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PRESS ADVISORY

FOR IMMEDIATE RELEASE

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**Powerball “Jackpot” at \$1.5 Billion**

**Apex, NC** –The largest-value “jackpot” in the history of the NC Lottery is up for grabs Wednesday night at \$1.5 billion. Unfortunately, this also means that gamblers are prey to deceptive advertising techniques that the NC “Education” Lottery has employed since its inception. The problem is that there are not that many “jacks” in the “pot.”

The NC “Education” Lottery *advertises* the “jackpot” at **\$1.5 billion**, with an estimated *cash value* at **\$930 million** if taken as a lump sum. But only the lump sum figure is the true value against which probabilities should be computed. The *advertised* value of winnings greatly exaggerates the prize. It could just as well be advertised as a “Trillion Dollar Jackpot” with the option of taking the money over 1000 years for the winner’s heirs. That would really get sales moving! But the prize would still only be worth the lump sum value.

The NC “Education” Lottery uses deceptive advertising by deliberately causing gamblers to believe they have a much greater chance of winning a substantial sum of money than they actually do. The NC “Education” Lottery advertises the odds of winning, but does not transparently match the odds to the particular prize (see chart on page 2). The Lottery will list the value of the jackpot or highest few prizes, but advertise the odds of winning *any* prize, including the lowest-value prize. This time, the lottery describes the odds of winning **any** prize from one ticket at about 1 in 25.<sup>1</sup> But the website does not tell what that prize would be. Most likely it would be \$4. Most gamblers are aware that the odds of winning the ultimate jackpot are much lower (about 1 in 292 million), but most gamblers are not aware that their odds to win the \$100 prize is only about 1 in 14,494!<sup>2</sup>

Lottery gamblers disproportionately have lower incomes and less education. They are enticed to spend money for a reward they are much less likely to receive than they even imagine. If this were a private swindle it would be banned by the Federal Trade Commission.<sup>3</sup> But since Lotteries are regulated by the States, they avoid those rules - and families suffer for it. It is time North Carolina protected its citizens from deceptive advertising by requiring common-sense advertising.

For further information on this issue, please call Representative Paul Stam at 919.362.8873.

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<sup>1</sup> See [http://www.nc-educationlottery.org/faq\\_powerball.aspx#43](http://www.nc-educationlottery.org/faq_powerball.aspx#43).

**Q: What are the odds of winning?**

A: The overall odds of winning are 1:24.87. The odds of winning the jackpot are 1 in 292,201,338.

*The FAQ does not tell what prize will be won at 1:24:87, instead it is very specific and precise calculated to the nearest 1/100<sup>th</sup>. This precision is meaningless.*

<sup>2</sup> See <http://www.durangobill.com/PowerballOdds.html> and see page 2.

<sup>3</sup> The Federal Trade Commission protects against deceptive trade practices (15 U.S.C. §45). Under FTC regulations the official rules of sweepstakes must include basic information including the retail value of the prize(s) offered and the odds of winning.

## POWERBALL PRIZE STRUCTURE:

1. Matrix of 5/69 and 1/26 with 50% Anticipated Prize Fund Match

Match Field 1	Match Field 2	Odds	Prize Category
5 (\$1.5 Billion)*	1	1:292,201,338.0000	Grand/Jackpot
5 (\$1 Million)*	0	1:11,688,053.5200	Second
4 (\$50,000)*	1	1:913,129.1813	Third
4 (\$100)*	0	1:36,525.1673	Fourth
3 (\$100)*	1	1:14,494.1140	Fifth
3 (\$100)*	0	1:579.7646	Sixth
2 (\$100)*	1	1:701.3281	Seventh
1 (\$7)*	1	1:91.9775	Eighth
0 (\$4)*	1	1:38.3239	Ninth
Reserve			
Totals		1:24.8671	

<http://www.nc-educationlottery.org/uploads/docs/2.04A%20Powerball%20Game%20Rules.pdf>

\*These values have been added to the chart after speaking with a NC “Education” Lottery representative. Otherwise, the Lottery website does not provide clear ratios of the gambler’s odds of winning verses their expected prize.

The odds of winning ANY prize (including the \$4 prize) is 1 in 25.

### **Below are two examples of the odds of winning \$100:**

#### **Match 4 out of 5 white balls but not match the Powerball (Payout = \$100)**

The number of ways 4 of the 5 winning numbers on your lottery ticket can match the 5 white balls is  $\text{COMBIN}(5,4) = 5$ . The number of ways the losing white number on your ticket can match any of the 64 losing numbers is  $\text{COMBIN}(64,1) = 64$ . The number of ways your Powerball number can miss matching the single Powerball number is:  $\text{COMBIN}(25,1) = 25$ . The product of these is the number of ways you can win this configuration:  $\text{COMBIN}(5,4) \times \text{COMBIN}(64,1) \times \text{COMBIN}(25,1) = 8,000$ . The probability of success is thus:  $8,000/292,201,338 \approx 0.00002738$  or “One chance in 36,525.17”.

#### **Match 3 out of 5 white balls and match the Powerball (Payout = \$100)**

The number of ways 3 of the 5 winning numbers on your lottery ticket can match the 5 white balls is  $\text{COMBIN}(5,3) = 10$ . The number of ways the 2 losing white numbers on your ticket can match any of the 64 losing white numbers is  $\text{COMBIN}(64,2) = 2,016$ . The number of ways your Powerball number can match the single Powerball number is:  $\text{COMBIN}(1,1) = 1$ . The product of these is the number of ways you can win this configuration:  $\text{COMBIN}(5,3) \times \text{COMBIN}(64,2) \times \text{COMBIN}(1,1) = 20,160$ . The probability of success is thus:  $20,160/292,201,338 \approx 0.00006899$  or “One chance in 14,494.11”.

See <http://www.durangobill.com/PowerballOdds.html>.