

CHARITY GAMING

SECTION A. DEFINITIONS

(1) “Benevolent organization” means any non-profit organization organized and existing exclusively for the relief of poverty, distress, disaster, or other condition of public concern within this state.

(2) “Bingo” means a game played with bingo cards in which the player covers squares when objects similarly numbered are randomly drawn.

(3) “Bingo Card” means a flat card made of cardboard or non-reusable paper which contains five rows of five squares and a free center space.

(4) “Bingo Occasion” means a single gathering or session at which a bingo game or series of successive bingo games are played.

(5) “Charitable Organization” means any religious, benevolent, educational, fraternal, veterans, service, non-profit medical, volunteer rescue, volunteer fire, senior citizen or youth athletic organization that: (a) is exempt from the payment of federal income tax under 26 U.S.C. section 501 (a) and listed in section 501 (c)(3), (4), (8), (10) or (19) of the Internal Revenue Code; (b) has been in existence in this state and tax exempt for the immediately preceding three years; and (c) has a minimum of fifteen (15) members.

(6) “Charitable Purpose” means that the net profit from charity gaming is used by, or given or donated to: (a) any charitable organization listed in subdivision (5), provided no part of the net profit inures to the benefit of any private shareholder or individual; or (b) the state or any of its political subdivisions.

(7) “Charity Gaming” means the conduct of bingo, raffles, and charity game tickets in accordance with this act.

(8) “Charity Game Equipment” means bingo cards, devices for selecting bingo numbers, charity game tickets, and charity game ticket dispensing devices.

(9) “Charity Game Ticket” means a folded and banded ticket or multi-ply card with a perforated breakopen tab or tabs, made completely of paper or paper products, the face of which is covered to conceal a number, letter or symbol, or set of numbers, letters or symbols, some of which have been designated in advance as prize winners.

(10) “Conduct” means to back, promote, organize, manage, carry on, or prepare for charity gaming.

(11) “Deal” means a single game of charity game tickets with the same serial number.

(12) “Department” means the agency, board, commission, or other regulatory body of whatever name known, responsible for the administration and enforcement of this act and any regulations promulgated pursuant to this act.

(13) “Dispensing Device” means a mechanical or electromechanical device with one or more stacking columns that dispenses a charity game ticket after a player inserts an appropriate amount of coin or currency.

(14) “Distributor” means any person who purchases or obtains charity gaming equipment and sells, offers to sell, or otherwise provides charity gaming equipment to a charitable organization for use in this state.

(15) “Educational Organization” means any organization within this state that is not organized for profit, the primary purpose of which is to educate and develop the capabilities of individuals through instruction, or that operates or contributes to the support of a school, academy, college, or university.

(16) “Expenses” means the amount of gross profit actually expended for: (a) the purchase of charity game equipment and raffle tickets; (b) rent for premises used for charity gaming; (c) license fees required under Section (C)(4); (c) advertising; (d) security; and (e) any other product or service directly related to the conduct of charity gaming.

(17) “Flare” means the card enclosed with each deal of charity game tickets that has the following information printed on it by the manufacturer:

- (a) the name of the game;
- (b) the manufacturer’s name or distinctive logo;
- (c) the game form number;
- (d) the prize structure for the game, which includes the number of winning tickets by denomination and their respective winning symbol or number combinations;
- (e) the cost per ticket;
- (f) the serial number for the game; and
- (g) the winning numbers or symbols for at least the top three winning tiers set out in such a manner that each prize may be marked off as the prize is won and awarded.

(18) “Fraternal Organization” means any society, order, or association within this state, except a college or high school fraternity or sorority, that is not organized for profit, that is a

branch, lodge, or chapter of a national or state organization, that exists exclusively for the common interests of its members.

(19) “Gaming Supervisor” means the member of charitable organization responsible for the supervision and operation of charity gaming on behalf of the organization.

(20) “Gross Profit” means gross receipts less the amount actually expended for prizes.

(21) “Gross Receipts” means all money, including bingo admission fees, that a charitable organization receives from the conduct of charity gaming.

(22) “Manufacturer” means a person who assembles from raw materials, supplies, or subparts a completed piece of charity game equipment and who sells the charity game equipment for use in this state.

(23) “Member” means a person who has qualified for membership in an organization pursuant to its bylaws, articles of incorporation, charter, or rules, who is entitled to vote in the election of the organization’s officers and/or board members, and who is eligible to be elected as an officer and/or board member and to participate in the determination of the policies of the organization.

(24) “Net Profit” means gross profit less expenses.

(25) “Non-Profit Medical Organization” means any organization that has been incorporated in this state as a non-profit corporation and that has continuously operated and will be operated exclusively to provide, or to contribute to the support of, organizations or institutions organized and operated exclusively to provide hospital, medical, research, or therapeutic services for the public.

(26) “Person” means any individual, firm, partnership, corporation, or other legal entity however organized.

(27) “Premises” means a building or a distinct portion of a building where charity gaming is conducted but does not include any area of land surrounding the building.

(28) “Raffle” means a game in which the prize or prizes are won by one or more persons who have purchased a raffle ticket. The winner or winners of the raffle are determined by drawing a ticket stub from a receptacle holding ticket stubs corresponding to all tickets sold for the raffle.

(29) “Religious Organization” means any church, body of communicants, or group that is not organized or operated for profit, that gathers in common membership for regular worship and religious observances.

(30) “Seal Card” means a board or placard used with charity game tickets that contains a seal or seals, which when removed or opened reveal predesignated winning numbers, letters, symbols, or monetary denominations. The seal card serves as the game flare and must contain the

information required in Section A(17) unless an additional flare containing the required information is provided by the manufacturer.

(31) “Senior Citizen Organization” means any private organization, not organized for profit, that is organized and operated exclusively to provide recreational or social services for persons who are fifty-five years of age or older.

(32) “Serial Number” means the unique minimum five-character number printed by a manufacturer on charity game equipment.

(33) “Service Organization” means any organization, not organized for profit, that is organized and operated exclusively to: (a) promote social welfare for the common good of the community by bringing about civic betterment and social improvements; or (b) provide or to contribute to the support of organizations or institutions organized and operated exclusively to provide medical and therapeutic services for persons who are disabled, or have any mental or physical disability, including compulsive gambling; or (c) provide, or to contribute to the support of, organizations organized and operated to protect animals from inhumane treatment.

(34) “Veteran’s Organization” means any individual post in good standing with a national veteran’s association, or an auxiliary unit of any individual post of a national veterans’ association.

(35) “Volunteer Fire Organization” means any organization of volunteer fire fighters that is organized and operated exclusively to support a volunteer fire department.

(36) “Volunteer Rescue Service Organization” means any organization of volunteers organized to perform emergency medical services to the public.

(37) “Youth Athletic Organization” means any organization, not organized for profit, that is organized and operated exclusively to provide athletic activities for persons who are twenty-one years of age or younger.

SECTION B. DEPARTMENT POWERS AND DUTIES

(1) The department has the following powers and duties:

- (a) to issue licenses to organizations, distributors, and manufacturers meeting the qualifications of this act;
- (b) to prescribe the manner and method of payment of license fees and to collect and deposit the fees in accordance with this act;
- (c) to adopt rules as necessary to carry out the provisions of this act;

(d) to suspend or revoke any licenses issued by the department for violations of this act or any rule adopted by the department pursuant to this act;

(e) to impose civil penalties on any licensee in an amount not to exceed \$500 per violation for violation of this act or any rule adopted by the department pursuant to this act.

(2) In addition to the powers and duties specified in subdivision (1), the department may inspect the books, records, inventory and business premises of a licensed charitable organization, distributor or manufacturer during regular business hours and with reasonable notice to determine compliance with this act or with any rule adopted by the department pursuant to this act.

(3) The department may issue a cease and desist order to any person for a violation of this act or any rule adopted by the department pursuant to this act. Any cease and desist order issued pursuant to this subdivision must be issued in accordance with the state Administrative Procedure Act.

SECTION C. ORGANIZATION LICENSE

(1) License required. No person, except a charitable organization that has obtained a license under this act, shall conduct charity gaming.

(2) Application. A charitable organization that desires to conduct charity gaming shall submit to the department, on a form prescribed by the department, an application for a license. The application shall, at a minimum, contain:

- (a) the name and address of the applicant;
- (b) information sufficient to establish that the organization is qualified as a charitable organization as defined in Section (A)(5);
- (c) the location at which the applicant will conduct charity gaming and whether the applicant owns or leases the premises;
- (d) if the applicant leases the premises, a copy of the written lease;
- (e) a copy of a determination letter issued by the Internal Revenue Service stating that the applicant is exempt from the payment of income taxes under 26 U.S.C. section 501 (a) of the Internal Revenue Code;
- (f) a statement as to whether the applicant, or any officer or director of the applicant, has ever had a license suspended or revoked for a violation of this act or a similar act in another state;
- (g) the names and addresses of the officers and directors of the applicant; and

(h) the name of the applicant's charity gaming supervisor.

(3) Issuance; term of license. The department may issue a license to any charitable organization meeting the requirements of this act. The license is valid for a period of one year.

(4) License fee. The annual fee for a charity gaming license is \$100.

(5) Denial of a license. The department may deny the license application of any charitable organization that:

(a) does not meet the requirements of this act;

(b) makes a material false statement in a license application or in any document required to be submitted to the department;

(c) has an officer, director, or charity gaming supervisor who has, within the most recent ten years, been convicted of or plead nolo contendere to a felony or been convicted of any offense involving gambling.

(6) Suspension and Revocation. The department may suspend or revoke the license of a charitable organization or impose a civil penalty if:

(a) the charitable organization fails at any time to meet the requirements of this act; or

(b) the charitable organization violates any provision of this act or any rule adopted by the department pursuant to this act.

(7) Renewal. The department shall establish, by rule, procedures to govern the renewal of a charity gaming license.

SECTION D. DISTRIBUTOR LICENSE

(1) License required. No person may sell, offer to sell, or otherwise provide charity game equipment for use by a charitable organization in this state without having obtained a license from the department under this act.

(2) Application. The department may issue a distributor license to a person who qualifies under this section. The application shall be on a form prescribed by the department. The license is valid for a period of one year.

(3) License fee. The annual license fee for a distributor license is \$1000.

(4) Denial. The department may deny a distributor license application to any applicant which has, or which has an officer, director, partner or person with an ownership interest of 10% or more who has:

- (a) been convicted of or plead nolo contendere to a felony in state or federal court;
- (b) been convicted of any gambling offense;
- (c) made a material false statement in a license application submitted to the department under this act or to a gambling licensing authority in another jurisdiction; or
- (d) had a license related to gambling revoked or denied in this state or in another jurisdiction.

(5) Disqualification. The department shall not issue a distributor license to any person who is involved in the conduct of charity gaming on behalf of a charitable organization or is a lessor of premises used for the conduct of charity gaming.

(6) Restriction. A distributor may not sell, offer to sell, or otherwise provide, charity game equipment to any person for use in this state except to a charitable organization licensed under this act or to another distributor licensed under this act. A distributor may not purchase charity game equipment for use in this state from anyone except a manufacturer licensed under this act or another distributor licensed under this act.

(7) Suspension and Revocation. The department may suspend or revoke a distributor license if

- (a) the distributor fails at any time to meet the requirements of this act; or
- (b) the distributor violates any provision of this act or any rule adopted by the department pursuant to this act.

(8) Renewal. The department shall establish, by rule, procedures to govern the renewal of a distributor license.

SECTION E. MANUFACTURER LICENSE

(1) License required. No manufacturer may sell, offer to sell, or otherwise provide, charity game equipment for use in this state without having obtained a license from the department under this section.

(2) Application. The department may issue a manufacturer license to any person who qualifies under this section. The application shall be on a form prescribed by the department. The license is valid for a period of one year.

- (3) License fee. The annual fee for a manufacturer license is \$500.
- (4) Denial. The department may deny a manufacturer license to any applicant which has, or which has an officer, director, partner, or person with an ownership interest of 10% or more who has:
- (a) been convicted of or plead nolo contendere to a felony in any state or federal court;
 - (b) been convicted of any gambling offense;
 - (c) made a material false statement in a license application submitted to the department under this act or to a gambling licensing authority in another jurisdiction; or
 - (d) had a license related to gambling revoked in this state or in another jurisdiction.
- (5) Restriction. A manufacturer may not sell, offer to sell, or otherwise provide any charity game equipment for use in this state to any person except a distributor licensed under this act.
- (6) Suspension and Revocation. The department may suspend or revoke a manufacturer license if
- (a) the manufacturer fails at any time to meet the requirements of this act;
 - (b) the manufacturer violates any provision of this act or any rule adopted by the department pursuant to this act.
- (7) Renewal. The department shall establish, by rule, procedures to govern the renewal of a manufacturer license.

SECTION F. SALES OF CHARITY GAME EQUIPMENT ON CREDIT

- (1) Credit restriction. A manufacturer may not offer or extend to a distributor, and a distributor may not offer or extend to a charitable organization or to another distributor, credit for the purchase of charity game equipment for more than thirty days after the date the charity game equipment was shipped.
- (2) Notification; cash sales.
- (a) If a distributor does not receive payment in full from a charitable organization or another distributor within thirty days of the date the charity game equipment was

shipped, the creditor distributor shall notify the department in writing of the delinquency. Fifteen days after receipt of the notice of delinquency, if the department has not been notified that the delinquency has been cured, the department shall notify all distributors that until further notice from the department, all sales of charity game equipment to the delinquent distributor or charitable organization shall be on a cash-only basis, and no credit may be extended.

(b) If a manufacturer does not receive payment in full from a distributor within thirty days of the date the charity game equipment was shipped, the manufacturer shall notify the department in writing of the delinquency. Fifteen days after receipt of the notice of delinquency, if the department has not been notified that the delinquency has been cured, the department shall notify all manufacturers that until further notice from the department, all sales of charity game equipment to the delinquent distributor shall be on a cash-only basis, and no credit may be extended.

(c) Upon the receipt of a notice of delinquency from the department, no distributor or manufacturer may extend credit to the delinquent charitable organization or to the delinquent distributor.

SECTION G. BINGO

(1) Bingo occasions. No charitable organization may conduct more than seven bingo occasions each week. A bingo occasion may not continue for more than five consecutive hours.

(2) Prize limits. Total prizes for each bingo occasion, exclusive of charity game tickets or raffle tickets if sold during the bingo occasion, shall not exceed \$10,000.

(3) Age restriction. No person under the age of eighteen may participate in the conduct of bingo.

(4) Consultants. A charitable organization may not pay a fee, or gratuity of any kind, to any person for any consulting services performed during, or in relation to, a bingo game.

(5) Charitable organizations, realizing gross receipts from bingo in excess of \$100,000 in any calendar year, shall conduct bingo using only non-reusable bingo cards.

SECTION H. CHARITY GAME TICKETS.

(1) Limits. No charity game ticket may be sold in this state if the price exceeds fifty cents. The prize limit for an individual winning charity game ticket shall be established by the department by rule.

(2) Seal card games. For charity game tickets that use a seal card, the prize limit for seal cards shall be established by the department by rule. All seal card prizes must be stated on the flare. In the event a seal card prize is not won by the close of a charity gaming session, the prize shall be carried over to the next charity gaming session played at the same premises by the same charitable

organization. The charitable organization conducting the game shall establish house rules governing the handling of carry-over prizes, and the rules shall be prominently posted at the premises by the charitable organization.

(3) Age restriction. No charity game ticket may be sold to a person under the age of eighteen nor may a person under the age of eighteen purchase a charity game ticket.

(4) Ticket count. No deal of charity game tickets shall be sold in this state if the total number of tickets in the deal exceeds 4000.

(5) Standards. No charity game ticket shall be sold in this state unless it conforms to the following standards:

(a) Each charity game ticket sold in this state shall contain the following minimum information:

(i) For tickets measuring less than 1¼ inch by 2¼ inch, each ticket shall contain the name of the manufacturer (or its distinctive logo) and the game serial number;

(ii) For tickets measuring 1¼ inch by 2¾ inch or more, each ticket shall contain: the name of the manufacturer (or its distinctive logo), the name of the game, the game form number, the price of the ticket, the game serial number, and the number of winners and respective winning number(s) or symbol(s), and the prize amounts.

(b) Each charity game ticket in a deal must bear the same serial number, and there may not be more than one serial number in a deal. No serial number for a deal of charity game tickets may be repeated on the same manufacturer's form number for a period of three years.

(c) No deal of charity game tickets may be sold in this state unless the deal is accompanied by a flare.

(d) The flare for each deal of charity game tickets shall have affixed to it by the manufacturer a bar code label, or have imprinted on it by the manufacturer a bar code that contains the following information:

(i) the name of the manufacturer or an approved manufacturer's identification code;

(ii) the form number; and

(iii) the game serial number.

- (e) The package or container for each deal of charity game tickets shall have affixed to it by the manufacturer, a bar code label that contains the same information as the bar code label affixed to the flare for the deal.
- (f) No charity game tickets may be put out for play in this state unless:
 - (i) All tickets in the deal are put out for play at the same time; and
 - (ii) All tickets in a deal are removed from the original package or container and thoroughly mixed prior to sale to the public.
- (g) No charity game tickets may be sold in this state unless the game is designed, constructed, assembled, and packaged in such a manner as to prevent the determination of a winning ticket without removing the tabs or otherwise uncovering the numbers or symbols.
- (h) Each package or container containing charity game tickets shall be sealed by the manufacturer with a seal that includes a warning that the deal may have been tampered with if the seal is broken.

SECTION I. DISPENSING DEVICES

- (1) Permitted. Charity game tickets may be sold in this state through the use of a dispensing device.
- (2) Approval. No dispensing device shall be sold or leased for use in this state or used in this state unless it has been approved by the department and dispenses only a charity game ticket that conforms to the requirements of this act.
- (3) Rules. The department shall adopt rules to govern the approval and use of dispensing devices in this state.

SECTION J. RAFFLES

- (1) Restriction. Tickets for entry into a raffle must be sold separately, and each ticket must constitute a separate and equal chance to win. All raffle tickets must be sold for the same price, and no person may be required to purchase more than one ticket or to pay for anything other than a ticket to enter a raffle.
- (2) Tickets. All tickets used in any raffle must have a stub or other detachable sections and be consecutively numbered. The ticket stub or other detachable section must bear a duplicate pre-printed number corresponding to the number on the raffle ticket.
- (3) Prizes. All prizes for a raffle must be identified prior to the raffle drawing, and all prizes so identified must be awarded. No single raffle prize may exceed \$100,000. Prizes may be awarded in cash or merchandise. In the case of merchandise prizes, the charitable organization

conducting the raffle must be the owner of the merchandise, and the fair market value of the merchandise must be disclosed prior to the raffle drawing.

SECTION K. GAMING SUPERVISOR

(1) Required. A charitable organization may not conduct charity gaming without a gaming supervisor.

(2) Qualifications. No person may be designated as a gaming supervisor unless the person has been a member of the charitable organization for at least two years.

(3) Restriction. No person may act as a gaming supervisor for more than one charitable organization, and not more than one person may be designated as gaming supervisor for a charitable organization at any one time.

(4) Notice. A charitable organization shall notify the department in writing and within ten days of any change in gaming supervisors.

SECTION L. PREMISES

(1) All charity gaming, except for the sale of raffle tickets, must be conducted at a premise a charitable organization owns or leases and regularly uses for the activities of the charitable organization or at a premise approved by the department as a charity gaming site.

(2) If the charitable organization leases the premises, the lease must be in writing, and all terms agreed to between the parties must be set forth in the lease.

(3) Rent for premises for charity gaming shall not exceed an amount that is ordinary and customary for the type and size of the premises in the geographic area in which the premises are located.

(4) A charitable organization may not permit the lessor of a premises at which charity gaming is conducted to provide staff, charity game equipment, or any other type of service related to the conduct of charity gaming. This subdivision does not preclude the lessor from providing tables, chairs, common areas, and other such products or services, provided the terms for the provision of the products or services are specifically and fully set forth in the lease.

SECTION M. RECORDS AND REPORTS

(1) Organization records and reports. A charitable organization conducting charity gaming shall maintain the following records for at least three years from the date the charity gaming is conducted:

- (a) the gross receipts from each bingo occasion, each deal of charity game tickets, and each raffle;

- (b) the prizes awarded from each bingo occasion, each deal of charity game tickets, and each raffle;
- (c) the names and addresses of all persons who are winners of prizes of more than \$100;
- (d) an itemized list of all expenses incurred in the conduct of charity gaming and documentation supporting each expense; and
- (e) an itemized list of the recipients of the net profit from charity gaming and the amount(s) of money each received.

(2) Bank account. Gross receipts from charity gaming must be segregated from all other revenues of the charitable organization and, except for prizes actually awarded, must be deposited in a separate bank account. All deposits of charity gaming receipts from bingo, charity game tickets, or a raffle shall be made separately from all other deposits, and the validated deposit receipt shall be kept as a part of the records required under subdivision (1). All expenses, taxes, if any, and charitable purpose expenditures must be paid by check drawn on the charity gaming bank account. Checks for charitable purpose expenditures must be signed by at least two persons authorized by the charitable organization to sign such checks.

(3) Accounting. The department shall adopt rules establishing a system of accounting which must be used by all charitable organizations conducting charity gaming.

(4) Internal controls. The department shall adopt rules establishing a system of internal controls which must be used by all charitable organizations conducting charity gaming.

(5) Reports. Charitable organizations realizing gross receipts from charity gaming in excess of \$25,000 in any calendar quarter shall file with the department a quarterly report of its receipts and disbursements. The report shall be on a form prescribed by the department and shall be filed within the following time periods:

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|----------------|------------|
| Quarter ending | Report due |
| December 31 | February 1 |
| March 31 | May 1 |
| June 30 | August 1 |
| September 30 | November 1 |

(6) Distributor records. A distributor shall maintain, for a period of three years, a record of all charity game equipment it sells or otherwise provides for use in this state.

(7) Invoices. For each sale of charity game equipment, the distributor shall prepare an invoice which shall contain a minimum of the following:

- (a) the name and license number of the distributor;

(b) the name and license number of the charitable organization or distributor purchasing the charity game equipment;

(c) the date of the sale;

(d) a complete description of the charity game equipment which shall include the serial number for each deal of charity game tickets, the serial number for each series of bingo paper, the serial number of the top sheet for each packet of collated bingo paper, and the serial numbers of each bingo selection device and each dispensing device.

The invoice shall be provided to the charitable organization at the time of the sale. A copy of the invoice shall be maintained by the distributor for a period of three years.

(8) Manufacturer records. A manufacturer shall maintain, for a period of three years, a record of all charity game equipment it sells for use in this state. The record shall include:

(a) the name, address, and license number of the distributor purchasing the charity game equipment;

(b) the date of the sale;

(c) a complete description of the charity game equipment which shall include the serial number for each deal of charity game tickets, the serial number for each series of bingo paper, the serial number of the top sheet for each packet of collated bingo paper, and the serial numbers of each bingo selection device and each dispensing device.

SECTION N. USE OF GROSS PROFIT

Gross profit from charity gaming may be expended only for expenses and charitable purposes, and all such expenditures must be authorized at a regular meeting of the charitable organization.

SECTION O. REVOLVING FUND

There is hereby created a gambling revolving fund which shall consist of monies received by the department for licensing and civil penalties. The State Treasurer shall be the custodian of the fund and shall designate a depository into which monies shall be deposited. Disbursements from the revolving fund shall be on authorization of the department and shall be paid from the revolving fund.