



## Memo

Date:	Jan. 23, 2025
To:	Oregon Lottery Commissioners
From:	Mike Wells, director
Subject:	Request for approval of an alternative compensation agreement
Administrative Rule:	<a href="#">OAR 177-040-0025(4)</a> (4) Upon approval of the Commission, the Director may enter into an alternative compensation agreement with certain Lottery retailers to accommodate new business models aimed at the retention and recruitment of Lottery retailers offering different sales styles. Under such alternative compensation agreements, the Lottery retailer may receive a compensation rate, selling bonuses, and prize payment bonuses that are less, or more, than the rates or bonuses established in sections (1), (2), and (3) of this rule. The compensation rate and bonuses shall be determined by the Director for each agreement.

Game Store (*Game Store, LLC*), a retailer of traditional Lottery Products has requested Lottery approve an alternative compensation model as allowed under [OAR 177-040-0025\(4\)](#). This portion of Lottery's administrative rules allows for the director, with approval of the Commission, to enter into an alternative compensation agreement for Traditional Lottery retailers (not Video Lottery) to support innovative business models that attract or retain retailers offering different sales styles.

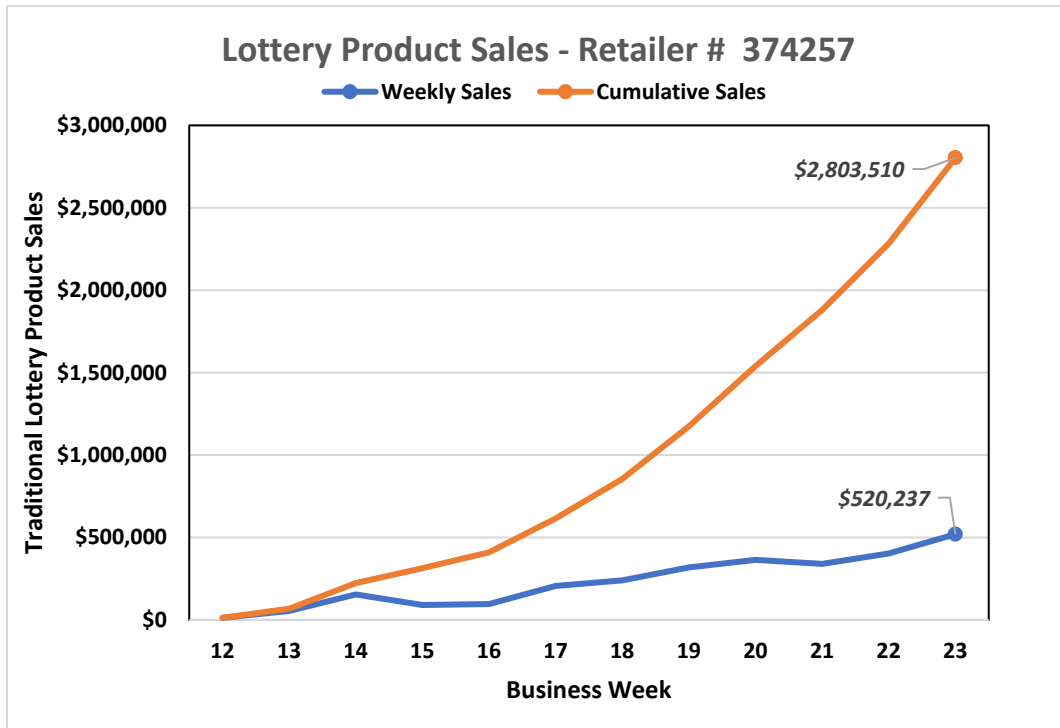
Lottery has entered into such an agreement with Produce Row Cafe (*Hop House, LLC*) and the Independent Sports Bar & Grill (*Broadway on Deck, LLC*) in October of 2020 when sales of Traditional Lottery products topped \$2.5 million in the fiscal year. *Game Store, LLC* has partnered with GPN USA (<https://gpnw.net.au/>) for several years in a unique business model for US-based draw game sales to Australian players, generating significant revenue for the Oregon Lottery and its beneficiaries. This year, sales at *Game Store, LLC* have crossed over the \$2.5m threshold (see sales history chart below).

I request approval to enter into an alternative compensation agreement with Game Store identical to that offered to Produce Row Cafe and the Independent Sports Bar & Grill. Under this agreement, retailers are compensated at the standard 8% of weekly gross sales, until their sales reach \$2.5 million. From then on, compensation is 10% of gross weekly sales through the remainder of the fiscal year. At the end of the fiscal year, or at a mutually agreed upon time, the Lottery will "true-up" the first \$2.5 million worth of sales and compensate the retailers an additional 2% for those sales. If the retailers' combined revenues do not reach \$2.5, they will be compensated at 8% for the entire year.

I recommend approval of this alternative compensation model to protect and sustain this revenue stream. Please let me know if you have questions or would like additional information.



# Memo



Sum of Total Sales	Cumulative Sales
\$13,261	\$13,261
\$55,083	\$68,344
\$154,999	\$223,343
\$90,547	\$313,890
\$96,205	\$410,095
\$205,921	\$616,016
\$239,853	\$855,869
\$318,816	\$1,174,685
\$364,968	\$1,539,653
\$340,502	\$1,880,155
\$403,118	\$2,283,273
\$520,237	\$2,803,510
\$2,803,510	