Title: METHOD AND SYSTEM FOR DISTRIBUTION OF LOTTERY TICKETS

Abstract: Systems and methods are provided for distributing, validation, and redemption of the instant lottery tickets. These methods and systems include creating a lottery ticket in an electronic format, transferring the created lottery ticket in the electronic format to a distributor via a first network, and transferring the created lottery ticket in the electronic format to a database via a second network. Then, in response, receiving a request via the first network from the distributor for a personal identification number for the lottery ticket and receiving information related to sale of the lottery ticket via the first network from the distributor.
METHOD AND SYSTEM FOR DISTRIBUTION
OF LOTTERY TICKETS

DESCRIPTION

[001] This application claims priority from U.S. Provisional Application No. 60/578,846, filed on June 14, 2004, the contents of which are hereby incorporated by reference into this application as if set forth herein in full.

Technical Field

[002] This invention relates generally to providing network-based gaming products distribution and management system.

Background

[003] Today, instant lottery remains one of the most popular gaming products. Lotteries and gaming organizations throughout the world have a long history of using pre-generated, predetermined outcome, paper instant tickets as an exciting and inexpensive gaming offering to their player population. Consumers typically purchase lottery tickets at various retailer outlets. Retailer outlets usually receive instant lottery tickets from a distributor or directly from a service provider.

[004] Originally, instant lottery tickets were widely distributed and few controls were necessary to track distribution, validation, and redemption of the tickets. Unfortunately, as crime and fraud evolved, tighter controls became necessary to prevent gaming industries' losses. Initially, increased control of the lottery tickets distribution utilized the pre-installed on-line lottery networks used to sell the real-time online lottery products, such daily numbers and lotto games. To facilitate continuous monitoring and control of the inventory, sales, and validation of paper lottery instant tickets, barcodes were printed on the back of each lottery instant ticket.

[005] The real time nature of the pre-installed on-line lottery networks provides a very effective means to control and track instant ticket. But the use of these highly specialized networks is expensive and limited to specific locations where specialized equipment is installed. Recently, the lottery industry developed
less expensive, but still specialized equipment that could be installed at smaller retailer outlets to facilitate most of the functionality available at the large retailers with their expensive equipment and full-time networks over dial-up connections.

[006] It is accordingly desirable to provide a method and a system of distribution of instant lottery tickets in the electronic format by combining standard non-specialized personal computer hardware and standard personal computer browsers with a secure virtual private network over the Internet so that retailer outlets may easily adopt to distributing instant lottery tickets while a service provider may continuously monitor distribution, sale, and redemption of the lottery tickets in a secure manner; monitor its inventory in real time; track the status of each ticket; print tickets on an as needed basis; improve real time accounting and auditing capabilities; and facilitate return of unsold tickets. It is also desirable to combine multiple types of instant lottery products in a single distribution system allowing different types of instant lottery products to co-exist.

**SUMMARY OF THE INVENTION**

[007] Consistent with the invention, methods and systems are provided that include creating a lottery ticket in an electronic format; transferring the created lottery ticket in the electronic format to a distributor via a first network; transferring the created lottery ticket in the electronic format to a database via a second network; receiving a request via the first network from the distributor for a personal identification number for the lottery ticket; and receiving information related to sale of the lottery ticket via the first network from the distributor.

[008] In accordance with another embodiment, consistent with the invention, methods and systems are provided that include receiving tickets in an electronic format via a network; collecting a payment for at least one received ticket purchased by a player; issuing a transaction number for the purchased tickets; requesting a personal identification number associated with the transaction number of the purchased tickets for a player from a database via the network; printing the transaction number and the personal identification number on a receipt; providing the player with the receipt; requesting the transaction number and the personal identification number from the player via the internet; comparing the transaction
number and the personal identification number provided by the database with the
transaction number and the personal identification number received from the
player; and providing redemption information to the player via the internet if the
transaction number and the personal identification number requested from the
database and the transaction number and the personal identification number
received from the player match, redemption information specifying to the player
whether at least one of the purchased tickets has redeeming value.

[009] It is to be understood that both the foregoing general description and
the following detailed description are exemplary and explanatory only and are not
restrictive of the invention as claimed.

[010] The accompanying drawings, which are incorporated in and constitute
a part of this specification, illustrate several embodiments of the invention and
together with the description, serve to explain the principles of the invention.

**BRIEF DESCRIPTION OF THE DRAWINGS**

[011] Figure 1 is an exemplary block diagram 100 depicting an exemplary
distribution route that an instant lottery ticket book travels, consistent with the
invention.

[012] Figure 2 is a flowchart of an exemplary process for distributing paper-
based instant lottery tickets, consistent with the invention.

[013] Figure 3 is a flowchart of an exemplary process for validating paper-
based instant lottery tickets upon their arrival to a retailer outlet, consistent with the
invention.

[014] Fig. 4 is a flowchart of an exemplary process for distribution of instant
lottery tickets in the electronic format, consistent with the invention.

[015] Fig. 5 is a flowchart of an exemplary process for distribution of instant
lottery tickets to street vendors, consistent with the invention.
DESCRIPTION OF THE EMBODIMENTS

[016] The following detailed description refers to the accompanying drawings. Wherever possible, the same reference numbers are used in the drawings and the following description to refer to the same or similar parts. While several exemplary embodiments and features of the invention are described herein, modifications, adaptations and other implementations are possible, without departing from the spirit and scope of the invention. For example, substitutions, additions or modifications may be made to the components illustrated in the drawings, and the exemplary methods described herein may be modified by substituting, reordering or adding steps to the disclosed methods. Accordingly, the following detailed description does not limit the invention. Instead, the proper scope of the invention is defined by the appended claims.

[017] As well known in the art, paper instant lottery tickets for the same game may be bundled together and distributed in the form of ticket books. At the time of printing the instant lottery tickets, a service provider, such as, for example, Oneida Indian Nation, may designate a number of them in each ticket book as winning tickets, so that each ticket book may contain a number of the winning instant lottery tickets for that game. After a retailer outlet, such as a convenience store, receives ticket books from a service provider or its distributor, it may sell players either whole ticket books or individual instant lottery tickets separately.

[018] To provide an ability to identify and continuously monitor status of instant lottery tickets and ticket books, a service provider may assign a unique identifier to each instant lottery ticket and each ticket book. Requirements for location, type, and size of the unique identifier may be dictated by the equipment used to scan or read a unique identifier. For example, a unique identifier may be any type of code capable of carrying data, such as, for example, a barcode. The unique identifier should preferably be easily scannable. For example, a barcode may be easily generated, printed, and subsequently scanned by commercially available barcode scanner devices.

[019] Referring back to the unique identifier, it may carry information with several instant lottery ticket or ticket book attributes. For example, a unique identifier may include information providing the code of the game or information
enabling a service provider to identify a ticket book. As a person skilled in the art will recognize, a unique identifier may contain data reflecting other attributes of the instant lottery tickets, consistent with the present invention.

[020] Fig. 1 is an exemplary block diagram 100 depicting an exemplary distribution route that an instant lottery ticket book may travel to reach its buyer. Following printing of ticket books at a lottery ticket manufacturer 104, a service provider may forward them to a lottery tickets Distribution Warehouse 108 using, for example, ground transportation. After Distribution Warehouse 108 receives instant lottery tickets, it may process, re-package, and forward them to lottery tickets retailers 110 via, for example, ground transportation or mail.

[021] To enable a centralized and comprehensive instant lottery tickets distribution, a service provider may create and maintain electronic files containing information about every ticket book it printed, such as Book Files. To provide a centralized and comprehensive instant lottery tickets monitoring of each ticket redemption, a service provider may create and maintain electronic files containing lists of winning instant lottery tickets within each ticket book it printed, such as Ticket Files. A service provider may create and maintain separate Book and Ticket Files for each game.

[022] To maintain instant lottery tickets related electronic data in a central location, a service provider may forward Book and Ticket Files to a data center 106 via a network 102. To allow continuous tracking of instant lottery tickets, Distribution Warehouse 108 and tickets retailers 110 may also forward to data center 106 via network 102 electronic information related to the instant lottery tickets they receive, as described in details below. To maintain, process, and manage data, data center 106 may include a server connected to network 102 via a firewall (not shown). In an alternative embodiment, the server may also be connected to a status dashboard allowing continuous visual monitoring of the several parameters by Data Center employees in real time.

[023] To facilitate real time management of instant lottery tickets system, the service provider may use any appropriate type of network, such as, for example, a LAN or a WAN. In another example, a service provider may use a public network (e.g., the internet) in conjunction with retailer’s virtual private network. Additionally, network 102 may utilize any suitable type of network.
protocol. As shown in Fig. 1, use of a network 102 may allow a service provider to facilitate an exchange of information between lottery tickets manufacturer 104, data center 106, lottery tickets Distribution Warehouse 108, and lottery tickets retailers 110.

[024] In an alternative embodiment, a service provider may create instant lottery tickets in the electronic format, instead of printing them on paper. After electronic instant lottery tickets are generated, a service provider may forward them to lottery ticket retailers 110 via network 102 for subsequent sale to players. Simultaneously, instant lottery tickets related data in the electronic format, such as Book and Ticket Files may be forwarded to data center 106 via network 102. After a lottery tickets retailer receives electronic ticket books, it may activate or validate each ticket book via network 102, as described in details below, and start selling them to players. Use of the “electronic” instant lottery tickets allows to eliminate paper-based instant lottery tickets along with complex manual labor of inventory processing and control associated with handling paper instant lottery tickets.

[025] Fig. 2 is a flowchart of an exemplary process for distributing paper instant lottery tickets. First, a manufacturer may generate instant lottery tickets. Stage 202. Then, a manufacturer may print generated tickets and bundle them into ticket books. Stage 204. As discussed above, a manufacturer may print on the tickets and ticket books the unique identifier codes, in addition to other information printed on them. For example, a manufacturer may print on an instant lottery ticket a picture associated with a game and steps for redemption for the winning tickets. Once a manufacturer completes creating ticket books, a service provider may forward them to Distribution Warehouse 108, shown on Fig. 1. Stage 206.

[026] After receiving ticket books at Distribution Warehouse 108, a unique identifier of each individual ticket book may be scanned. Stage 208. The information in the scanned unique identifier may then be forwarded to data center server. Stage 212. Having information about ticket books that arrived to a distribution center may allow a service provider to monitor status of each ticket book in real time.

[027] After ticket books received and scanned at Distribution Warehouse 108, they may be prepared and packaged for delivery to retailer outlets 110. Stage 210. Distribution Warehouse 108 may use various methods known in the art to
determine how many ticket books should be shipped to each retailer outlet 110. For example, a distribution warehouse may determine the size of the shipping for a retailer based on the order for each game previously received from that retailer. In another example, a distribution warehouse may determine the size of the shipping based on the pre-established retailer's quota for each game. Once ticket books are packaged for shipping, they may be forwarded to retailers. Stage 214.

[028] Following generation of instant lottery tickets at Stage 202, a service provider may create a corresponding Book and Ticket Files, as discussed above, for each ticket book it printed. Stage 216. A service provider may then forward Book and Ticket Files to data center 106 shown on Fig. 1 (Stage 218), for example, simultaneously with shipping ticket books to Distribution Warehouse 108. Maintaining all the Book and Tickets Files in one central location, such as a data center server (Stage 212), may allow a service provider to track distribution and processing of instant lottery tickets in real time, including continuously monitoring of the instant lottery tickets inventory.

[029] To facilitate continuous monitoring of the instant lottery tickets inventory and to track status of each ticket book in real time, a service provider may require a retailer outlet to activate or validate each ticket book upon its receipt. Having a confirmation from a retailer outlet regarding ticket books receipt by a retailer outlet also allows a service provider to monitor accuracy and timeliness of the ticket books delivery by a delivery provider. Fig. 3 is a flowchart of an exemplary process for validating instant lottery tickets upon their arrival at a retailer outlet. First, upon receipt of a ticket book (Stage 302), a retailer may scan a unique identifier of each received ticket book. Stage 304. Next, a retailer may forward scanned unique identifier information to a data center server. Stage 306.

[030] In response to a receipt of the unique identifier, a data center server may validate scanned ticket book by electronically marking that ticket book and all the tickets in it as "active" and available for sale to players. Stage 308. Doing so may insure that winning tickets may be redeemed later only if purchased through a retailer authorized by a service provider.

[031] Following validation of the lottery tickets, they may be purchased by players and used for playing games. After a player finishes playing, a retailer may facilitate ticket cash-out by redeeming value of the winning instant lottery tickets.
Stage 310. Alternatively, a retailer may accept unused tickets from the players for re-depositing them into a pool of lottery tickets available for sale (not shown).

[032] In an alternative embodiment, instant lottery tickets in the electronic format may be forwarded directly to a retailer bypassing a distributor warehouse. After electronic instant lottery tickets are generated, a service provider may forward them to lottery ticket retailers 110 via network 102 for subsequent sale to players. Simultaneously, instant lottery tickets related data in the electronic format, such as Book and Ticket Files, may be forwarded to data center 106 via network 102. After a lottery tickets retailer receives instant lottery tickets in the electronic format, it may start selling them to players, as described in details below.

[033] Fig. 4 is a flowchart of an exemplary process for distribution of instant lottery tickets in the electronic format. First, a retailer receives instant lottery tickets via a network from manufacturer 104 shown on Fig. 1. Stage 402. Then, a retailer employee may collect an appropriate payment from a player for the instant lottery tickets. Stage 404. Next, in exchange for the payment, a retailer employee may provide a player with a ticket account number and a confidential personal identification number (PIN) printed on a receipt. Stage 406. A receipt provided by the retailer employee may contain other information, such as, for example, amount of the payment and transaction date and time. A retailer employee may print the receipt for a player using, for example, a printer installed at a retailer outlet.

[034] To monitor the status of the sold instant lottery tickets, a service provider may require that a retailer also forwards electronic information related to the sold instant lottery tickets to the data center server, for example, simultaneously with printing a receipt. Stage 408. To exchange information with a data center server, a retailer may use network 102 shown on Fig. 1. Alternatively, a retailer may also use a wireless radio connection. In another example, a retailer may use appropriate satellite communication means. In yet another example, a retailer may use phone lines to exchange information with the data center.

[035] Having a ticket account number and a personal identification number may allow a player to play the game using, for example, a flat panel touch screen computer provided by a retailer. Stage 410. A retailer may install on its premises several flat panel touch screen computers allowing several players to play at the same time. When a player first activate a flat panel touch screen, it may be
required that a player enters an account number and the confidential PIN previously provided to the player by a retailer employee. To provide required information, a player may use, for example, a number pad appearing on the flat panel touch screen. Following successful entry of both account number and a confidential PIN, games available for playing may appear and a player may start playing.

[036] After a player finishes playing, a retailer employee may assist the player with redeeming player’s winnings by, for example, providing monetary payment equivalent to the value of the player’s winning tickets. Stage 412. Following redemption of the winning tickets, a retailer may submit information related to the redeemed tickets to the data center server using any appropriate communication channel. Stage 414. Alternatively, a retailer employee may also accept instant lottery tickets unused by the player (not shown).

[037] In yet another alternative embodiment, after a retailer receives instant lottery tickets in the electronic format from a service provider at Stage 402, it may sell them in bulk to another retail distributor, such as, for example, a street vendor who may utilize the traditional method of selling retail products on the street corner. To enable a street vendor to buy the lottery tickets from any retailer authorized by a service provider to sell them, a street vendor may need to obtain a pre-authorization to purchase lottery tickets from a service provider. A street vendor may need to request such pre-authorization every time he or she wishes to purchase lottery tickets for resale. Alternatively, a street vendor may ask a service provider to open a permanent individual account for him or her.

[038] If a service provider agrees to open such an account, it may also issue for the street vendor a special identification card, such as a card with a magnetic stripe (“Mag card”). A magnetic stripe on the card may encode all the information related to the street vendor, owner of the card, such as, for example, a street vendor name, contact information, and amount of tickets he or she sold in the past. In another example, a street vendor may be required to deposit and maintain a certain amount of funds to secure opening of such an account and receipt of the Mag card. In yet another example, for additional security purposes, a service provider may supply the street vendor with a confidential PIN necessary to activate the street vendor’s account.
[039] Fig. 5 is a flowchart of an exemplary process for distribution of instant lottery tickets in the electronic format to street vendors. First, a street vendor may scan his or her Mag card through a magnetic card reader connected via network 102 to data center 106 shown on Fig. 1. Stage 502. The magnetic card reader may be installed at a retailer outlet which also has necessary equipment to receive lottery tickets from a service provider in the electronic format. The magnetic card reader may be connected via network 102 to the data center server. Following service provider receipt of the street vendor information at the data center, it may request the street vendor to enter his or her confidential PIN using a PIN pad. Stage 504.

[040] After the service provider receives the street vendor’s confidential PIN corresponding to the street vendor information provided via the Mag card, it may allow a retailer to print lottery tickets for the street vendor. Stage 506. A retailer may use a low volume printer for the small amount of tickets and a high volume printer for the large amount of tickets requested by a street vendor. A low volume and a high volume printers may be installed on the retailer premises. After the tickets printed, a street vendor may start selling them to players. Stage 508.

[041] A retailer may collect the payment for the sold tickets upon completion of the printing process. Alternatively, a street vendor’s account may have certain balance and value of the sold tickets may be applied against that balance. In yet another example, a service provider may allow the street vendor to pay for the purchased lottery tickets at the later time applying the balance of the purchase against the street vendor’s account.

[042] In an alternative embodiment, a street vendor may return unsold lottery tickets to any retailer having necessary equipment and network connection with the service provider. Stage 510. To insure that the street vendor’s account is credited with the amount equal to the value of the returned lottery tickets, the street vendor may need to use his or her Mag card and a confidential PIN as described above with respect to Stages 502 and 504. Having established a link between returned unsold lottery tickets and the street vendor’s account may also facilitate accurate monitoring of the lottery tickets’ status by the service provider.

[043] To enable a retailer to receive lottery tickets from a service provider in the electronic format and provide an access to the games for the players, a service
provider may use a special secure web cite with link to the service provider games and other service provider services for the retailers. For example, upon entry of an individual account number and a confidential PIN, each retailer may have an ability to review via an internet secure web cite its own financial and status reports generated by the service provider. Having a web cite access to the games may allow any retailer having a PC terminal and internet connection to become a distributor of the lottery tickets since no purchase of the special software is required. To facilitate appropriate and timely exchange of information between a retailer and a service provider, a retailer may need to have other equipment. For example, to facilitate scanning of a ticket books unique identifiers, a retailer may need a bar code scanner sufficient to scan and transmit to a data center server the bar code printed on the instant lottery tickets and ticket books. If a retailer wishes to sell tickets in bulk to the street vendors, it may also need to have a PIN pad allowing street vendors to enter their confidential PINs.

[044] To insure that a retailer timely pays its service provider bills for delivered and sold instant lottery tickets, a service provider may require a retailer to register and sign an agreement. Under the terms of that agreement, a retailer may submit to a service provider its name, address, and other information uniquely identifying that retailer, for example, a retailer's license number in exchange for a username, a password, and a URL address on the network allowing a retailer to facilitate player's access to the games via the internet connection.

[045] Having all the ticket books related information gathered at the data center in the electronic format may enable a service provider to monitor distribution and supervise validation of instant lottery tickets in real time. A service provider may choose from several alternatives when deciding how to track and monitor its ticket instant lottery tickets inventory. For example, it may track ticket books or individual instant lottery tickets upon their activation at a retailer outlet. Alternatively, it may track each instant lottery ticket individually upon its sale. As one skilled in the art would recognize, other appropriate alternatives for tracking ticket books and individual instant lottery tickets are available. Having all the tracking and inventory information readily available at the data center may also allow a service provider to generate instant lottery tickets status reports, such as daily, monthly, or annual reports.
[046] A service provider may also use several alternative methods to bill a retailer for the instant lottery tickets. For example, a service provider may bill a retailer for each ticket book individually upon its receipt by a retailer. In another example, a retailer may receive a bill upon activation of the ticket book. In yet another example, a service provider may bill a retailer when a pre-determined amount of ticket books are sold or activated.

[047] Using retailer's computers to sell the lottery tickets in the electronic format and access the games via the internet may allow a service provider to significantly lower costs associated with the distribution of its lottery tickets, such as, for example, cost of printing the paper tickets and their distribution. To ensure secure exchange of the information between retailer and a data center server, a service provider may, for example, log all the transaction for the subsequent on-demand review and audit. In another example, a service provider may restrict the retailer's ability to control the lottery tickets to, for example, validation of the tickets and reviewing the reports. In yet another example, a service provider may generate alarms for, for example, excessive invalid validations.

[048] Other embodiments of the invention will be apparent to those skilled in the art from consideration of the specification and practice of the invention disclosed herein. It is intended that the specification and examples be considered as exemplary only, with a true scope and spirit of the invention being indicated by the following claims.
WHAT IS CLAIMED IS:

1. A method for distributing lottery tickets, comprising:
   generating a lottery ticket;
   printing the lottery ticket;
   sending the printed lottery ticket to a distributor;
   creating an electronic file of the generated lottery ticket;
   transferring the electronic file of the lottery ticket to a database via a network; and
   delivering the printed lottery ticket to a retailer for sale.

2. The method of claim 1, wherein the printed lottery ticket is in the paper form.

3. The method of claim 1, wherein printing further comprises printing a unique identifier on the lottery ticket.

4. The method of claim 3, wherein the unique identifier is a barcode.

5. The method of claim 1, wherein transferring further comprises storing of the electronic file in the database.

6. A method for distributing and validating lottery tickets, comprising:
   creating a lottery ticket in an electronic format;
   transferring the created lottery ticket in the electronic format to a distributor via a first network;
   transferring the created lottery ticket in the electronic format to a database via a second network;
   receiving a request via the first network from the distributor for a personal identification number for the lottery ticket; and
   receiving information related to sale of the lottery ticket via the first network from the distributor.

7. The method of claim 6, wherein the first network is a virtual private network.

8. The method of claim 6, wherein the second network is an internet.

9. The method of claim 6, wherein receiving information from the distributor further comprises receiving the created lottery ticket in the electronic format.
10. A method for distributing of lottery tickets, at least one of which has a redeeming value, comprising:

receiving tickets in an electronic format via a network;
collecting a payment for at least one received ticket purchased by a player;
issuing a transaction number for the purchased tickets;
requesting a personal identification number associated with the transaction number of the purchased tickets for a player from a database via the network;
printing the transaction number and the personal identification number on a receipt;
providing the player with the receipt;
requesting the transaction number and the personal identification number from the player via the internet;
comparing the transaction number and the personal identification number provided by the database with the transaction number and the personal identification number received from the player; and
providing redemption information to the player via the internet if the transaction number and the personal identification number requested from the database and the transaction number and the personal identification number received from the player match, redemption information specifying to the player whether at least one of the purchased tickets has redeeming value.

11. The method of claim 10, wherein the network is a virtual private network.

12. A method for distributing and validating lottery tickets, comprising:
requesting a lottery ticket in an electronic format via a network for a distributor;
debiting an account number of the distributor with an amount equal to a price of the requested lottery ticket;
printing the requested lottery ticket;
allowing distributor to sell the requested lottery ticket; and
accepting the requested lottery ticket from the distributor if the lottery ticket remains unsold; and
crediting the account number of the distributor with an amount equal
to a price of the unsold lottery ticket.

13. The method of claim 12, wherein the network is a virtual private
network.

14. The method of claim 12, wherein requesting further comprises
providing identification information.

15. The method of claim 14, wherein the identification information further
comprises a personal confidential identification number.

16. A system for distributing and validating lottery tickets, comprising:
a network connection;
a server coupled to the network connection and receiving electronic
files associated with the lottery tickets; and
a database coupled to the network connection and recording the
electronic files associated with the lottery tickets.

17. The system of claim 16, wherein the server comprises a server
sending the received electronic files to the database and the database comprising a
database validating the lottery tickets.
Begin

Generate Ticket Including Unique Identifier

Print Tickets and Bundle Into Books 204

Forward Ticket Books to Distributor Warehouse 206

Receive Ticket Books and Read Unique Identifier 208

Package Ticket Books for Delivery 210

Forward Ticket Books and Retailers 214

Create Book and Ticket E-Files 216

Forward E-Files to Data Center Server 218

Maintain E-Files 220

Forward Unique Identifier Information to Data Center Server 212

End

Fig. 2
Fig. 3
Begin

1. Receive Lottery Tickets in Electronic Form

2. Collect Money From Player

3. Issue Account Ticket Number and a PIN

4. Forward Sold Lottery Information to Data Center

5. Provide Player Access to Flat Panel Touchscreen Computer

6. Facilitate Lottery Ticket Cashout

7. Forward Electronic Information to Data Center Server

End

Fig. 4
Fig. 5