida Lottery.
- ISM also manages the Florida Lottery's Computer Security Incident Response Team (CSIRT) and oversees the Information Security Awareness Program.
 - The goal of the Lottery's CSIRT is to mitigate, minimize and control any damage resulting from IT related incidents, provide effective guidance for response and recovery activities, and work to prevent future incidents from happening.
- Periodic internal vulnerability scans are performed on all Lottery owned devices connected to the Lottery's network to prevent and identify potential points of weakness. During FY 18-19, ISM created **853** accounts, modified **6,139** accounts and reset **8,170** passwords.



CRIMINAL INVESTIGATIONS

- Lottery Law Enforcement Special Agents work collaboratively with other law enforcement agencies throughout the state and offer unique assistance to help solve a myriad of cases.
- Special Agents provide information obtained from our Lottery retailer files, which, often lead to the discovery of suspects and key witnesses in ongoing investigations; provide leads in investigations when Florida Lottery tickets were present at a crime scene (i.e.; assisting with the recreation of a timeline, identifying the retailer that sold the ticket, and other investigative support services); provide forensic analysis of Lottery tickets; initiate administrative cases against a retailer for major law violations (i.e.; drug-related, stolen property, theft, money laundering gambling, and other offenses) which may result in the suspension or termination of a Lottery retailer contract; provide information and materials on Lottery scams, theft of Lottery tickets, or other Lottery crimes; and provide testimony and evidence in court cases involving Lottery tickets and operations.
- During FY 18-19, Special Agents initiated **4,299** criminal investigations.

BACKGROUND INVESTIGATIONS & INTELLIGENCE

- Background investigations are conducted on all Lottery applicants, contractual/service employees, vendor contractors and retailers. Background investigations are also conducted on all major procurement vendors including sponsorship vendors over \$25,000.
- Lottery Intelligence Analyst are responsible for quality control of the lost/stolen ticket reports along with verification of ticket stock. Other duties of Intel Analyst encompass responsibilities for maintaining ID badge paperwork for all issued badges and providing analytical support for investigators. Our Intel Analyst also provide updates to the emergency alert notification system.
- During fiscal year 18-19, our team completed **1,066** background and pre-employment investigations, **570** lost and/or stolen ticket reports, **4,142** books were placed in stolen ticket status, and **644** requests to verify Draw ticket numbers through the GStock™ ticket stock tracking system.

CENTRAL ALARM STATION – PHYSICAL SECURITY SERVICES

- The Division of Security provides escorts for visitors, delivery and service personnel, issues temporary, visitor, and service ID badges, operates and monitors the surveillance camera system, alarm and intrusion detection systems for the Lottery Headquarters and nine District Offices. In addition, Central Alarm Station Officers complete lost/stolen ticket reports from retailers and initiates accurate and immediate ticket status changes.
- During FY 18/19, the Central Alarm Station completed **210** lock and key requests, conducted over **1,628** security patrols, issued **2,822** visitor badges and conducted **65,065** surveillance camera checks.
- The Central Alarm Station issued **6** Amber Alerts and **272** Silver Alerts to retailers throughout the state.

OPERATIONS & ADMINISTRATION

- Throughout FY 18-19, the Division of Security coordinated **8** COOP activations, issued **35** inclement weather notifications, issued **8** safety awareness messages, investigated **14** worker compensation investigations and conducted a review of **5** Lottery vehicle crashes.
- The Division generated **1,030** retailer compliance letters and processed **2** Retailer Suspensions and **43** Retailer Terminations.